surveys of consumers
UNIVERSITY OF MICHIGAN

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Preliminary results from the October 2025 survey October 10, 2025

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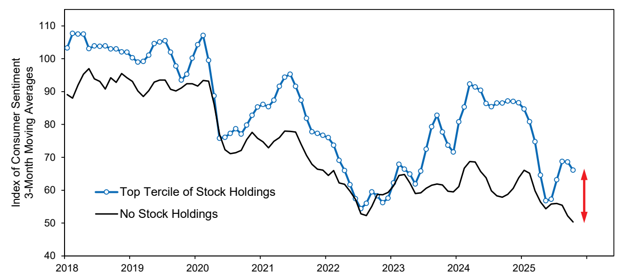
Since Converging in May 2025,
Sentiment Lifted for Consumers with Large Stock Holdings and
Fell for Non-Stockholders



Consumer sentiment moved sideways this month. At 55 index points, sentiment is virtually unchanged from September. Improvements this month in current personal finances and year-ahead business conditions were offset by declines in expectations for future personal finances as well as current buying conditions for durables. Overall, consumers perceive very few changes in the outlook for the economy from last month. Pocketbook issues like high prices and weakening job prospects remain at the forefront of consumers' minds. At this time, consumers do not expect meaningful improvement in these factors. Meanwhile, interviews reveal little evidence that the ongoing federal government shutdown has moved consumers' views of the economy thus far.

Year-ahead inflation expectations ebbed from 4.7% last month to a still-high 4.6% this month. Long-run inflation expectations held steady at 3.7%. Inflation expectations for both time horizons are about midway between the readings seen a year ago and the highs seen this year in April and May in the wake of the initial announcements of major tariff changes.

Although their inflation expectations have sinced receded, consumers continue to express frustration over the persistence of high prices. About 45% of consumers spontaneously mentioned that high prices are eroding their personal finances, little changed since August and comparable to last October's 43%. A solid 26% of consumers spontaneously referenced food or groceries, primarily in terms of cost considerations, up from 18% last month and above last October's 23%.

A persistent majority of consumers—60% this month—provided unprompted comments about tariffs, with many pointing out the upward pressure on prices they generate. Buying conditions for durables fell to their lowest reading since November 2022, primarily due to an increase in concerns about tariffs or taxes. Car buying conditions were up a touch from September's low readings, but they stand almost 20% below a year ago, again attributable to price and tariff/tax reasons.

Labor market expectations remain subdued. About 68% of consumers expect any income growth in the year ahead to be outstripped by inflation, up for the second consecutive month and the highest share since May. Approximately 63% of consumers expect unemployment to rise in the year ahead, down a bit from last month but still almost double the 32% seen a year ago. Consumers' expectations of personal job loss ticked up, reaching its second-highest reading since July 2020.

As seen in the chart, wealth gaps in sentiment narrowed early this year through May 2025 amid major changes in trade policy. Since then, as the worst-case scenarios around the impact of tariff policy feared by many consumers did not come to fruition while stock markets continued to soar, sentiment for consumers with large stock portfolios has lifted. In contrast, the general downward trend in sentiment for non-stockholders has continued through recent months. These trends illustrate the wide variation in economic experiences across the population. More details on patterns by stockholding as well as stock market expectations are included in our recent special report.

	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct Prelim
Index of Consumer Sentiment	70.5	71.8	74.0	71.7	64.7	57.0	52.2	52.2	60.7	61.7	58.2	55.1	55.0
Current Economic Conditions	64.9	63.9	75.1	75.1	65.7	63.8	59.8	58.9	64.8	68.0	61.7	60.4	61.0
Index of Consumer Expectations	74.1	76.9	73.3	69.5	64.0	52.6	47.3	47.9	58.1	57.7	55.9	51.7	51.2
Index Components													
Personal Finances - Current	81	82	85	87	82	74	71	67	78	83	77	76	82
Personal Finances - Expected	110	116	111	109	99	86	78	79	94	91	91	86	82
Economic Outlook - 12 Months	92	97	88	81	73	56	48	50	63	66	61	57	60
Economic Outlook - 5 Years	95	96	94	88	83	66	60	60	74	72	70	62	61
Buying Conditions - Durables	85	82	108	106	86	89	82	83	88	91	80	78	74