

Economic Indicator — June 24, 2025

# Confidence Slips on Renewed Concern About the Economy

## Summary

Today's report on consumer confidence is a mixed—but mostly negative—assessment of the mindset of consumers. The 5.4 point decline comes amid renewed concern regarding the labor market and income prospects and about the economy in general. Inflation expectations edged slightly lower.

Economist(s)

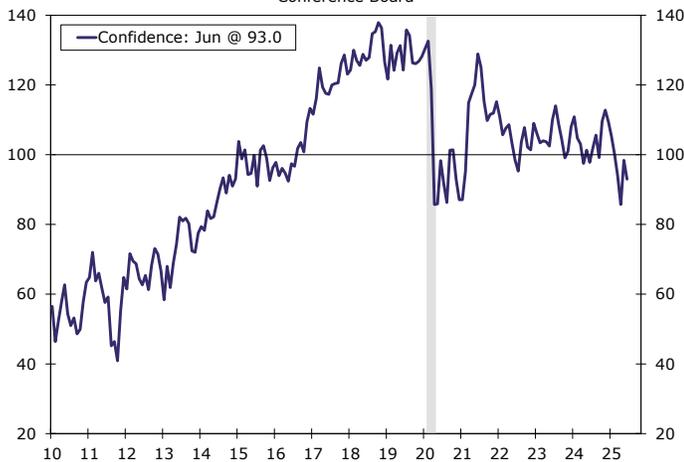
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**Consumer Confidence Index**  
 Conference Board



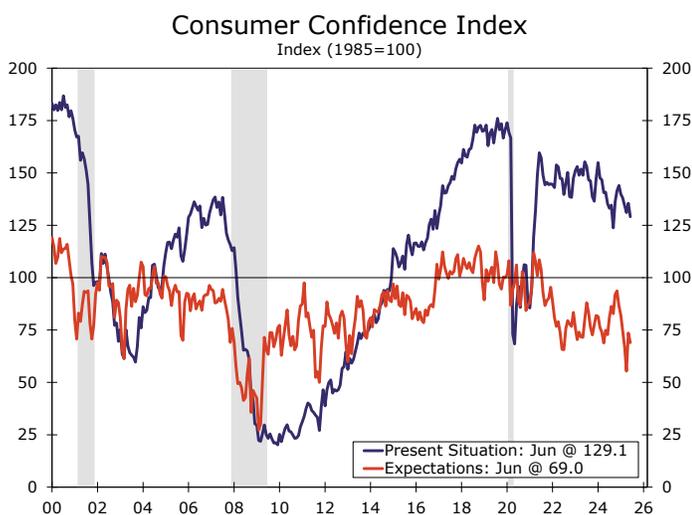
Source: The Conference Board and Wells Fargo Economics

## Second Lowest Reading in Three Years, but Well-Above April Low

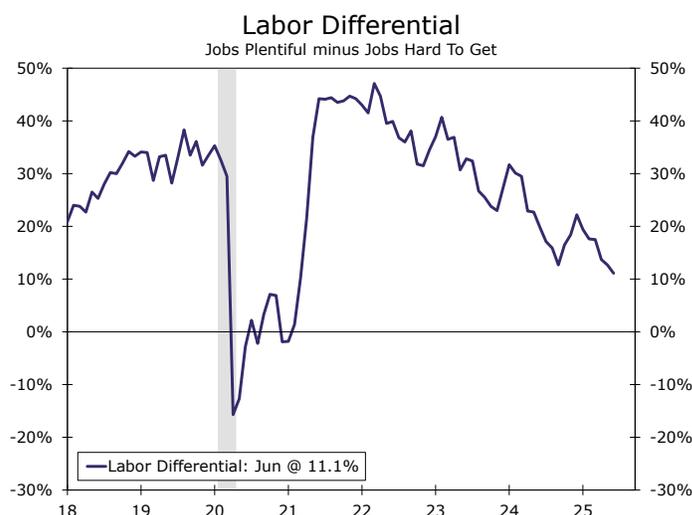
After cratering in the wake of the Liberation Day tariff announcements in April, consumer confidence had retraced some lost ground in May and was expected to edge a bit higher in June ([chart](#)). Instead, confidence fell back 5.4 points to register a reading that is the second lowest of the past four years. The deterioration was not concentrated in one group or key demographic. In fact, June's drop in confidence was shared by all age groups and most income groups. The text of the report also noted that the retreat was "also shared across all political affiliations, with the largest decline among Republicans."

The accompanying release also noted that consumers remain worried about tariffs and the impact they will have on prices and the economy more broadly. A relative bright spot is that both the average and median year-ahead inflation expectations came in to 6.0% and 4.9%, respectively in June, yet inflation and high prices continue to be cited as top concerns. Worry over prices in tandem with a diminished share of consumers who expect their household incomes to increase over the next six months points to still-elevated household financial anxieties. Buying plans generally reflected this, with plans to make a major purchase for autos, home and major appliances flat to down across the board.

Our forecast still calls for a stall in spending in the second half of this year, a view that frankly gets little support in the hard data at the moment. We have been making the case that what looks like resilience in retail spending in recent months may in fact be an indication of pulled-forward demand ahead of the full price impact of tariffs and that those outlays are apt to be curtailed in coming months.



Source: The Conference Board and Wells Fargo Economics



Source: The Conference Board and Wells Fargo Economics

## Labor Differential Still on a Glide Path Lower

That take on things gets some support from the fact that the present situation index fell 6.4 points to 129.1 as consumers' assessment of current business and labor market conditions slipped ([chart](#)). Meanwhile, the forward-looking expectations measure dropped 4.6 points to 69.0, well below the 80 threshold that typically signals coming recession. These forward-looking fears are rooted in concerns about income and business conditions. A swift de-escalation of tariffs or a run of deal-making in the remaining weeks of the current administration's self-imposed deadline for new trade deals could avert the worst of a downside scenario. In the absence of such positive developments, we remain cautious on consumer spending in the second half of the year. By the start of 2026, we look for consumer spending to firm up amid what we expect to be a modestly lower rate and lower tax environment.

The lost momentum in the labor market is not lost on consumers, as fears over their labor market prospects weakened to their lowest level since 2021 in June. The labor differential, or the share of consumers reporting jobs as "plentiful" less those reporting jobs as "hard to get," fell to 11.1%, its lowest reading in four years ([chart](#)). The 1.6 percentage point drop from 12.7% in May was driven primarily by a decrease in those reporting jobs as plentiful. Further, even as the share of consumers

expecting there to be fewer jobs created over the next six months decreased to 25.9% in June from 26.2% in May, this gauge of labor market expectations is still quite elevated relative to a year ago.

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