

### Consumer Confidence Slowly Returning

Confidence jumped up to 39.2 in April, the highest reading since November. The increase was driven primarily by an outsized gain in expectations – up almost twenty points on the month. The labor differential narrowed for the first time in three months, corroborating the view that the pace of decline in the labor market may be slowing.

#### Confidence Increases as Expectations Jump

- Confidence moved sharply higher in April, led by the biggest jump in expectations since 2003. Consumers appear to be feeling better about the outlook for the U.S. economy.
- While we do not expect consumer spending to come roaring back over the next few months, the worst of the declines may be over. We expect small gains in real consumption will be the norm for the rest of the year.

#### Labor Market Show Very Tentative Signs of Turning

- The labor differential, the difference between those who find jobs “plentiful” and those who find them “hard to get,” improved for the 1<sup>st</sup> time in three months and only the 2<sup>nd</sup> time in more than a year. Still, conditions in the labor market remain tough as only 4.5 percent of consumers reported jobs were plentiful. While we do not expect gains in employment to return until 2010, the worst of the declines may be behind us.

