

FEDERAL RESERVE BANK *of* NEW YORK *Serving the Second District and the Nation*

PRESS RELEASE

Inflation Expectations Decline; Labor Market Expectations Improve

June 09, 2025

NEW YORK—The Federal Reserve Bank of New York’s Center for Microeconomic Data today released the May 2025 *Survey of Consumer Expectations*, which shows that households’ inflation expectations declined at the short-, medium-, and longer-term horizons. Consumers’ recent pessimism about the labor market eased somewhat, while consumer debt delinquency expectations and expectations about one’s household financial situation improved slightly.

The main findings from the May 2025 Survey are:

Inflation

- Median inflation expectations decreased at all three horizons in May. One-year-ahead inflation expectations declined by 0.4 percentage point to 3.2%, three-year-ahead inflation expectations declined by 0.2 percentage point to 3.0%, and five-year-ahead inflation expectations declined by 0.1 percentage point to 2.6%. The survey’s measure of disagreement across respondents (the difference between the 75th and 25th percentile of inflation expectations) decreased at all three horizons. The declines in median one- and three-year-ahead inflation expectations were broad-based across age, education, and income groups.
- Median inflation uncertainty—or the uncertainty expressed regarding future inflation outcomes—declined at the one-year horizon and was unchanged at the three- and five-year horizons.
- Median home price growth expectations decreased by 0.3 percentage point to 3.0%. This series has been moving in a narrow range between 3.0% and 3.3% since August 2023. The decline was driven by respondents in the West and South census regions.
- Median year-ahead commodity price change expectations decreased by 0.8 percentage point for gas to 2.7%, 1.3 percentage points for the cost of medical care to 7.4%, 1.6 percentage points for the cost of college education to 7.5%, and 0.6 percentage point for rent to 8.4%. The year-ahead expected change in food prices increased by 0.4 percentage point to 5.5%, the highest level since October 2023.

Labor Market

- Median one-year-ahead earnings growth expectations increased by 0.2 percentage point to 2.7% in May, remaining below the trailing 12-month average of 2.8%.
- Mean unemployment expectations—or the mean probability that the U.S. unemployment rate will be higher one year from now—dropped 0.8 percentage points to 4.8% but remains

By continuing to use our site, you agree to our [Terms of Use](#) and [Privacy Statement](#). You can learn more about how we use cookies by reviewing our [Privacy Statement](#).



- The mean perceived probability of losing one's job in the next 12 months decreased by 0.5 percentage point to 14.8%. The mean probability of leaving one's job voluntarily (or expected quit rate) in the next 12 months increased by 0.1 percentage point to 18.3%.
- The mean perceived probability of finding a job in the next three months if one's current job was lost increased by 1.5 percentage points to 50.7%, remaining below the trailing 12-month average of 52.2%. The increase was driven by those without a bachelor's degree and those with household incomes below \$100,000.

Household Finance

- The median expected growth in household income increased by 0.1 percentage point to 2.7% in May, while remaining well below the trailing 12-month average of 3.0%.
- Median nominal household spending growth expectations declined by 0.2 percentage point to 5.0%, remaining just above the trailing 12-month average of 4.9%.
- Perceptions of credit access compared to a year ago improved, with a smaller share of households reporting it is harder to get credit, and a larger share reporting it is easier. Conversely, expectations for future credit availability deteriorated, with the share of respondents expecting it will be easier to obtain credit a year from now decreasing to 10.6% from 12.1%.
- The average perceived probability of missing a minimum debt payment over the next three months decreased by 0.5 percentage point to 13.4%, the lowest level since January 2025. The decrease was driven by those with more than a high school diploma and those with household incomes over \$50,000.
- The median expectation regarding a year-ahead change in taxes at current income level was unchanged at 3.3%.
- Median year-ahead expected growth in government debt increased by 0.6 percentage point to 5.4%.
- The mean perceived probability that the average interest rate on saving accounts will be higher in 12 months decreased by 1.1 percentage points to 25.4%.
- Perceptions about households' current financial situations compared to a year ago and expectations about year-ahead financial situations both improved slightly, with the net share of respondents reporting that their households are better off versus worse off and the net share reporting that they expect their households to be better off versus worse off both increasing.
- The mean perceived probability that U.S. stock prices will be higher 12 months from now increased by 0.6 percentage point to 36.3%, remaining well below the trailing 12-month average of 38.7%.

About the Survey of Consumer Expectations (SCE)

The SCE contains information about how consumers expect

By continuing to use our site, you agree to our [Terms of Use](#) and [Privacy Statement](#). You can learn more about how we use cookies by reviewing our [Privacy Statement](#).



job prospects and earnings growth and their expectations about future spending and access to credit. The SCE also provides measures of uncertainty regarding consumers' outlooks. Expectations are also available by age, geography, income, education, and numeracy.

The SCE is a nationally representative, internet-based survey of a rotating panel of approximately 1,200 household heads. Respondents participate in the panel for up to 12 months, with a roughly equal number rotating in and out of the panel each month. Unlike comparable surveys based on repeated cross-sections with a different set of respondents in each wave, this panel allows us to observe the changes in expectations and behavior of the same individuals over time. For further information on the SCE, please refer to an overview of the survey methodology [here](#), the [FAQs](#), the [interactive chart guide](#), and the [survey questionnaire](#).

Contact

Mariah Measey

(347) 978-3071

Mariah.Measey@ny.frb.org
