



# Consumer Confidence Unexpectedly Improved in March

## Headlines

- Consumer confidence improved to 91.8 in March, bucking expectations for a modest decline.
- The slight improvement was due to an increase in the present situation index with the expectations index falling slightly.
- Median one year ahead inflation expectations surged to 5.2% from 4.5%.
- Consumer confidence is likely to remain depressed in the near term amid an elevated level of uncertainty regarding trade policy and the Middle East conflict, affordability challenges now exacerbated by surging gas prices, and a rapidly cooling labor market.

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## Details

Despite the Middle East conflict the consumer is feeling more confident. Consumer confidence rose to 91.8 in March from a downwardly revised 91.0 in February (was 91.2) according to the Conference Board (Figure 1). This was above PNC's forecast of a drop to 88.8 and the second consecutive monthly improvement. Despite the modest increase, confidence is down 2.2% from a year ago and has largely been drifting lower since 2021.

The increase in confidence was solely due to a 4.6 point improvement in the present situation index – the first rise since October 2025. The expectations index slipped 1.7 points to the lowest since November 2025.

Assessments of employment conditions improved somewhat, with the labor market differential – the share of consumers saying jobs are “plentiful” minus

the share stating jobs are “hard to get” – inching up 0.1 percentage point to +5.8%.

By demographics, younger households drove the improvement in confidence with nearly identical 10 point increases in confidence for the age of household head under 35 and the age of household head age 35-54 groups. Confidence decreased 3.3 points for the age of household head age 55 and over group.

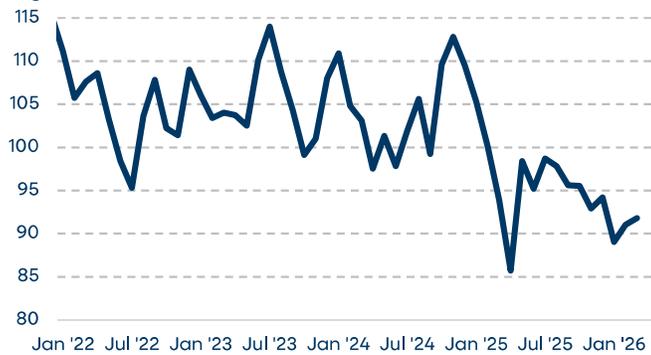
Consumers' plans to purchase big-ticket items over the next six months were mixed in March. The percent who said they would buy an automobile inched up to 12.5% from 12.4%, the percent who stated they would purchase a major appliance rose to 46.8% from 45.6%, while the percent who said they would purchase a home fell slightly to 5.7% from 6.0%.



Not surprisingly given the conflict in the Middle East and soaring gas prices, one year ahead inflation expectations surged in March with the median one-year ahead inflation rate rising to 5.2% (the highest since August 2025) from 4.5% in February (Figure 2).

Despite the unexpected improvement in consumer confidence in March, confidence is likely to remain depressed amid elevated uncertainty regarding trade policy and the Middle East conflict, a rapidly cooling labor market and affordability challenges now exacerbated by surging gas prices.

**Figure 1: Conference Board Consumer Confidence**



Source: Conference Board

**Figure 2: Median One Year Ahead Inflation Expectations**



Source: Conference Board



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