# Consumer Confidence Dropped Sharply in September

## Headlines

Jay Hawkins
jay.hawkins@pnc.com

PNC Economics
economics@pnc.com

- **Consumer confidence declined to 81.9 in September and is at the lowest since August 2013.**
- **The decrease was the result of drops in both the present situation and expectations indexes.**
- **Median one year ahead inflation expectations rose to 5.1% from 4.8% but remain below the recent peak of 5.2% in March 2026.**
- **Confidence is not likely to improve meaningfully until the conflict in the Middle East is resolved and gas prices decline from current lofty levels.**

## Details

The consumer outlook darkened considerably in September. Consumer confidence fell 6.7 points to 81.9 from a downwardly revised 88.6 in August according to the Conference Board (Figure 1). This was well below PNC's forecast of 89.0 and the lowest since August 2013. Confidence is down 14.3% from a year earlier.

The present situation index – based on consumers' assessment of current labor market and business conditions - fell 7.9 points to 109.3, the fourth straight decline and the lowest since February 2021. The expectations index, which reflects consumers' short-term outlook for income, business, and labor market conditions, slipped a more modest 5.9 points to 63.6. That is the lowest since April 2025.

Assessments of employment conditions worsened somewhat, with the labor market differential – the share of consumers saying jobs are "plentiful" minus the share stating jobs are "hard to get" – slipping 2.5 points to only +1.7% (Figure 2). The step back was due to fewer consumers reporting that jobs are plentiful and an increase in those saying jobs are hard to get.

Among demographic groups, confidence across all age and nearly all income groups slipped with those with household income between $125K and $149K experiencing the biggest decrease over the past six months.

Consumers' views of their Family's Current Financial Situation slipped into negative territory this month as the share saying their financial situation was "bad" climbed above the share stating their situation was "good" for only the second time since the question was asked four years ago.

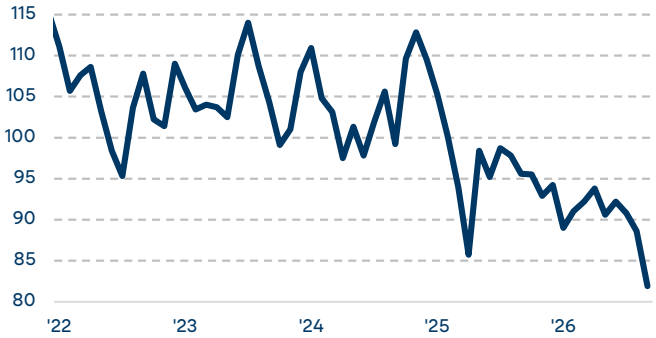
Write-in responses revealed that consumers are most concerned about the elevated cost of goods and services, particularly gas and oil prices, while

comments about the Middle East conflict diminished but remain high.

Inflation expectations moved higher in September with the median one-year-ahead inflation rate rising to 5.1% from 4.8%. Consequently, consumers expect interest rates to rise over the next year. A net 68.4% of consumers expect interest rates to increase (up 5.2 points from August), suggesting consumers expect tighter near term monetary policy.

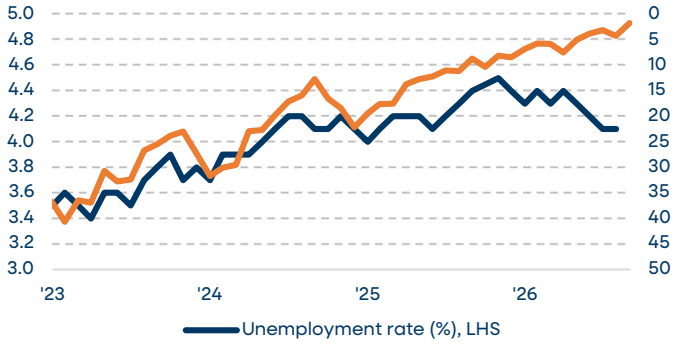
Consumer confidence had held up remarkably well despite trade policy uncertainty, the yet-to-be resolved conflict in the Middle East and affordability challenges amid surging long-term interest rates and elevated energy prices. However, that narrative changed this month and confidence is not likely to improve meaningfully until the conflict in the Middle East is resolved and gas prices decline from current lofty levels.

**Figure 1:** Conference Board consumer confidence




Sources: Conference Board, PNC

**Figure 2:** Conference Board's labor market differential suggests pressure on the unemployment rate




Sources: Conference Board, BLS, PNC

## Disclosures

*The material presented and the views expressed herein are of a general nature and does not constitute the provision of investment or economic advice to any person, or a recommendation of any particular securities, financial instruments, strategies or banking services. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy. You should seek the advice of an investment professional to tailor a financial plan to your needs.*

*Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances August change our outlook and August also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.*

*"PNC" is a registered mark of The PNC Financial Services Group, Inc.*

*© 2026 The PNC Financial Services Group, Inc. All rights reserved.*