

15.Jul.2022

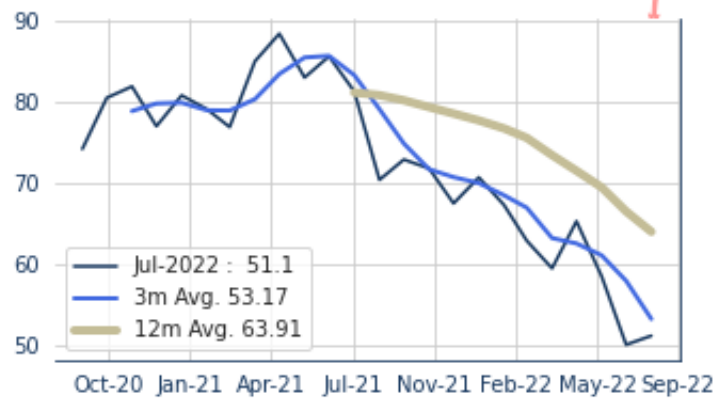
Consumer Sentiment: Rebound From Record Lows

Bottom Line: Consumer sentiment rebounded from record lows, according to the preliminary July reading of the University of Michigan survey. Consumers' inflation expectations for the year-ahead eased slightly, down a tenth to 5.2%, but their 5-year ahead expectations fell sharply, dropping 30 basis points to 2.8%. Consumers' assessments of their personal finances deteriorated, reaching their lowest point since 2011, weighing on overall sentiment. Consumers upgraded their assessment of buying conditions for durable goods slightly -- some cited easing supply constraints, but some also cited the potential for future price increases (an inflation concern). Overall, concerns about inflation continued to dominate consumer sentiment in the early part of July, leaving households feeling less wealthy as they either: burn savings for essential needs and watch investment portfolios decline in value; or struggle to gain pay increases quickly enough to make ends meet with rapid inflation in essential goods.

U. Mich. Consumer Sentiment July: +51.1, consensus: +50.0



Recent Trends



Contingent Macro Advisors 2022 source: University of Michigan

Consumer Sentiment ROSE by 1.1 points in early July to 51.1%, compared with market expectations for in line to 50.0%. Despite this month's slight increase, sentiment is now 37.1% BELOW its year-ago level.

Current Conditions ROSE by 3.3 points to 57.1%. This is 32.4% BELOW their year-ago level.

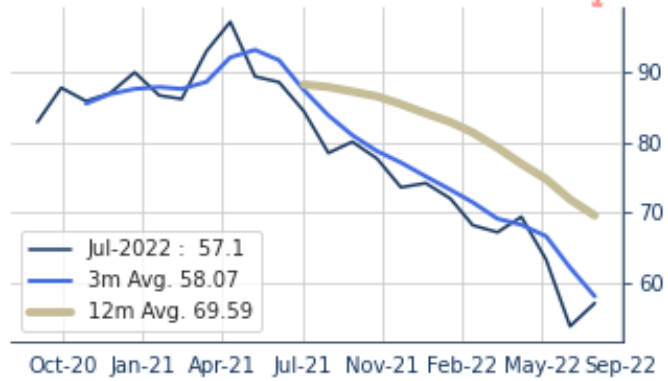
Consumer Expectations FELL by 0.2 points to 47.3%. With this month's slight decline, expectations are 40.1% BELOW its year-ago level.

Current Conditions

July: +57.1, consensus: +53.7



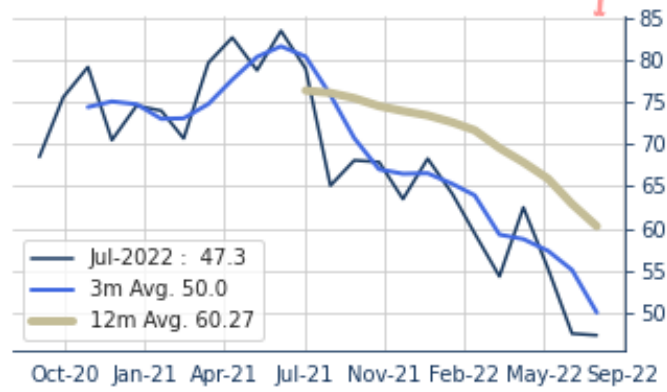
Recent Trends



Future Expectations July: +47.3, consensus: +47



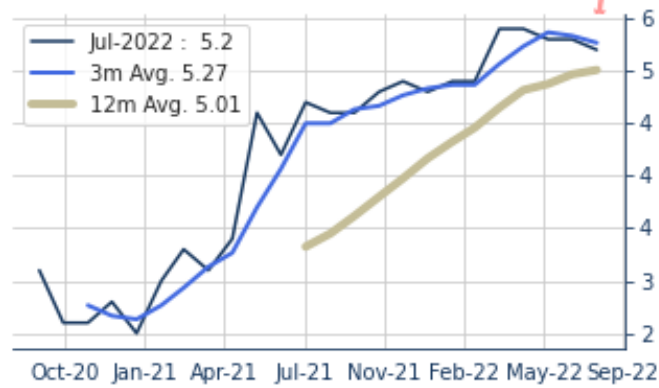
Recent Trends



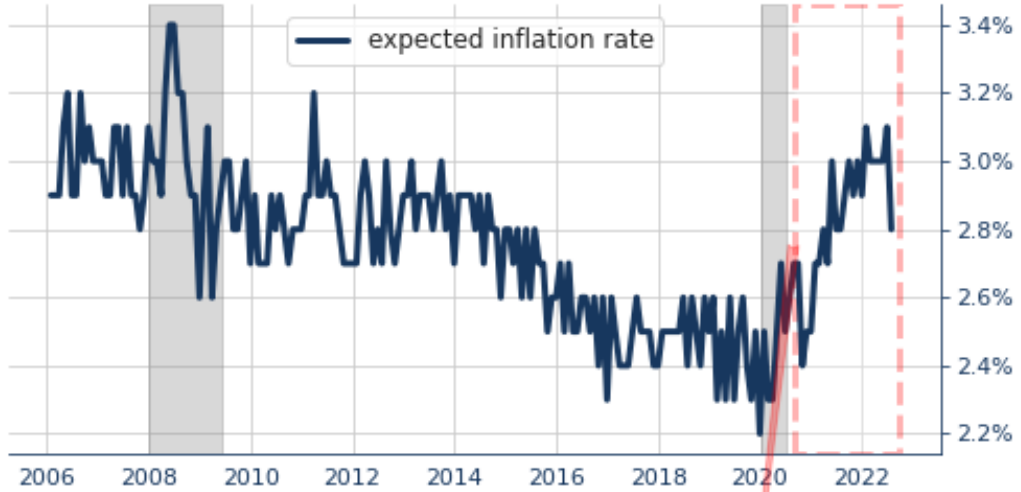
1-year Ahead Inflation Expectations



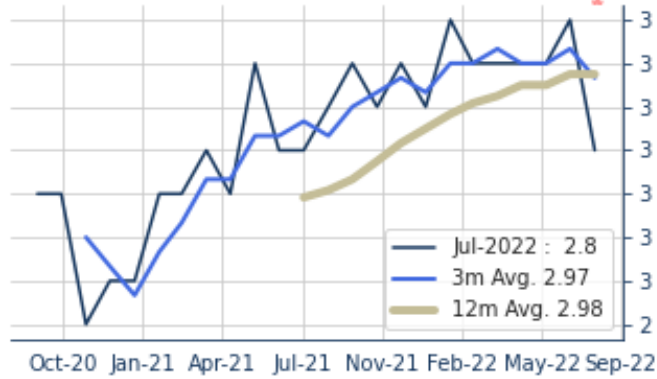
Recent Trends



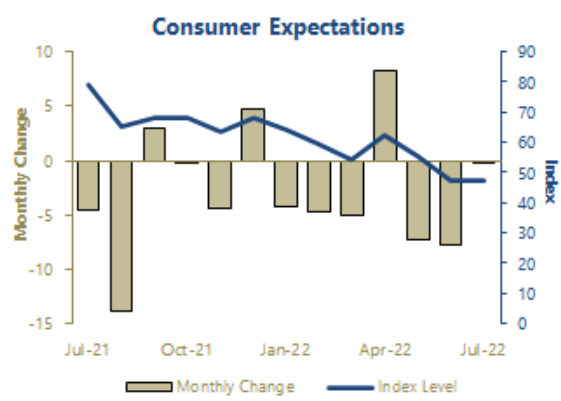
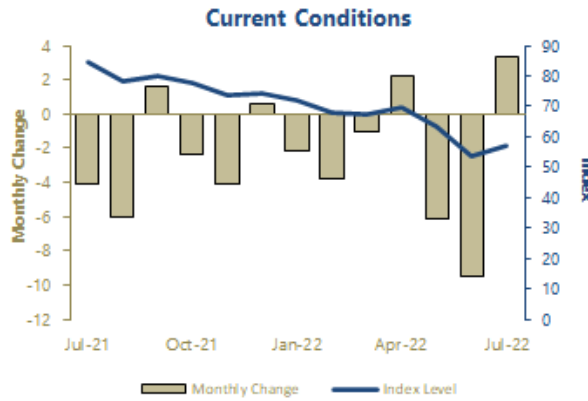
5-year Ahead Inflation Expectations



Recent Trends



	Index Levels										
	Monthly				Averages for						
	Jul Prelim.	Jun-22	May-22	Apr-22	Three Month	Six Month	Twelve Month	2020	2019	Recessions	Expansions
Consumer Sentiment	51.1	50.0	58.4	65.2	53.2	57.8	63.9	80.7	99.3	68.3	86.9
Current Conditions	57.1	53.8	63.3	69.4	58.1	63.2	69.6	90.0	115.5	80.8	98.9
Consumer Expectations	47.3	47.5	55.2	62.5	50.0	54.4	60.3	74.6	88.9	60.5	79.1
1-year Inflation Expectation	5.2	5.3	5.3	5.4	5.3	5.3	5.0	2.7	2.6		
5-year Inflation Expectation	2.8	3.1	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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