

# Consumer confidence slumps to 12-year low

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WASHINGTON>> U.S. consumer confidence continued its sharp 2025 decline as Americans' views about their financial futures slumped to a 12-year low, driven by rising anxiety over tariffs and inflation.

The Conference Board reported Tuesday that its consumer confidence index fell 7.2 points in March to 92.9, the fourth straight monthly decline and its lowest reading since January of 2021.

The reading was short of analysts expectations for a reading of 94.5, according to a survey by FactSet.

The business group found that the measure of Americans' short-term expectations for income, business and the job market fell 9.6 points to 65.2.

That's the lowest reading in 12 years and well below the threshold of 80, which the Conference Board says can signal a potential recession in the near future. The proportion of U.S. consumers anticipating a recession remains at a nine-month high, the board reported.

"Consumers' optimism about future income — which had held up quite strongly in the past few months — largely vanished, suggesting worries about the economy and labor market have started to spread into consumers' assessments of their personal situations," said Stephanie Guichard, senior economist at The Conference Board.

The administration of President Donald Trump has largely played down the souring mood among Americans, saying it doesn't necessarily reflect what's happening in the actual economy. This argument is similar to what officials in former President Joe Biden's administration said as high inflation suppressed consumer confidence without undermining growth.

"I just don't think that there's been a very strong correlation between the confidence data and actual consumer spending in recent years," Stephen Miran, the chairman of the Council of Economic Advisers, told CNBC on Tuesday. "You go out in the street, people are going about their lives, you know, they're getting their paychecks, they're spending their paychecks, the economy is marching on ahead."

Yet some of the nation's biggest retailers, who have noted a shift in consumer behavior, are telling a different story.

Walmart has thrived with Americans trying to offset higher prices by seeking bargains. Late last month, however, the nation's largest retailer slashed its profit forecast for this year.

Its sales outlook was also conservative and the company does not include the potential impact of tariffs in its expectations for 2025.

Target's sales and profit slipped during the crucial holiday quarter, and the company predicted that there would be "meaningful pressure" on its profits to start the year in part because of tariffs on Mexico, Canada and China. Macy's, Best Buy, Abercrombie & Fitch, Dollar General and others also have grown cautious about their expectations for 2025, with many citing "economic uncertainty."

The board's survey showed that purchasing plans for both homes and cars declined.

However, in somewhat of a surprise given respondents' anxiety about the future, intentions to buy big-ticket items like appliances increased. The board said that could reflect a desire to buy before the tariffs kick in, leading to price increases.

While inflation has retreated from the highs during the post-pandemic rebound, it has remained above the Federal Reserve's 2% target. Those still-elevated prices, combined with the announced tariffs on many imported goods, have Americans feeling sour

about spending as concerns about the economy mount.

Consumers had appeared increasingly confident heading into the year-end holidays and spent generously. One month later, in January, U.S. retail sales fell sharply, though cold weather shared some of the blame.

Earlier this month, the government reported that Americans stepped up their spending in February after the sharp early year pullback, but only tepidly.

The board reported Tuesday that consumers' view of current conditions decreased 3.6 points to 134.5.

The consumer confidence index measures both Americans' assessment of current economic conditions and their outlook for the next six months.

Consumer spending accounts for about two-thirds of U.S. economic activity and is closely watched by economists for signs about how the American consumer is feeling.