farmdoc DAILY

Agricultural, Consumer & Environmental Sciences | University of Illinois Urbana-Champaign

Inflation is Cooling, but are Consumers Convinced? Results from GFAPS

Brenna Ellison

Department of Agricultural Economics
Purdue University

Maria Kalaitzandonakes and **Jonathan Coppess**

Department of Agricultural and Consumer Economics
University of Illinois

September 16, 2024

***farmdoc daily* (14): 167**

Gardner Policy Series

Recommended citation format: Ellison, B., M. Kalaitzandonakes, and J. Coppess. "Inflation is Cooling, but are Consumers Convinced? Results from GFAPS." *farmdoc daily* (14): 167, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, September 16, 2024.

Permalink: https://farmdocdaily.illinois.edu/2024/09/inflation-is-cooling-but-are-consumers-convinced-results-from-gfaps.html

Introduction

Recent data from the U.S. Bureau of Labor Statistics (September 11, 2024) revealed that the rate of inflation continues to cool, with the 12-month inflation rate hitting its lowest level since February 2021. However, as the rate of inflation has slowed down, research continues to show that consumers are frustrated with high prices (e.g., see *farmdoc daily*, June 10, 2024). Indeed, inflation has become one of the most salient issues in the 2024 presidential election. In this post, we use data from the most recent wave (August 2024) of the Gardner Food and Agricultural Policy Survey to examine consumers' views on inflation, including sub-analyses to analyze how views on the topic may vary by political party affiliation.

Methods

The Gardner Food and Agricultural Policy Survey (GFAPS) is a quarterly survey of approximately 1,000 U.S. consumers, designed to be nationally representative in terms of gender, age, income, and geographic region. The purpose of the survey is to track consumer sentiment on important food and agricultural policy issues as well as respond to emerging topics in food and agriculture.

For this post, we focus on questions about consumers' views on inflation. Specifically, we asked:

- On a scale from 0 (not affected) to 10 (highly affected), to what extent has inflation affected you in the last month?

- Compared to three months ago (May 2024), is inflation affecting you more, less, or about the same?
- In three months from now (November 2024), do you expect inflation to get worse, better, or stay about the same?

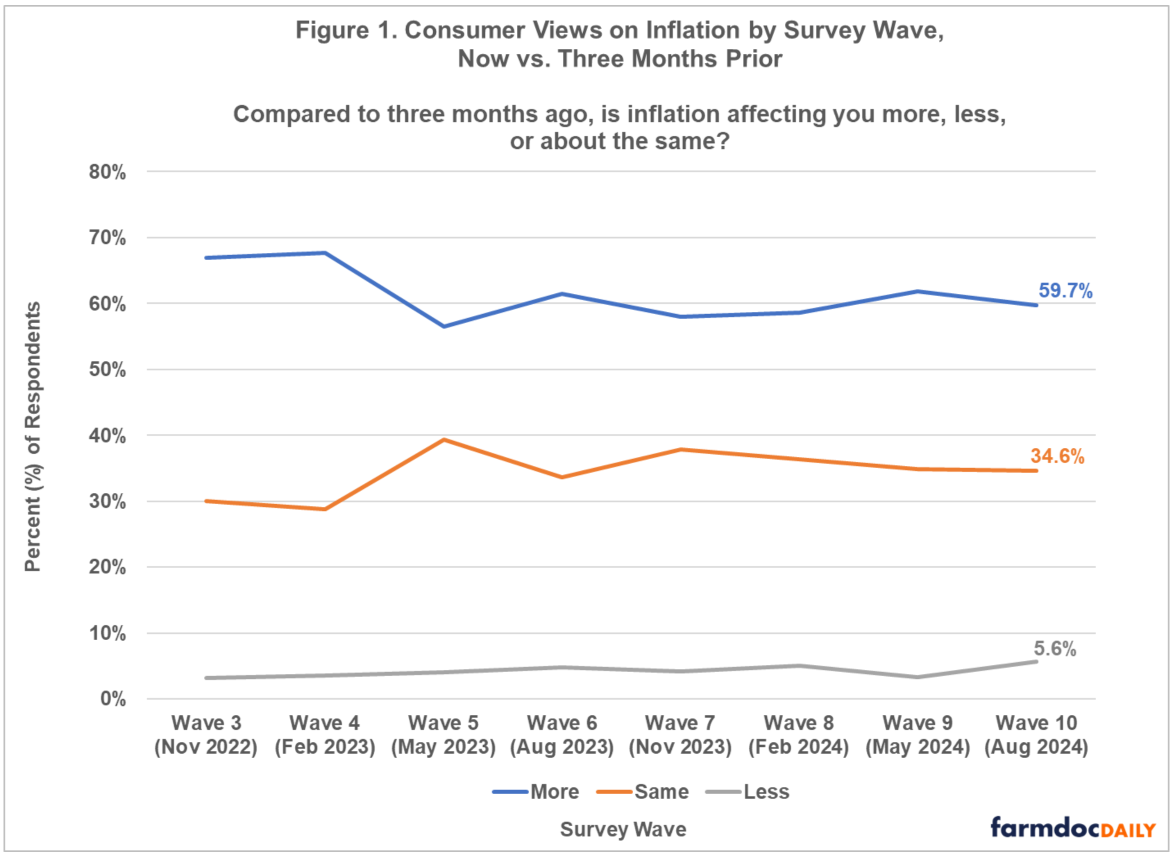
GFAPS has been tracking responses to this set of questions since Wave 3 (November 2022).

Results

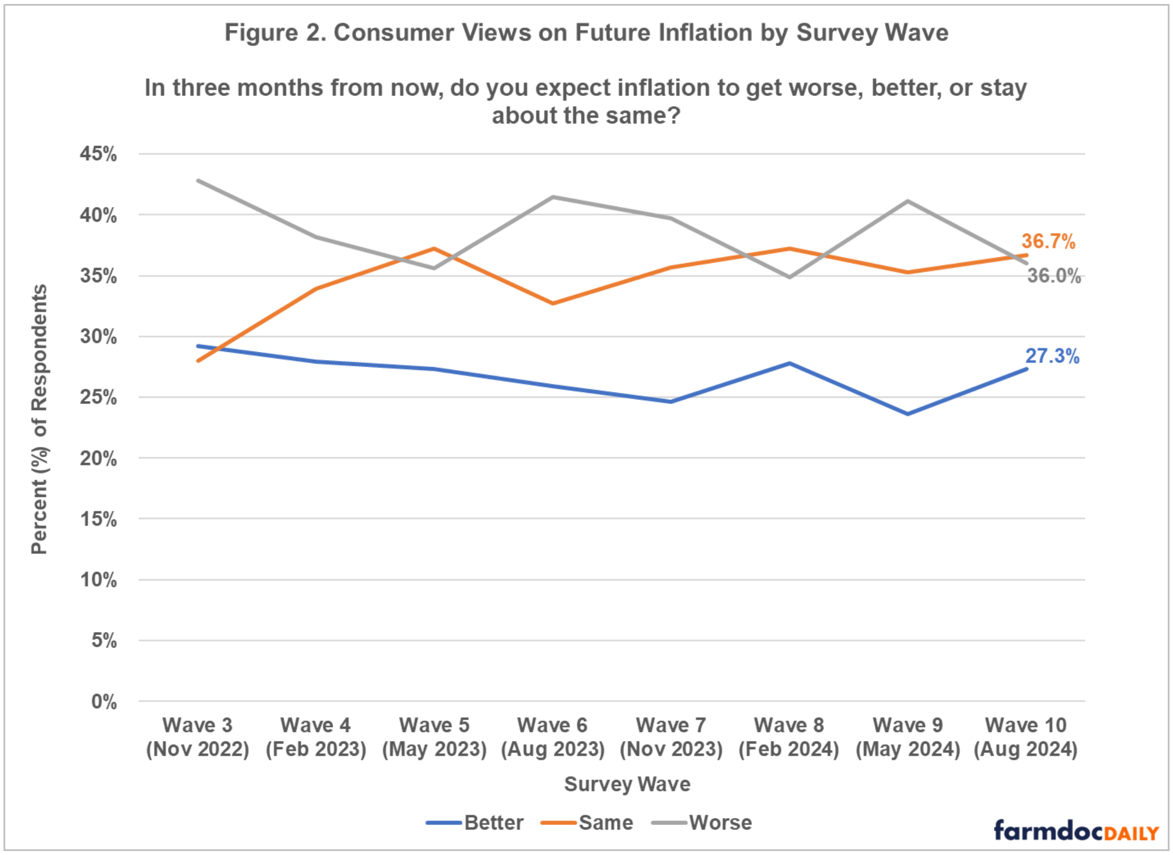
General Views on Inflation

GFAPS has been tracking consumer views on inflation for nearly two years. The average score has hovered between 6.8 and 7.0 over the last eight waves of the survey, with the exception of Wave 5 where the average score was 6.4. In the most recent wave (August 2024), consumers reported that they are still being affected by inflation, with an average score of 6.9 on the 0 (not affected) to 10 (highly affected) scale.

When asked to compare how inflation is affecting them today relative to three months prior (May 2024), a slightly larger share (5.6%) of consumers reported that inflation was affecting them less than previous waves, but still almost 60% reported that inflation was affecting them more (see Figure 1).



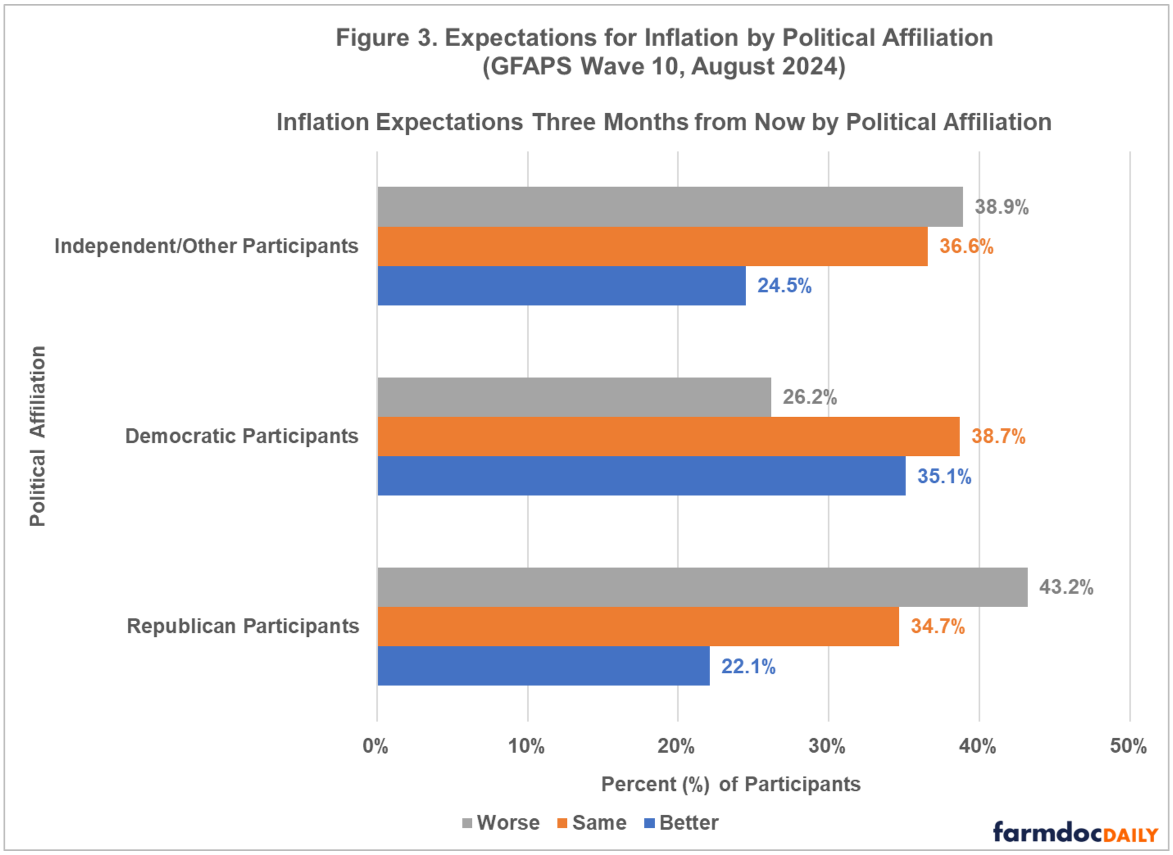
When consumers were asked to look forward, expectations about inflation were more optimistic than what we observed in the previous wave (May 2024), yet still not the most optimistic that consumers have been over the last eight survey waves. Figure 2 shows that 27.3% of participants expected inflation to get better three months from now, while 36.0% expected it to get worse, and 36.7% expected it to stay the same.



Views on Inflation by Political Affiliation

As we are in the middle of election season, we also examine to what extent views on inflation vary by political affiliation in the August 2024 wave of GFAPS. We find that Republican participants indicated feeling much more impacted by inflation (mean score of 7.5) relative to participants who identified as Democratic (mean = 6.7) or Independent/Other (mean = 6.6). A larger share of Republicans (69.7%) also indicated they felt inflation was impacting them more than it was three months ago in May 2024 (vs. 56.7% of Democrats and 51.6% of Independents/Others).

Figure 3 presents future expectations for inflation by political affiliation. Here, we find that participants who identified as Democrats were most optimistic, with 35.1% reporting that they believe inflation will be better in November 2024. By contrast, only 22.1% of Republicans and 24.5% of Independents/Others said they believed inflation will be better in November.



Discussion

Results from the most recent wave of the Gardner Food and Agricultural Policy Survey show that the average U.S. consumer is still feeling the effects of inflation. While the *rate* of inflation is slowing down, this does not mean prices experienced by households will be lower or that their perceptions of inflation are improving. Our results indicate that over the last two years, consumers remain quite pessimistic about inflation.

When we look at perceptions of inflation by political affiliation, we find that participants who identify as Republican reported being impacted by inflation more, on average, than those who identify as Democratic or Independent/Other. Further, while there were some consumers who were optimistic that inflation will be better in the coming months, they were much more likely to be Democrats than Republicans or Independent/Other.

As we near the 2024 election, inflation will likely continue to be a top priority in the minds of the general public. Both political parties are proposing plans for bringing down prices, though we find that consumers tend to believe that the political party they identify with is more likely to deliver on that promise (*farmdoc daily*, August 26). While we observe some differences in views on inflation by political affiliation, the impacts of inflation and high prices are being felt by consumers across the political spectrum (Kelly 2024). The Gardner Food and Agricultural Policy Survey will continue to monitor the public's experience with and expectations for inflation.

References

Ellison, Brenna, Maria Kalaitzandonakes, and Jonathan Coppess. "Consumers continue to struggle with inflation and food affordability: results from GFAPS." *farmdoc daily* (14):108, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, June 10, 2024. https://farmdocdaily.illinois.edu/2024/06/consumers-continue-to-struggle-with-inflation-and-food-affordability-results-from-gfaps.html

Kalaitzandonakes, M., J. Coppess and B. Ellison. "Lowering Food Prices: Do Consumers Think Politicians Are Able to Reduce Costs?" *farmdoc daily* (14):156, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 26, 2024.

Kelly, John. “CBS News price tracker shows how much food, gas, utility, and housing costs are rising.” CBS News, September 11, 2024. https://www.cbsnews.com/news/price-tracker/

U.S. Bureau of Labor Statistics. “Consumer Price Index Summary.” U.S. Department of Labor, September 11, 2024. https://www.bls.gov/news.release/cpi.nr0.htm