



# Economics Group

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## Consumers Less Despondent in April

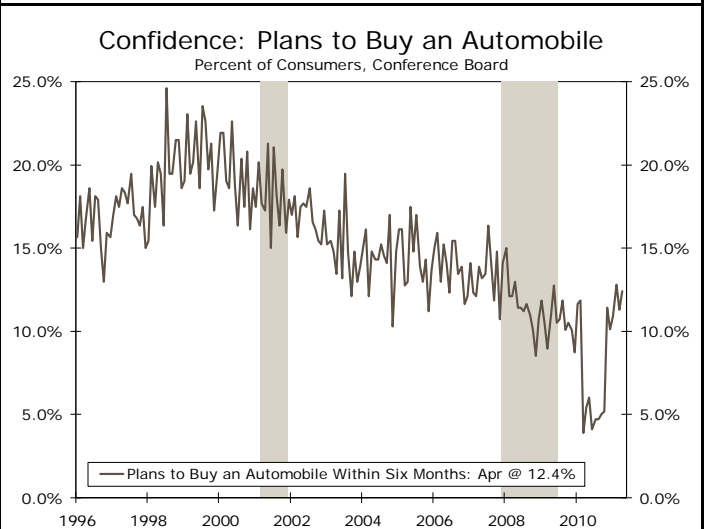
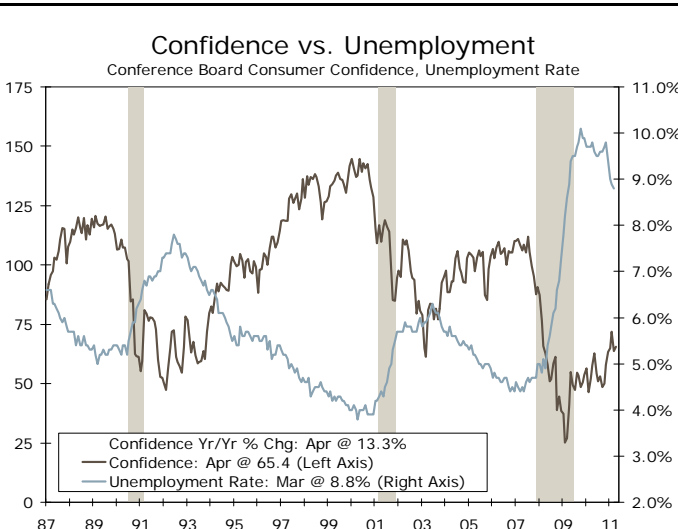
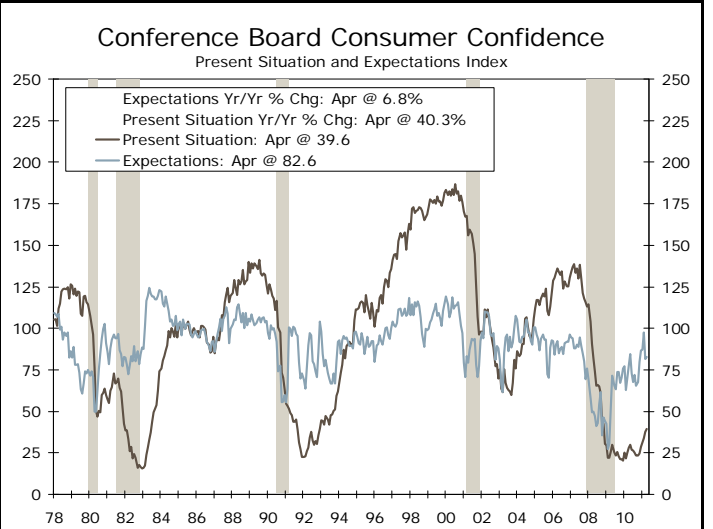
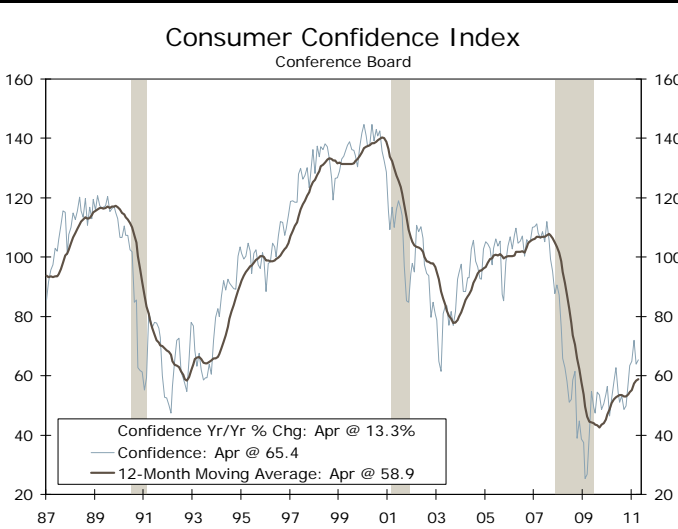
*U.S. consumer confidence picked up slightly to 65.4 in April from an upwardly revised reading of 63.8 in March. The low reading comes as little surprise given stubbornly high unemployment and rising gas prices.*

### An Improvement? Yes. Sign of Strength? No.

- In the 20-year period from 1985 to 2005, consumer confidence averaged just over 100. The lowest level plumbed during the 2001 recession was 61.4. So while today's number is technically an improvement, the level of consumer confidence remains quite low by historical standards.
- In our view, confidence is not likely to go up meaningfully until gas prices and unemployment come substantially down.

### Expectations Nudge Higher

- The forward-looking expectations component ticked slightly higher in April, adding 1.3 points, but not nearly enough to offset the more than 16 point plunge in this series in the prior month.
- One bright note is that more consumers plan to buy an automobile. Sales of light vehicles to dealers have been running at a 13 million+ annualized rate the last couple of months, so the increase in plans to buy alleviates concerns of overproduction.



Source: The Conference Board and Wells Fargo Securities, LLC

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