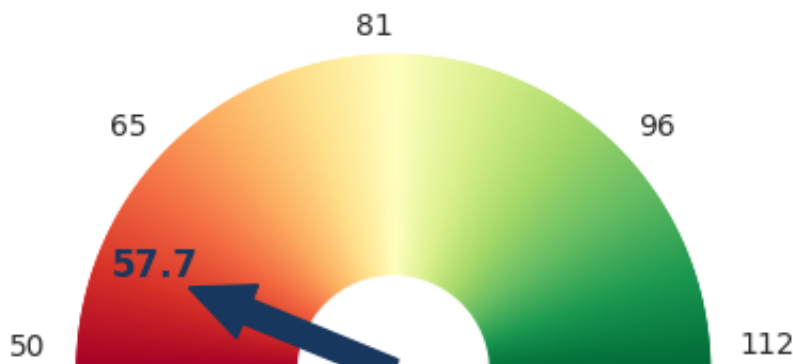


## Consumer Sentiment



12.May.2023

### Consumer Sentiment: Sharp Drop

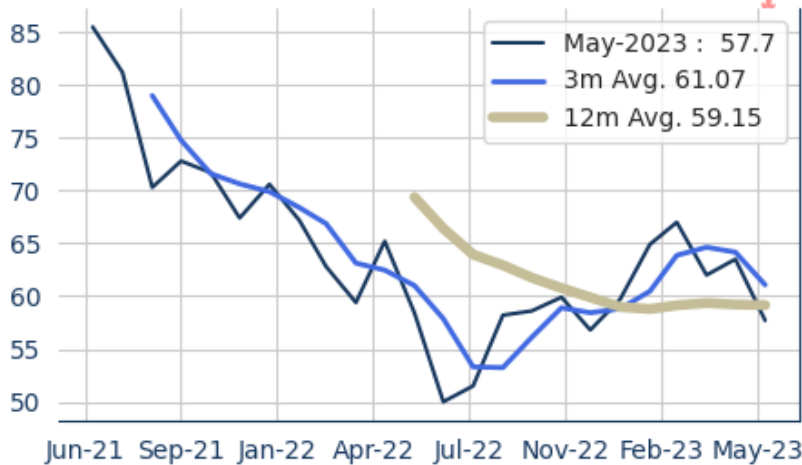
**Bottom Line:** The University of Michigan's consumer sentiment survey showed a surprisingly sharp decline in early May. The future expectation index hit its lowest level since the initial inflation spike early last year, and the current conditions index hit its lowest level of the year. Year-ahead inflation expectations edged down a tenth but were still elevated at 4.5%, while 5-year inflation expectations jumped to 3.2%. News about the impending debt ceiling was the source of consumers' worries about the economy. And unlike many in the markets, consumers fear the impact on the economy could be lasting. **Overall, consumers continue to see reasons for worry and uncertainty. They are still not convinced that inflation will move lower, and high interest rates are making large purchases more expensive. Now they are concerned that fiscal policymakers will throw the economy into recession.**

# U. Mich. Consumer Sentiment

May: +57.7, consensus: +63.0



## Recent Trends



Contingent Macro Advisors 2023 source: University of Michigan

**The University of Michigan's Consumer Sentiment Index** FELL -5.8 to 57.7, BELOW the 3-month average of 61.07 and -1.2% BELOW the year-ago level.

**The Current Conditions Index** FELL -3.7 to 64.5, BELOW the 3-month average of 66.33 but 1.9% ABOVE the year-ago level.

**The Future Expectations Index** FELL -7.1 to 53.4, BELOW the 3-month average of 57.7 and -3.3% BELOW the year-ago level.

**Year-ahead inflation expectations** FELL -0.1 to 4.5, ABOVE the 3-month average

of 4.23 but -0.8 BELOW the year-ago level.

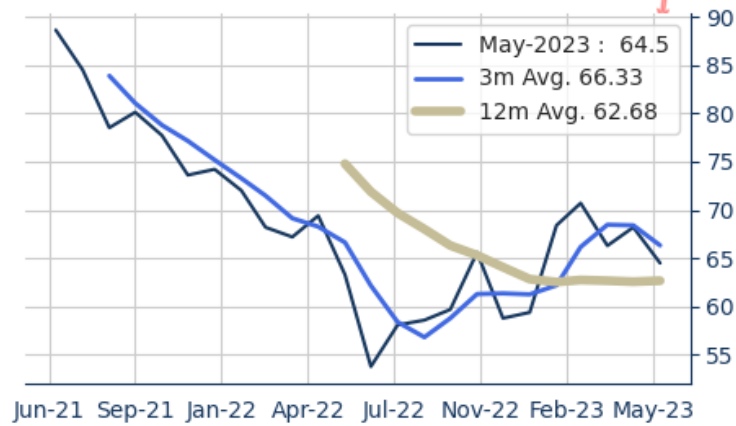
**Long-term (5 years) inflation expectations** ROSE 0.2 to 3.2, ABOVE the 3-month average of 3.03 and 0.2 ABOVE the year-ago level.

## Current Conditions

May: +64.5, consensus: +67.5

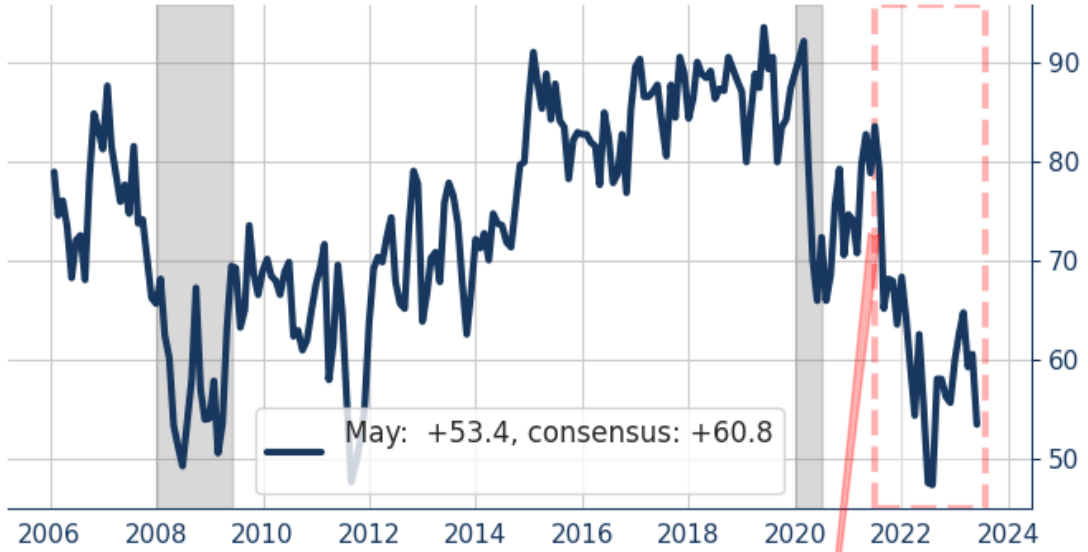


## Recent Trends

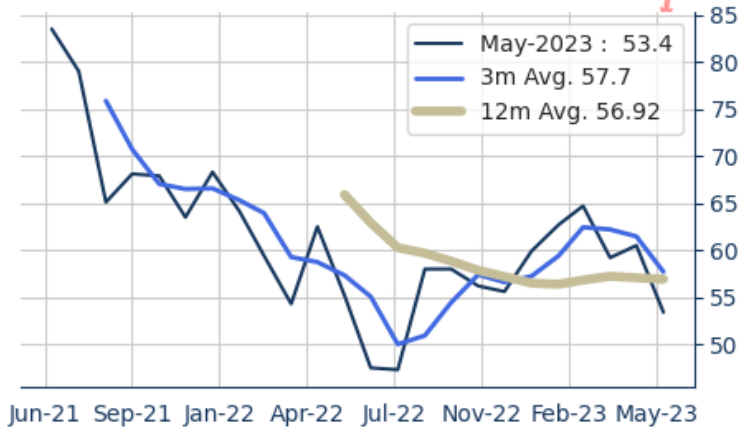


# Future Expectations

May: +53.4, consensus: +60.8



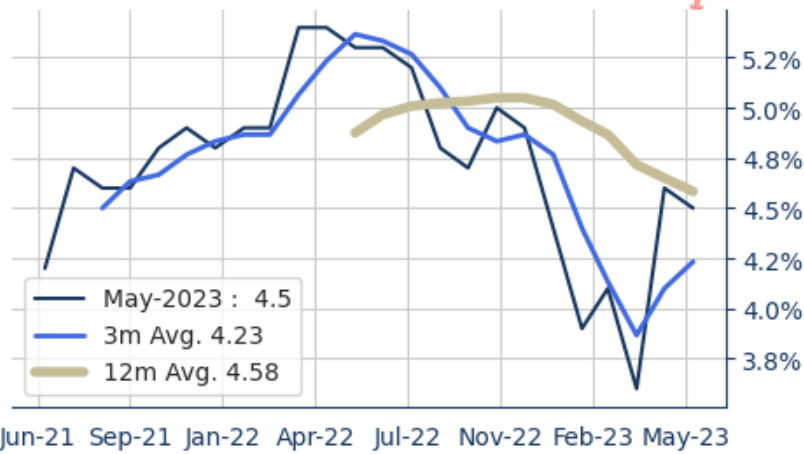
## Recent Trends



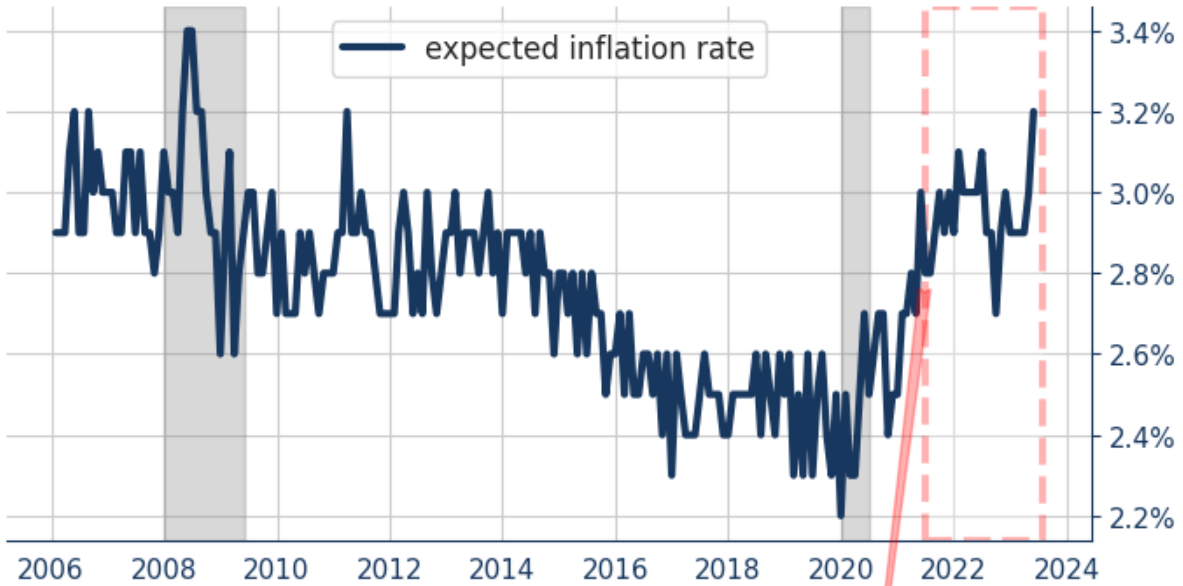
# 1-year Ahead Inflation Expectations



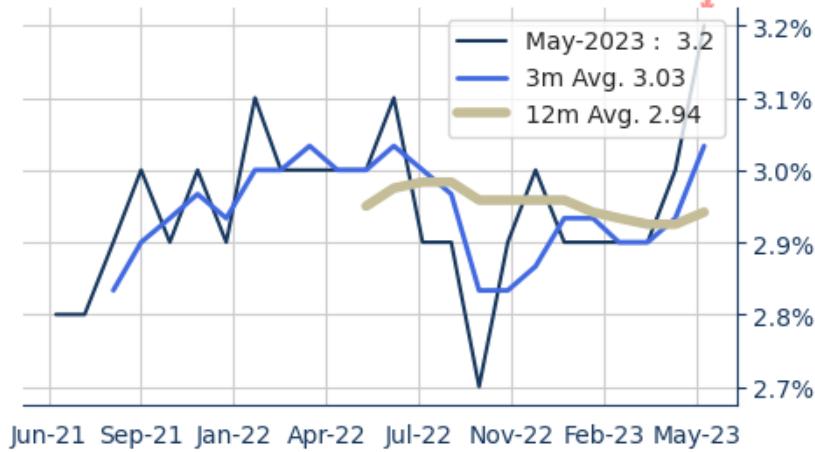
## Recent Trends



# 5-year Ahead Inflation Expectations



## Recent Trends



Contingent Macro Advisors 2023 source: University of Michigan

U. Mich. Consumer Sentiment Survey	May-23	Apr-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
<b>U. Mich. Consumer Sentiment</b>	<b>57.70</b>	<b>63.50</b>	<b>61.10</b>	<b>62.50</b>	<b>59.20</b>	<b>58.98</b>	<b>79.50</b>
Current Conditions	64.50	68.20	66.30	66.20	62.70	62.84	88.70
Future Expectations	53.40	60.50	57.70	60.10	56.90	56.50	73.60
1-year Ahead Inflation Expectations	4.50	4.60	4.20	4.20	4.60	5.02	3.60
5-year Ahead Inflation Expectations	3.20	3.00	3.00	3.00	2.90	2.96	2.70

source: University of Michigan