



Economics Group

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Trade Worries Weigh On Consumer Sentiment

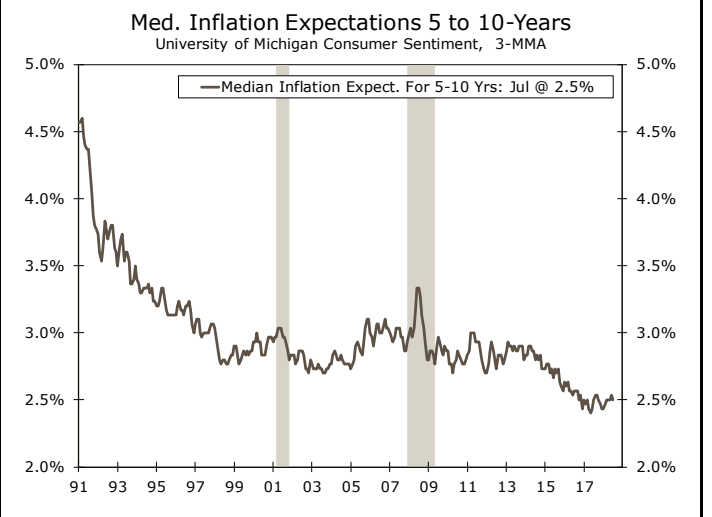
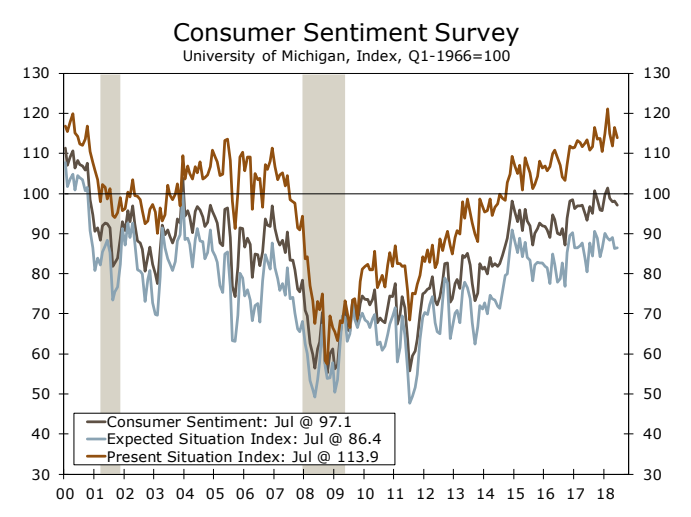
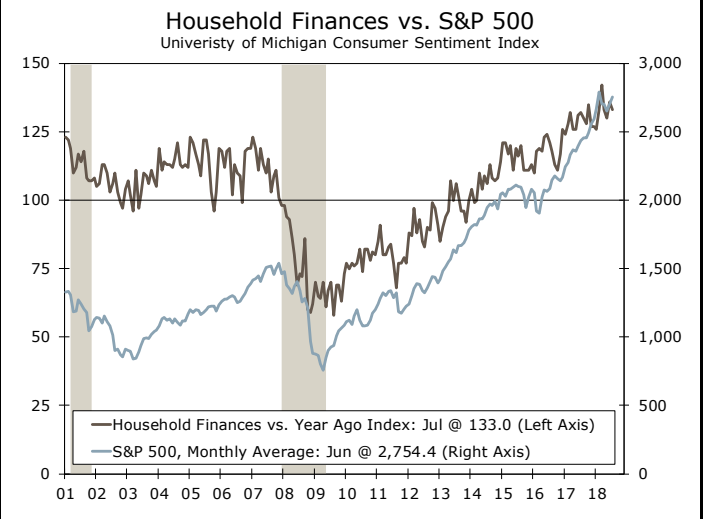
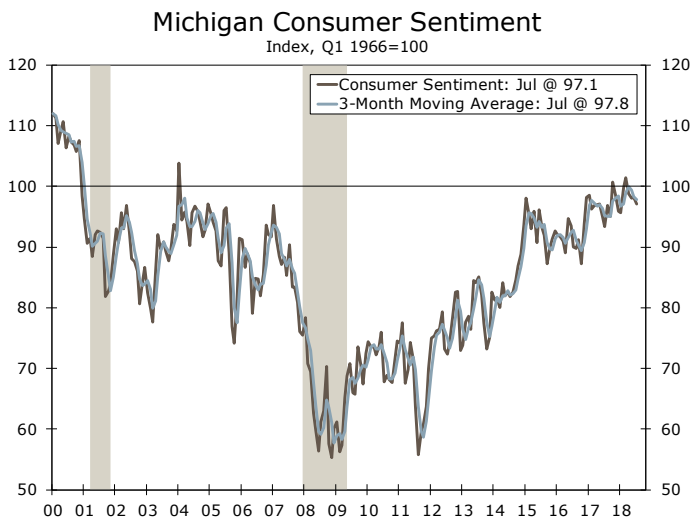
The University of Michigan's Index of Consumer Sentiment fell 1.1 points in early July to 97.1, with all of the drop coming from the Current Economic Conditions Index. The expectations series edged 0.1 point higher.

Tariffs are a Disturbance Within the Force

- The preliminary report on July consumer sentiment showed consumers have become increasingly concerned about the possible impact that tariffs will have on the U.S. economy. Consumers' assessment of current economic conditions fell 2.6 points to a still solid 113.9 in mid-July.
- Concerns about tariffs have increased notably, rising from 15 percent in May to 21 percent in June and 38 percent today.

Expectations Rose Slightly in July

- Expectations for future economic conditions rose slightly, suggesting consumers are not overly concerned about tariffs.
- Inflation expectations fell in early July. Prices are expected to rise 2.9 percent over the next year, down from 3.0 percent last month. Expectations for the next 5-10 years fell 0.2 percentage points to 2.4 percent. The drop coincides with some easing in gasoline prices. The preliminary data, however, are often revised higher.



Source: University of Michigan, Bloomberg LP and Wells Fargo Securities

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