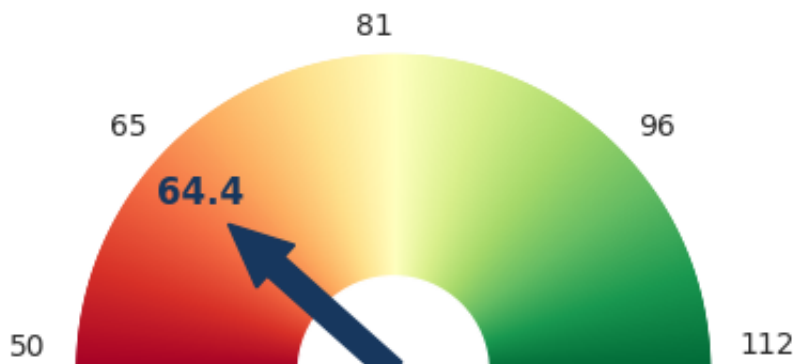


Consumer Sentiment



30.Jun.2023

Consumer Sentiment: Continued Rebound On Lower Inflation

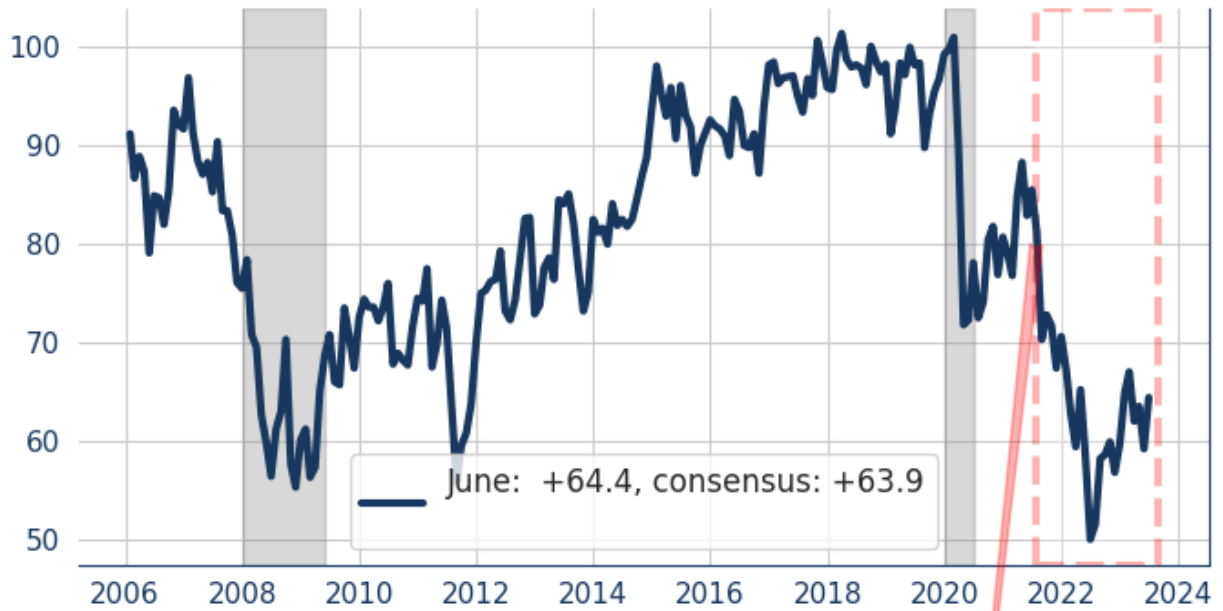
Bottom Line: The University of Michigan's consumer sentiment index was modestly higher in the final reading, continuing to rise after a sharp rebound in early June. Consumers' expectations for year-ahead inflation fell early in the month and were steady in this final reading. The resolution to the debt ceiling early in June 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 amid persistently high prices and softer income expectations softened.

Most encouraging for the Fed and monetary policy, year-ahead inflation expectations were steady at 3.3%, down over 100 basis points from a year ago. 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.

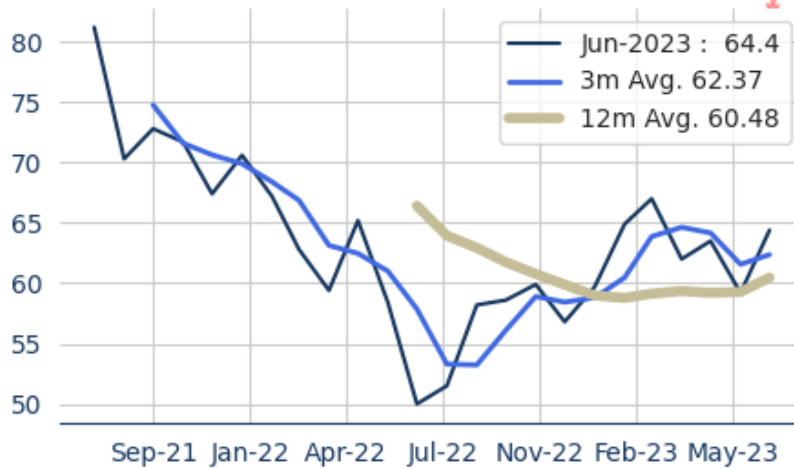
Overall, consumer sentiment remains historically low, it is no longer declining. The upswing in sentiment will be volatile, though, as consumers shift from worrying about inflation to worrying about their income prospects and possibly their jobs.

U. Mich. Consumer Sentiment

June: +64.4, consensus: +63.9



Recent Trends

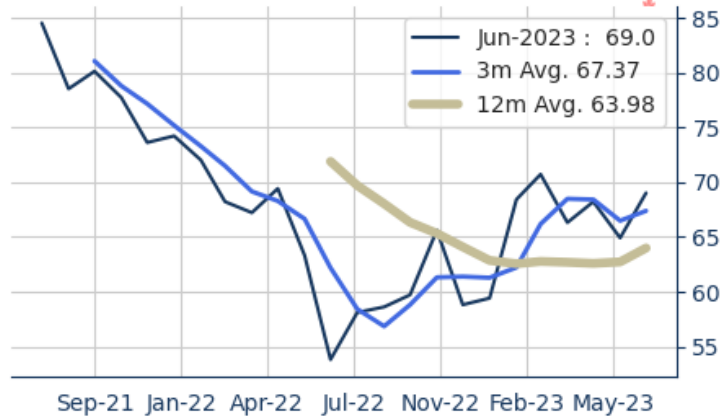


Current Conditions

June: +69.0, consensus: +68

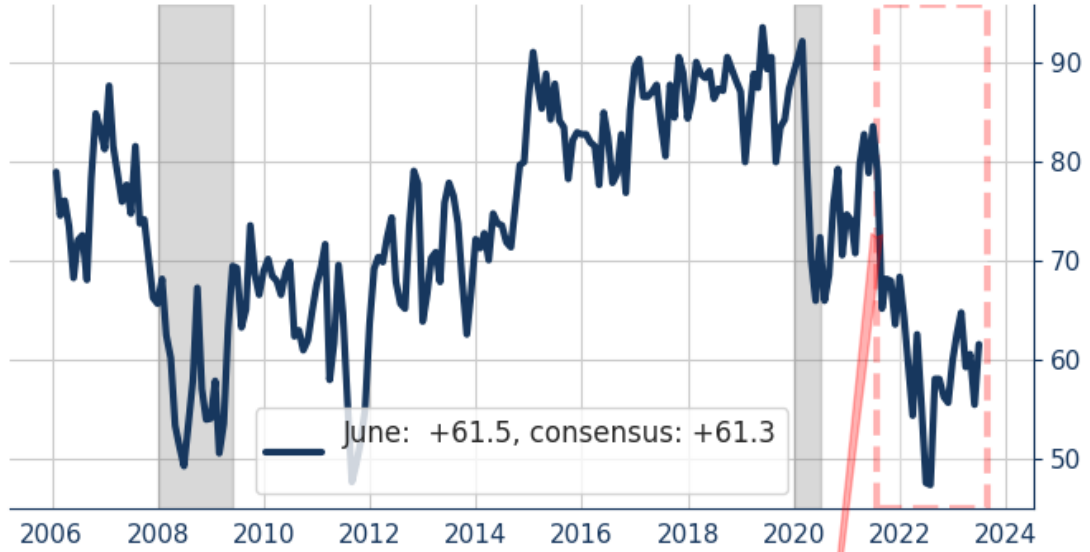


Recent Trends

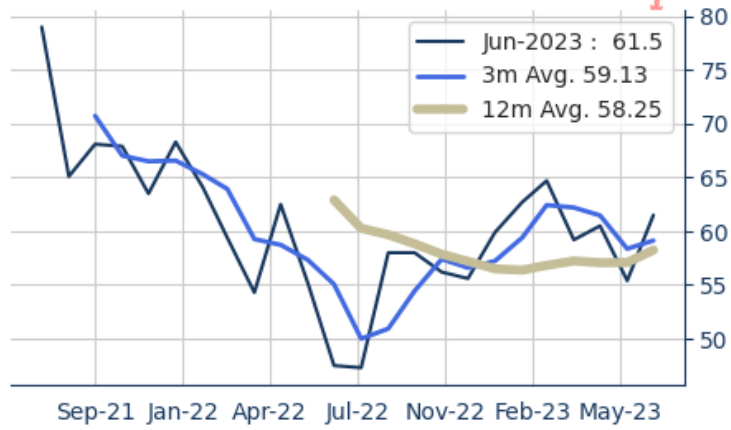


Future Expectations

June: +61.5, consensus: +61.3



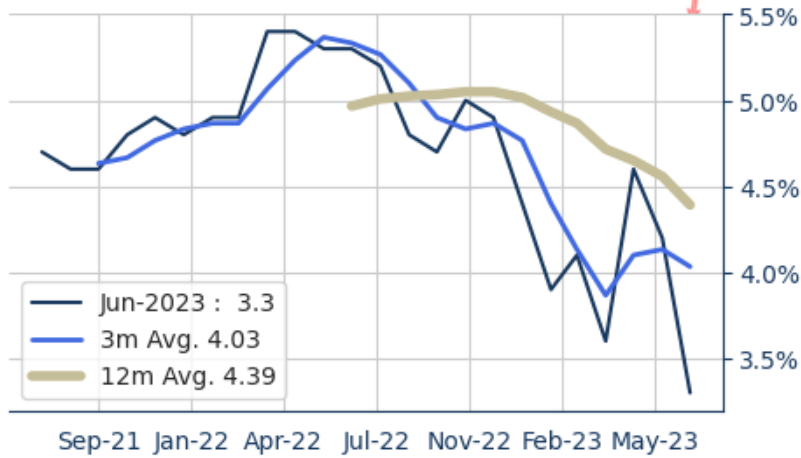
Recent Trends



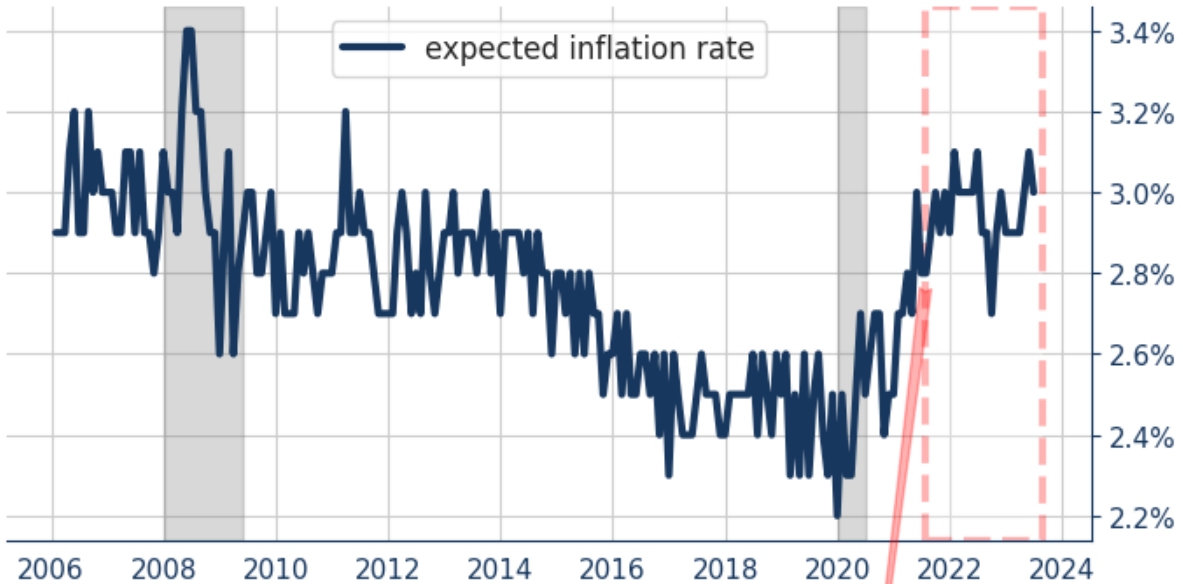
1-year Ahead Inflation Expectations



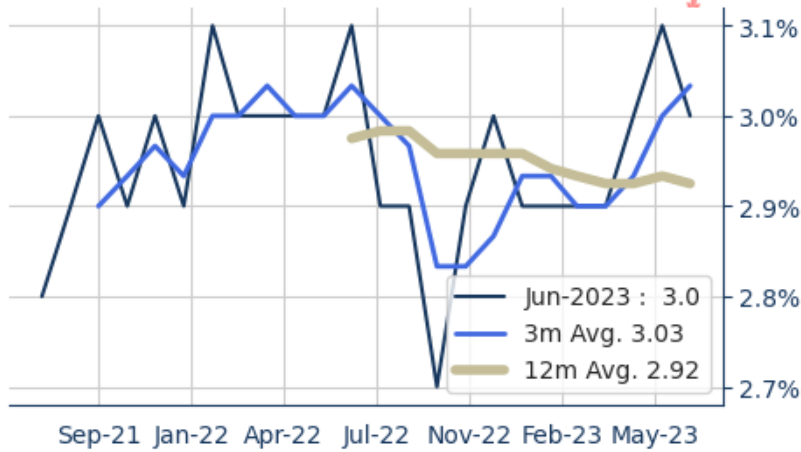
Recent Trends



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	64.40	59.20	62.40	63.50	60.50	58.98	79.00
Current Conditions	69.00	64.90	67.40	67.90	64.00	62.84	87.90
Future Expectations	61.50	55.40	59.10	60.70	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