

17.Mar.2023

Consumer Sentiment: Quick Drop

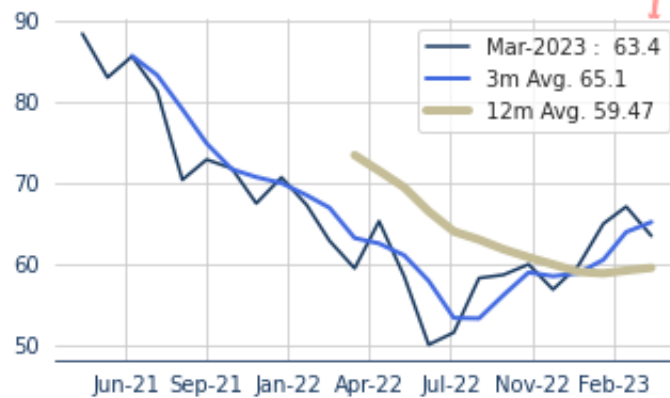
Bottom Line: Consumer sentiment fell sharply in the first half of March, according to the University of Michigan survey, dropping even before the news of bank failures. 85% of survey responses were collected before the SVB bank failure. Declining for the first time in four months, sentiment fell for the lowest and the highest-income households, as lower-income families struggled with persistently high consumer prices and higher-income households worried about their equity holdings. On the plus side, year-ahead inflation expectations hit 3.8%, their lowest levels since April 2021. And long-term inflation expectations dropped to 2.8%, below the recent 2.9-3.2% range. **Overall, consumer sentiment remained historically low even before the bank failures, likely pushing sentiment lower since this survey.**

U. Mich. Consumer Sentiment

March: +63.4, consensus: +67



Recent Trends



Contingent Macro Advisors 2023 source: University of Michigan

The University of Michigan's Consumer Sentiment Index FELL -3.6 to 63.4, BELOW the 3-month average of 65.1 but 6.7% ABOVE the year-ago level.

The Current Conditions Index FELL -4.3 to 66.4, BELOW the 3-month average of 68.5 and -1.2% BELOW the year-ago level.

The Future Expectations Index FELL -3.2 to 61.5, BELOW the 3-month average of 62.97 but 13.3% ABOVE the year-ago level.

Year-ahead inflation expectations FELL -0.3 to 3.8, BELOW the 3-month average of 3.93 and -1.6 BELOW the year-ago level.

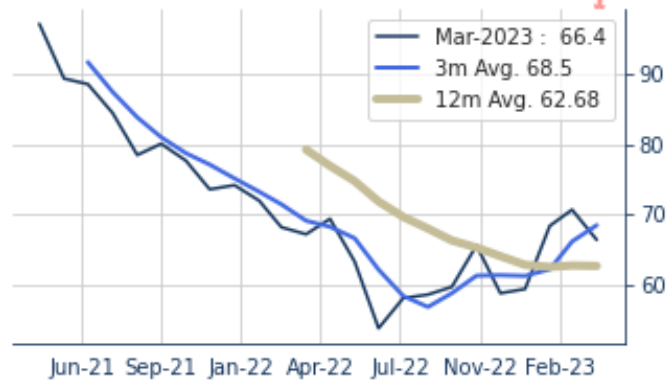
Long-term (5 years) inflation expectations FELL -0.1 to 2.8, BELOW the 3-month average of 2.87 and -0.2 BELOW the year-ago level.

Current Conditions

March: +66.4, consensus: +70.5



Recent Trends



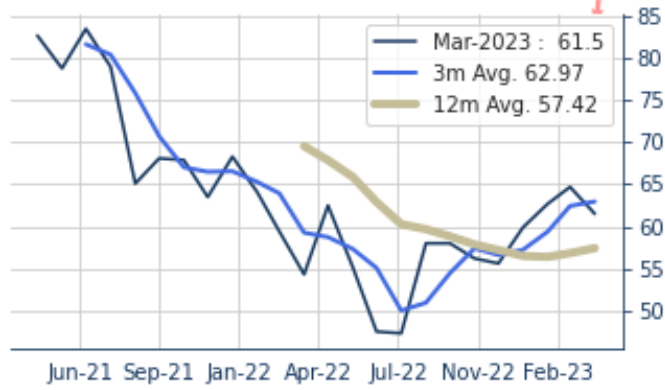
Contingent Macro Advisors 2023 source: University of Michigan

Future Expectations

March: +61.5, consensus: +64.8



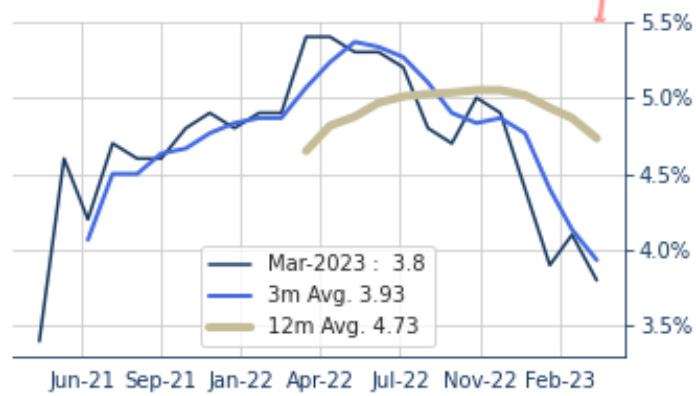
Recent Trends



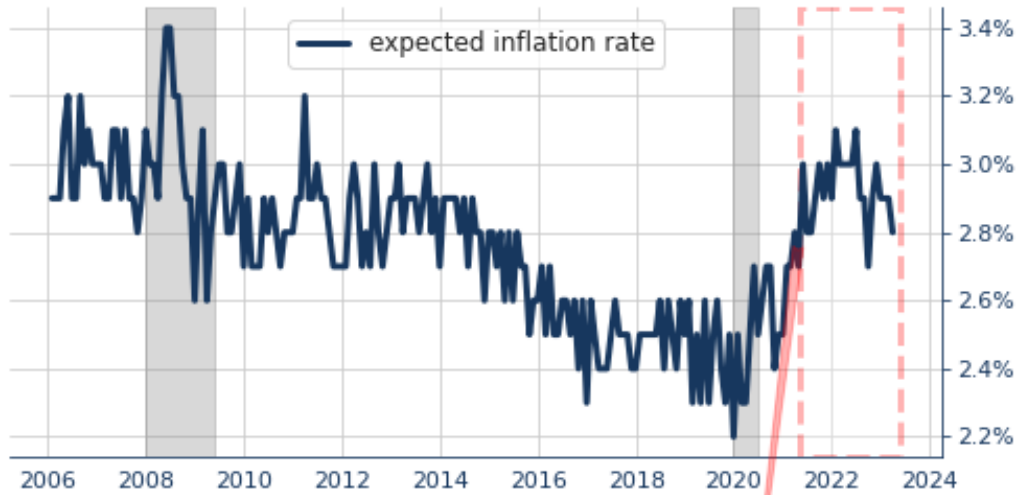
1-year Ahead Inflation Expectations



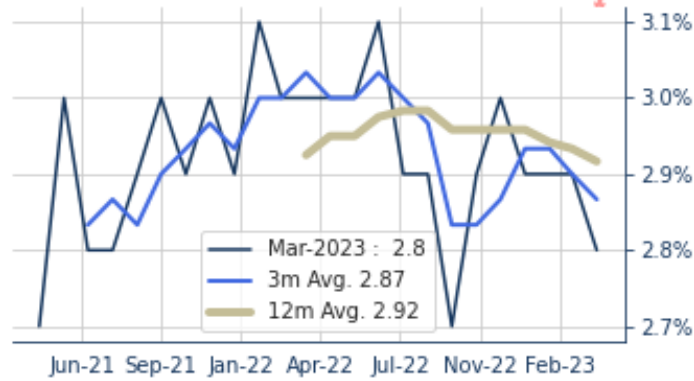
Recent Trends



5-year Ahead Inflation Expectations



Recent Trends



Contingent Macro Advisors 2023 source: University of Michigan

U. Mich. Consumer Sentiment Survey	Mar-23	Feb-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
U. Mich. Consumer Sentiment	63.40	67.00	65.10	61.90	59.50	58.98	80.80
Current Conditions	66.40	70.70	68.50	64.90	62.70	62.84	90.30
Future Expectations	61.50	64.70	63.00	60.10	57.40	56.50	74.70
1-year Ahead Inflation Expectations	3.80	4.10	3.90	4.40	4.70	5.02	3.50
5-year Ahead Inflation Expectations	2.80	2.90	2.90	2.90	2.90	2.96	2.70

source: University of Michigan