



## Economics Group

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# Consumer Confidence Rebounds Solidly In November

**Consumer confidence jumped 15.1 points to 56.0 in November. The jump in confidence is consistent with the strong start to the holiday shopping season and is another bit of unexpectedly good economic news.**

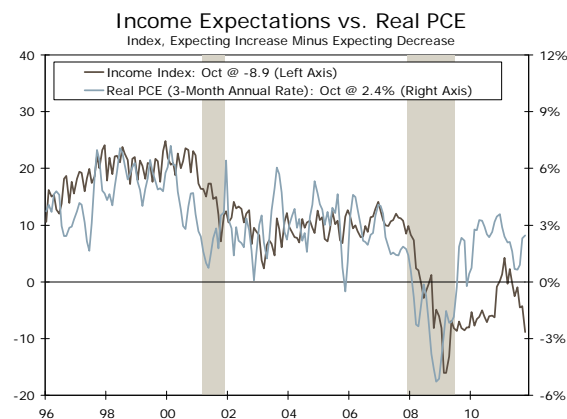
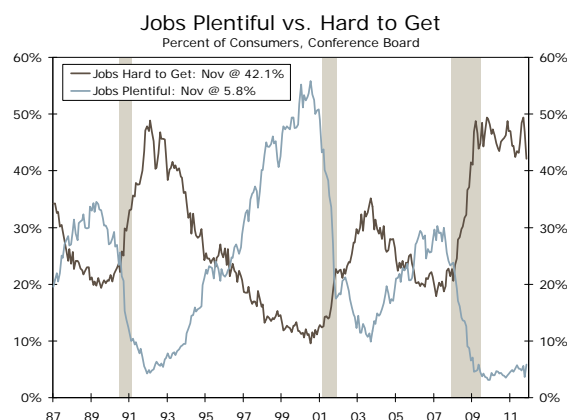
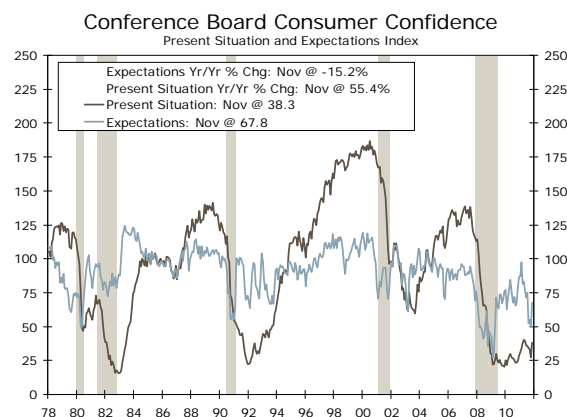
## Consumer Confidence Perks Up In November

Consumer confidence rose 15.1 points to 56.0 in November, with solid gains in both the present situation index and future expectations series. With November's increase, the Consumer Confidence index is at its highest level since July, which was just before the debt ceiling/credit rating downgrade debacle. November's survey concluded too early in the month to include much of the latest concerns coming out of Europe, but the strong start to the holiday shopping season suggests consumers are not likely to be swayed by events overseas unless they materially affect employment prospects here at home.

The employment components all improved in November. The proportion of households reporting that jobs were hard to get fell 4.8 points in November to 42.1 percent, which is the lowest reading since January 2009. The drop coincides with a modest improvement in weekly first-time unemployment claims, which have fallen below the key 400,000 level for the past three weeks. The proportion of consumers reporting that jobs were plentiful also rose sharply, climbing 2.2 points to 5.8 percent. While that marks an improvement, the level still remains extraordinarily low, suggesting that much more remains to be done on the employment front.

The present situation series rose 11.2 points in November to 38.3, while the future expectations series leapt 17.8 points to 60.8. The present situation series is now back to its highest level since June, while the expectations series remains 7.1 points shy of its July level. That said, the present situation series remains extremely low and is closer to levels typically seen at the depths of a recession rather than two and half years into an economic recovery. The share of households that rate current economic conditions as "Bad" is still nearly three times higher than the share that rate conditions as "Good". The series does a relatively good job of capturing the frustratingly sluggish and uneven economic recovery of the past two years.

The improvement in the expectations series is more notable, although the survey was completed prior to last week's stock market selloff. The share of households expecting conditions to improve over the next six months rose 2.4 points in November to 13.6 percent, while the share expecting conditions to worsen fell 5.5 points to 15.8 percent. The remaining 70.6 percent expect conditions to be roughly the same. Consumers are also notably less concerned about future income prospects, with the share expecting their income to decrease over the next six months falling 5.5 points to 13.8 percent and the share expecting incomes to increase rising 3.8 points to 14.9 percent. As a result, the income index rose back into positive territory in November, once again lending support to the better-than-expected start to the holiday shopping season. Along those lines, buying plans also perked up, rising 2.3 points to 49.5 in November.



Source: The Conference Board, U.S. Department of Commerce and Wells Fargo Securities, LLC

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