

Consumer sentiment hits lowest level in 7 months



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Consumer sentiment tumbled in June, [despite largely resilient growth in the US economy](#), as higher prices remained a pain point for Americans.

The latest [University of Michigan consumer sentiment survey](#) released Friday showed sentiment hit its lowest level in seven months during June. The index reading for the month came in at 65.6, down from 69.1 in May and lower than the 72 economists had expected.

"Assessments of personal finances dipped due to modestly rising concerns over high prices as well as weakening incomes," Survey of Consumers director Joanne Hsu said in a statement. "Overall, consumers perceive few changes in the economy from May."

The current conditions index fell from to 62.5 from 69.6 the month prior, contributing to the decline in June's headline index. Capital Economics North America economist Olivia Cross said Friday's reading shows "households are now struggling more under the weight of higher interest rates and still-elevated consumer prices."

Year-ahead inflation expectations were flat at 3.3% from the month prior. However, most respondents likely didn't have time to factor in [recent positive inflation readings](#) from May. The interview window for the survey spanned from May 22 to June 12.

This means the last day consumers could submit survey responses was the same day that May's Consumer Price Index (CPI) was released. Headline CPI rose 3.3% over the prior year in May, [the lowest monthly headline reading since July 2022.](#)

On Thursday, after the survey window was closed, the Producer Price Index [showed wholesale prices unexpectedly declined from the month prior in May.](#)

"The press release noted that consumers were still concerned about high prices, and year-ahead inflation expectations remained at 3.3%," Cross wrote in a note on Friday. "That is at odds with price developments for essentials, given that gasoline prices have eased back and we learned this week that the CPI food at home index was unchanged in May."

Broadly, the decline in the index represents a [continued trend](#) among consumers who are fed up with higher prices regardless of whether inflation is cooling and the labor market remains on solid footing.

During a press conference on Wednesday, Federal Reserve Chair Jerome Powell said it's hard for anyone to have a definitive answer about the disconnect between Americans' feelings on the economy and the actual data.



Despite good economic news, consumers are still wary. A shopper in Pittsburgh. (AP Photo/Gene J. Puskar) (ASSOCIATED PRESS)

"People experience what they experience," Powell said. "All I can tell you is what the data show, which is, we've got an economy that's growing at a solid pace. We've got a very strong labor market with unemployment at 4%. It's been a long time since we've had, you know, a long stretch of time with unemployment at or below 4%, very long time."

He added that after a period of high inflation, price increases have come down "significantly," and the central bank is doing everything it can to restore price stability. Powell maintained that the Fed is confident inflation will return to its 2% target.

"In the meantime, you know, it's going to be painful for people," Powell said. "But the ultimate pain would be ... a long period of high inflation."

Correction: A previous version of this article misspelled Olivia Cross's name. We regret the error.

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