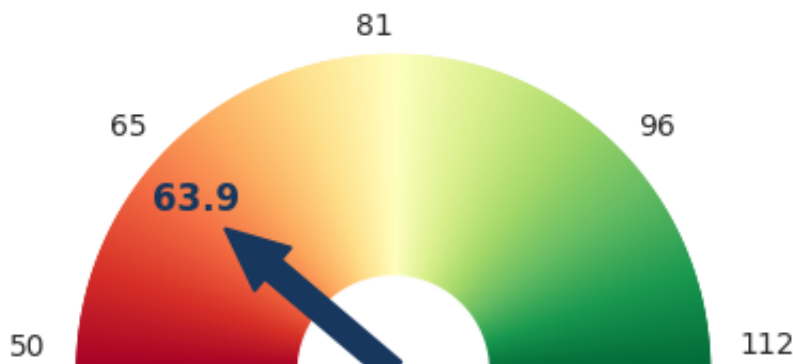


Consumer Sentiment



16.Jun.2023

Consumer Sentiment: Rebound On Lower Inflation

Bottom Line: The University of Michigan's consumer sentiment index rebounded sharply in early June as consumers' expectations for year-ahead inflation fell. The resolution to the debt ceiling and mostly stable gasoline prices had consumers feeling better. That said, by historical standards, they were still plenty worried about the economic outlook. A majority still expect difficult economic times in the next year, and income expectations softened this month.

Most encouraging for the Fed and monetary policy, year-ahead inflation expectations were down over 100 basis points from a year ago at 3.3%. While the Fed target is 2%, consumers' year-ahead inflation expectations have rarely been below 2.5%, so a "normal" level is not far away.

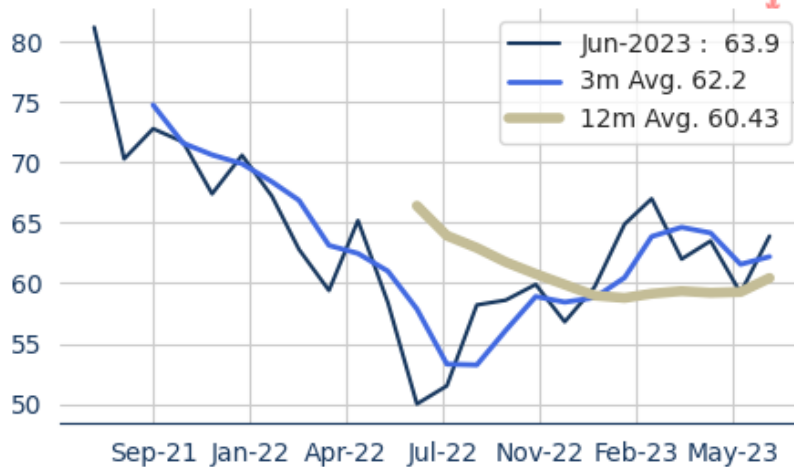
Overall, consumers are becoming less worried about inflation. While their sentiment remains historically low, it appears, for now, that a low is in for sentiment. The upswing in sentiment will be volatile, though, as consumers shift from worrying about inflation to worrying about their income prospects and possibly their jobs.

U. Mich. Consumer Sentiment

June: +63.9, consensus: +60



Recent Trends



Contingent Macro Advisors 2023 source: University of Michigan

The University of Michigan's Consumer Sentiment Index ROSE 4.7 to 63.9, ABOVE the 3-month average of 62.2 and 27.8% ABOVE the year-ago level.

The Current Conditions Index ROSE 3.1 to 68, ABOVE the 3-month average of 67.03 and 26.4% ABOVE the year-ago level.

The Future Expectations Index ROSE 5.9 to 61.3, ABOVE the 3-month average of 59.07 and 29.1% ABOVE the year-ago level.

Year-ahead inflation expectations FELL -0.9 to 3.3, BELOW the 3-month average

of 4.03 and -2 BELOW the year-ago level.

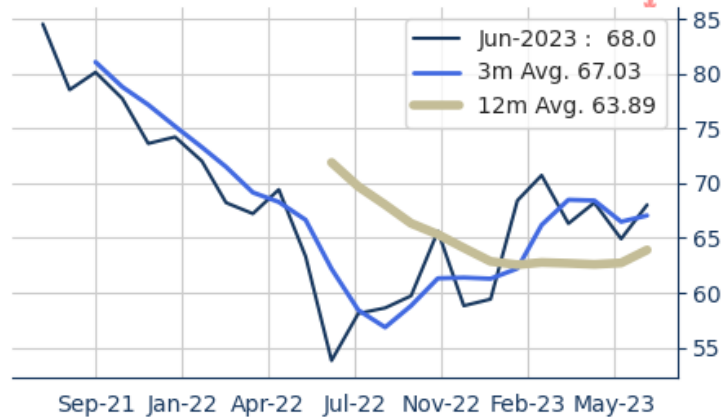
Long-term (5 years) inflation expectations FELL -0.1 to 3, BELOW the 3-month average of 3.03 and -0.1 BELOW the year-ago level.

Current Conditions

June: +68.0, consensus: +65.1

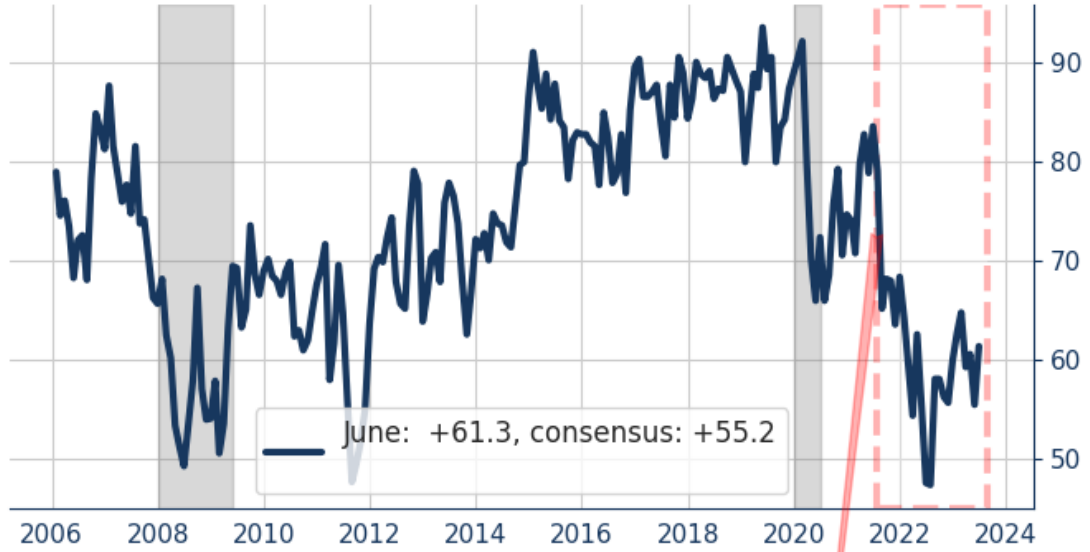


Recent Trends

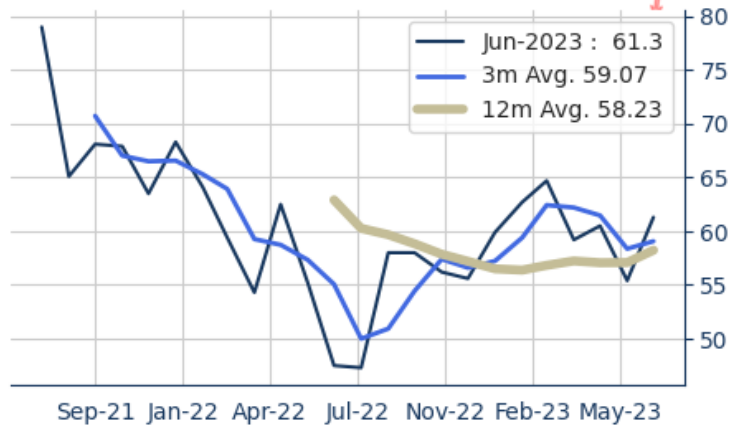


Future Expectations

June: +61.3, consensus: +55.2



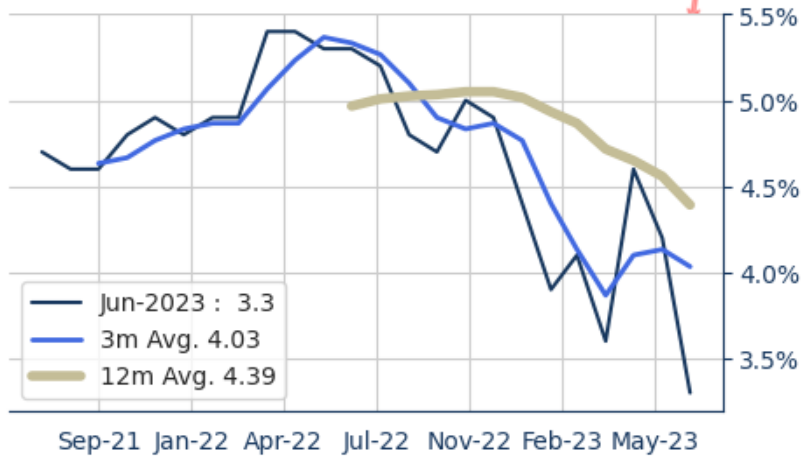
Recent Trends



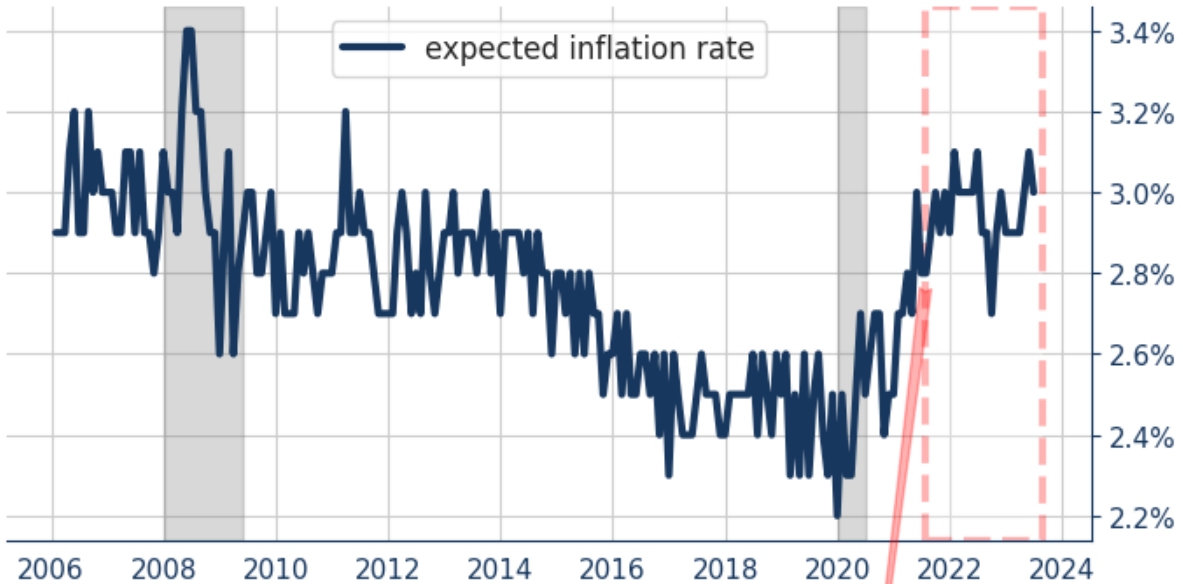
1-year Ahead Inflation Expectations



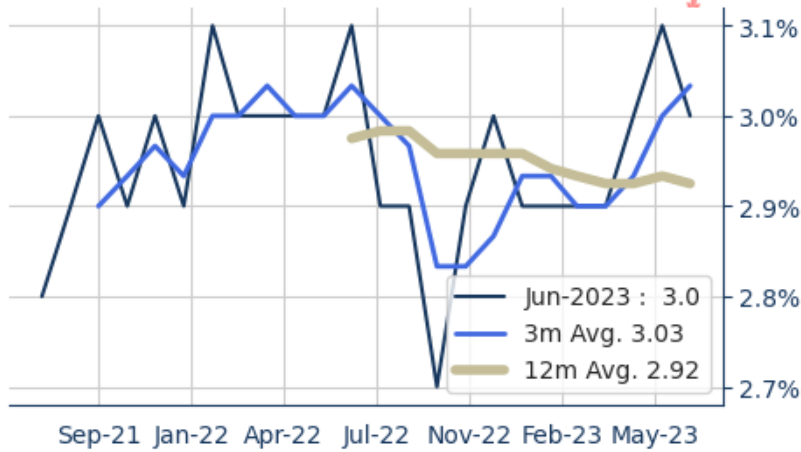
Recent Trends



5-year Ahead Inflation Expectations



Recent Trends



Contingent Macro Advisors 2023 source: University of Michigan

U. Mich. Consumer Sentiment Survey	Jun-23	May-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
U. Mich. Consumer Sentiment	63.90	59.20	62.20	63.40	60.40	58.98	79.00
Current Conditions	68.00	64.90	67.00	67.80	63.90	62.84	87.90
Future Expectations	61.30	55.40	59.10	60.60	58.20	56.50	73.20
1-year Ahead Inflation Expectations	3.30	4.20	4.00	4.00	4.40	5.02	3.60
5-year Ahead Inflation Expectations	3.00	3.10	3.00	3.00	2.90	2.96	2.70

source: University of Michigan