



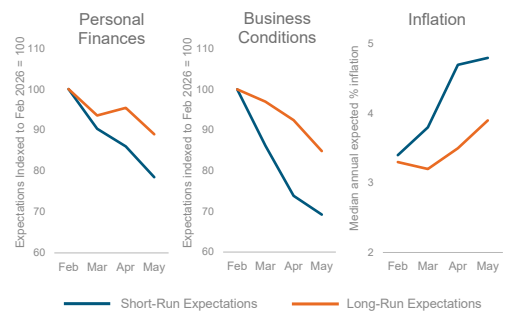
May 2026 survey results

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Joanne Hsu, PhD, Director

Consumer sentiment fell for the third straight month as supply disruptions in the Strait of Hormuz continue to boost gasoline prices. Sentiment is now just below the previous historical trough seen in June 2022. The cost of living continues to be a first-order concern, with 57% of consumers spontaneously mentioning that high prices were eroding their personal finances, up from 50% last month. Lower-income consumers and those without college degrees posted particularly strong sentiment declines; these groups are more sensitive to increases in the cost of gas and other essentials. Independents and Republicans saw decreases in sentiment, with both groups reaching their lowest readings of the current presidential administration. Meanwhile, sentiment of Democrats was little changed from last month. Critically, consumers appear worried that inflation will increase and proliferate beyond fuel prices, even in the long run.

Short-Run Expectations Worsened Since Feb 2026, Long-Run Expectations Following Suit



Year-ahead inflation expectations inched up from 4.7% last month to 4.8% this month. The current reading substantially exceeds the 3.4% reading seen in February 2026 prior to the start of the Iran conflict, along with all 2024 readings. Long-run inflation expectations climbed from 3.5% in April to 3.9% in May, notably higher than the 2.8% to 3.2% range seen in 2024. This month’s increase in long-run expectations reflects sizable jumps among independents and Republicans. For the latter group, long-run inflation expectations are currently more than double their February 2025 reading on a monthly basis.

Wealth gaps in sentiment continue to be prominent. This month, consumers with stockholdings in the middle and bottom tercile, as well as consumers who own no stock, all exhibited similarly low levels of sentiment. In contrast, consumers with the largest holdings reported sentiment that was at least 33% higher than the other groups. This likely reflects sharp differences in support enjoyed from soaring equity values and how burdened they feel about prices. About 60% of the middle- and lower-wealth groups reported that high prices are weighing down their living standards, whereas less than half of the wealthiest group did so.

As seen in the chart, expectations for business conditions, personal finances, and inflation have all deteriorated in recent months since the start of the Iran war. Short-run expectations worsened almost immediately and continued their declines. While long-run expectations were slower to adjust as consumers likely reserved judgment about the duration of the conflict, they too have worsened. Three months into Iran conflict, consumers appear to be worried that supply disruptions are unlikely to be resolved quickly. The tapering in gas prices seen in late April turned out to be short-lived; they rose an additional 12% since the start of this month’s interviews. Unsurprisingly, nearly 40% of consumers spontaneously mentioned gas prices during interviews, up from 33% last month.

Unlike other domains of the economy, labor market expectations have not sunk much further this year, a welcome sign given the sharp declines seen over the course of 2025. Unemployment expectations are currently comparable to readings seen in the fourth quarter of 2025, with about 65% of consumers currently expecting unemployment to rise in the year ahead. Nominal income expectations have been relatively flat since March 2025 and did not move this month. On the other hand, real income expectations continued to ebb in accordance with rising inflation expectations, with 71% of consumers expecting price hikes to exceed income gains in the year ahead, up from 66% in April.

| | May 2025 | Jun 2025 | Jul 2025 | Aug 2025 | Sep 2025 | Oct 2025 | Nov 2025 | Dec 2025 | Jan 2026 | Feb 2026 | Mar 2026 | Apr 2026 | May 2026 |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Index of Consumer Sentiment | 52.2 | 60.7 | 61.7 | 58.2 | 55.1 | 53.6 | 51.0 | 52.9 | 56.4 | 56.6 | 53.3 | 49.8 | 44.8 |
| Current Economic Conditions | 58.9 | 64.8 | 68.0 | 61.7 | 60.4 | 58.6 | 51.1 | 50.4 | 55.4 | 56.6 | 55.8 | 52.5 | 45.8 |
| Index of Consumer Expectations | 47.9 | 58.1 | 57.7 | 55.9 | 51.7 | 50.3 | 51.0 | 54.6 | 57.0 | 56.6 | 51.7 | 48.1 | 44.1 |
| Index Components | | | | | | | | | | | | | |
| Personal Finances - Current | 67 | 78 | 83 | 77 | 76 | 78 | 66 | 68 | 74 | 77 | 74 | 67 | 58 |
| Personal Finances - Expected | 79 | 94 | 91 | 91 | 86 | 82 | 85 | 93 | 95 | 93 | 84 | 80 | 73 |
| Economic Outlook - 12 Months | 50 | 63 | 66 | 61 | 57 | 57 | 56 | 59 | 63 | 65 | 56 | 48 | 45 |
| Economic Outlook - 5 Years | 60 | 74 | 72 | 70 | 62 | 59 | 61 | 64 | 68 | 66 | 64 | 61 | 56 |
| Buying Conditions - Durables | 83 | 88 | 91 | 80 | 78 | 72 | 64 | 60 | 67 | 67 | 68 | 66 | 58 |