

13.May.2022

Consumer Sentiment: Sharp Decline

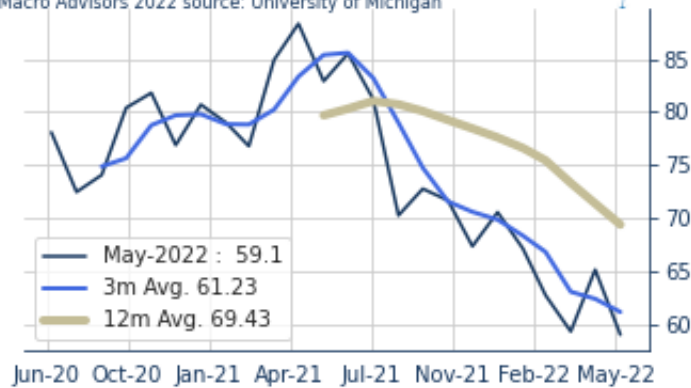
Bottom Line: Consumer sentiment fell sharply in the preliminary May reading from the University of Michigan survey. With equity market declines garnering headlines, consumers' assessments of the current financial situation relative to a year ago were at their lowest reading since 2013. High consumer price inflation pushed buying conditions for durables to their lowest level on record (1978 for this survey). Year-ahead inflation expectations remained stubbornly high at 5.4%, while long-term inflation expectations were still anchored at 3%. **Overall, consumer balance sheets are still flush with cash from stimulus funds, but they are also facing tremendous uncertainty amid high inflation and declining stock markets.**

U. Mich. Consumer Sentiment May: +59.1, consensus: +64



Recent Trends

Contingent Macro Advisors 2022 source: University of Michigan



Consumer Sentiment FELL by 6.1 points in early May to 59.1%, compared with market expectations for a decrease to 64.0%. With this month's moderate decline, sentiment is now 28.7% BELOW its year-ago level.

Current Conditions FELL by 5.8 points to 63.6%. This is 28.9% BELOW their year-ago level.

Consumer Expectations FELL by 6.2 points to 56.3%. With this month's moderate decline, expectations are 28.6% BELOW its year-ago level.

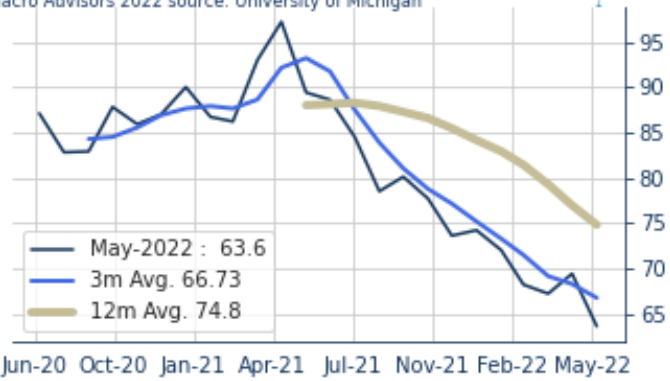
Current Conditions

May: +63.6, consensus: +70.5



Recent Trends

Contingent Macro Advisors 2022 source: University of Michigan



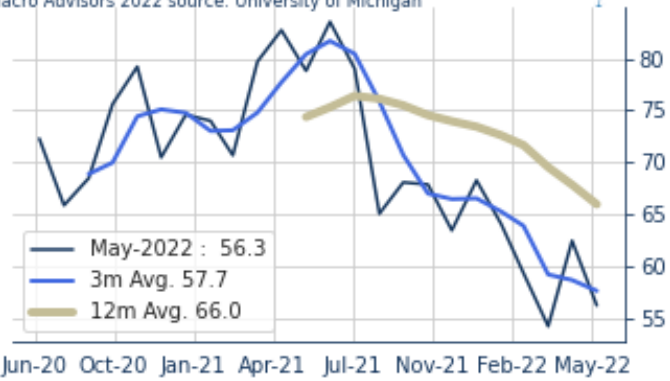
Future Expectations

May: +56.3, consensus: +63



Recent Trends

Contingent Macro Advisors 2022 source: University of Michigan

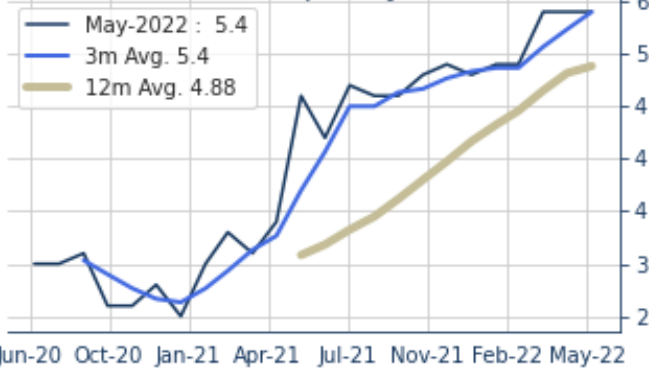


1-year Ahead Inflation Expectations

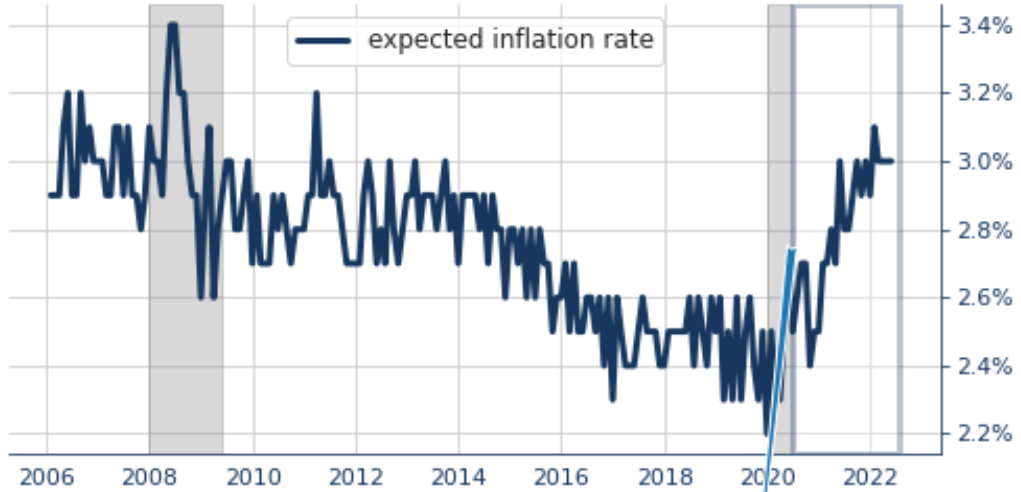


Recent Trends

Contingent Macro Advisors 2022 source: University of Michigan

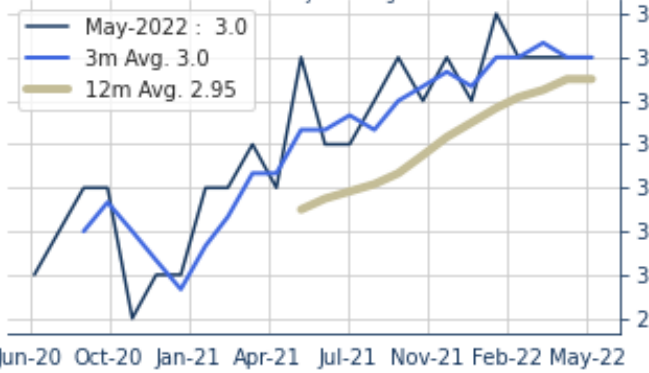


5-year Ahead Inflation Expectations

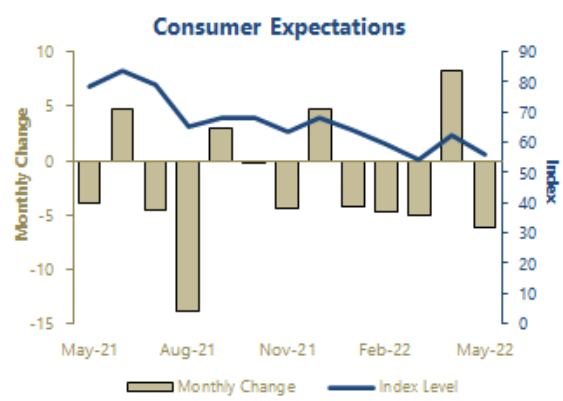
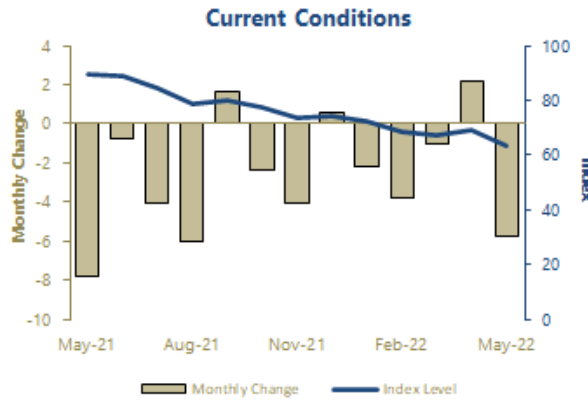


Recent Trends

Contingent Macro Advisors 2022 source: University of Michigan



	Index Levels										
	Monthly				Averages for						
	May Prelim.	Apr-22	Mar-22	Feb-22	Three Month	Six Month	Twelve Month	2020	2019	Recessions	Expansions
Consumer Sentiment	59.1	65.2	59.4	62.8	61.2	64.1	69.4	80.7	99.3	68.3	86.9
Current Conditions	63.6	69.4	67.2	68.2	66.7	69.1	74.8	90.0	115.5	80.8	98.9
Consumer Expectations	56.3	62.5	54.3	59.4	57.7	60.8	66.0	74.6	88.9	60.5	79.1
1-year Inflation Expectation	5.4	5.4	5.4	4.9	5.4	5.1	4.9	2.7	2.6		
5-year Inflation Expectation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.4		



Source: University of Michigan via Bloomberg. Our calculations.

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May 13, 2022

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