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Sentiment Index Rises From Low

Consumer sentiment improved from recent record lows in June as gasoline prices moderated, according to the University of Michigan's monthly survey.

The Michigan consumersentiment index rose to 49.5, its final reading for June, after May's reading of 44.8. Economists polled by The Wall Street Journal had been expecting a reading of 49.

Expected business conditions over the next five years surged 16% as consumers' worries over long-term consequences of the Iran conflict appear to be easing, said Joanne Hsu, the survey's director. Still, sentiment remains in unfavorable territory at 13% below the February 2026 reading, before the start of the war, Hsu said.

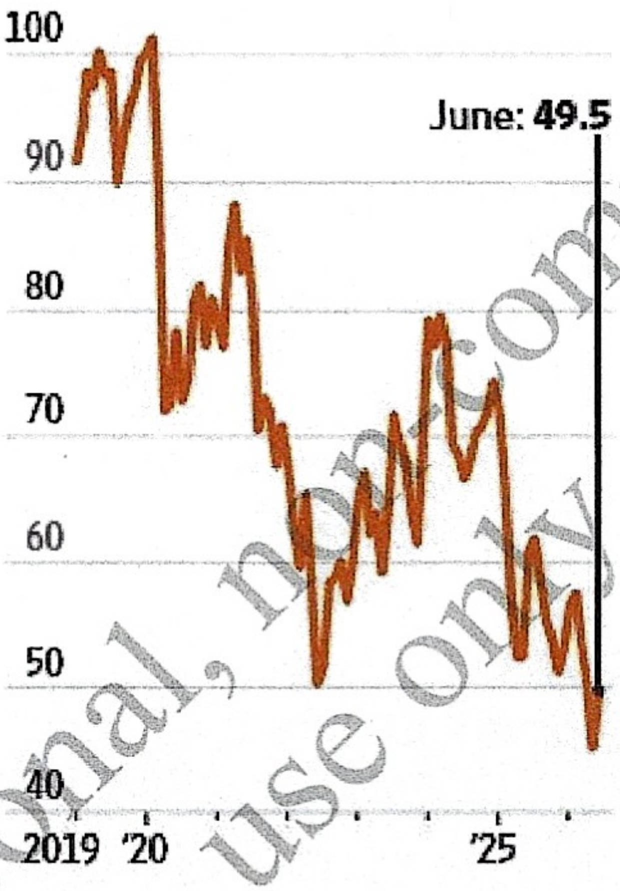
Consumer sentiment has been crawling off its all-time lows, as news of a ceasefire and a retreat in gasoline prices lift households' spirits. Thursday's personal-consumption expenditures price index showed that inflation rose 4.1% over the year last month. Some economists forecast that it could have been the peak of the inflation surge tied to the Iran conflict.

Meanwhile, long-run inflation expectations fell to 3.3% in June from 3.9% in May, the survey said. Economists and Federal Reserve officials watch long-run inflation expectations to ensure price pressures aren't a self-fulfilling prophecy. Outside the survey, other market-based measures of inflation expectations have shown readings remain well anchored.

Personal spending growth and strong retail sales in May suggest consumers were resilient when facing higher prices.

—Jessica Coacci

Consumer-sentiment index



Source: University of Michigan