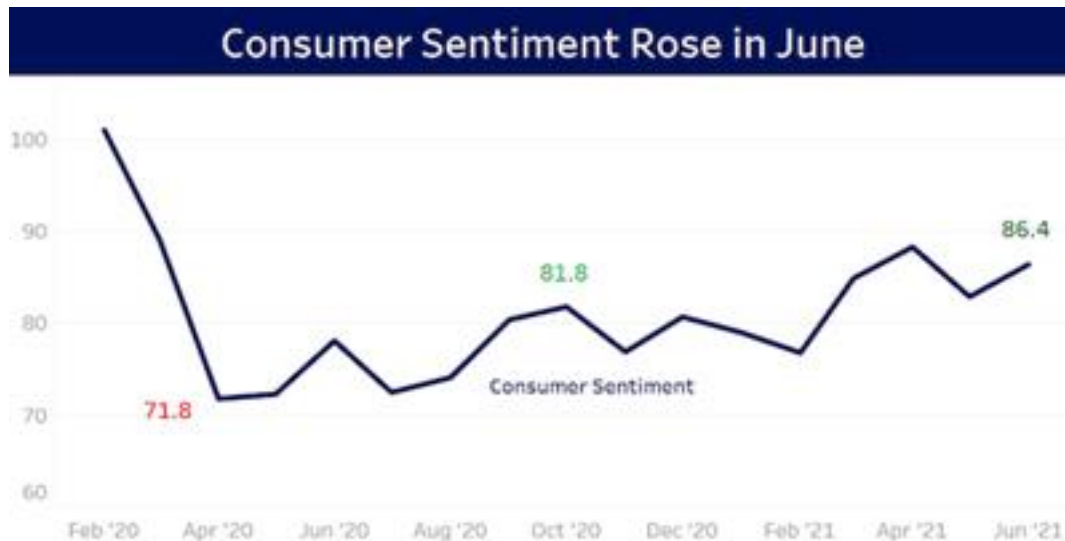


## Consumer Sentiment Rises, But Inflation Fears Grow

Last week we got our first reading for consumer sentiment in June. The [University of Michigan's preliminary survey](#) for the month found that consumers are feeling better, but they are increasingly concerned about inflation.

**What it said:** Sentiment rose to its second highest level of the pandemic to start June. This could change when final numbers come out at the end of the month. But for now, this is good news.



Interestingly, sentiment about the future rose more than consumers' feelings about the current condition of the economy.

**But note:** Consumers are growing more concerned about inflation and home prices though. From the release:

Spontaneous references to market prices for homes, vehicles, and household durables fell to their worst level since the all-time record in November 1974 ([see the chart](#)). These unfavorable perceptions of market prices reduced overall buying attitudes for vehicles and homes to their lowest point since 1982.

**Bottom line:** Look for sentiment to continue to rise as businesses reopen. Despite improvement in this vital stat, it is still well below its pre-pandemic level. If we see inflation keep rising, as it did in May, and home prices keep soaring, we could see consumer sentiment rise less slowly than it otherwise would. At this point though, it's a good problem to have that we are most concerned about a tempering of sentiment, rather than a potential decline.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce