

## US CONSUMER CONFIDENCE SURGED IN EARLY MARCH (PRE-HEALTHCARE REFORM FAILURE)

**\*The Conference Board's US Consumer Confidence Index jumped by 9.5pts in early March to 125.6 – a 16yr high**

*\*The cutoff date for this survey was March 16th, before the Trump administration and Congress' failure to enact healthcare reform*

*\*Consumers held a very optimistic view about labor market conditions, future income and upgraded their buying plans for durables and autos*

The Conference Board's US Consumer Confidence Index jumped by 9.5pts in early March to 125.6, the highest value of the index since December 2000, and is at the 91st percentile of observations since the late 1970s (see Chart 1).

Note that the cutoff date for this survey was March 16th, before the Trump **administration and Congress' failure to enact healthcare reform. Any impact on sentiment** (if any), in both consumer and business surveys, will not be fully reflected until the April figures are released starting in the middle of the month.

The early-March consumer confidence report reflected robust improvement in both the present situation and expectations measures (see Chart 2).

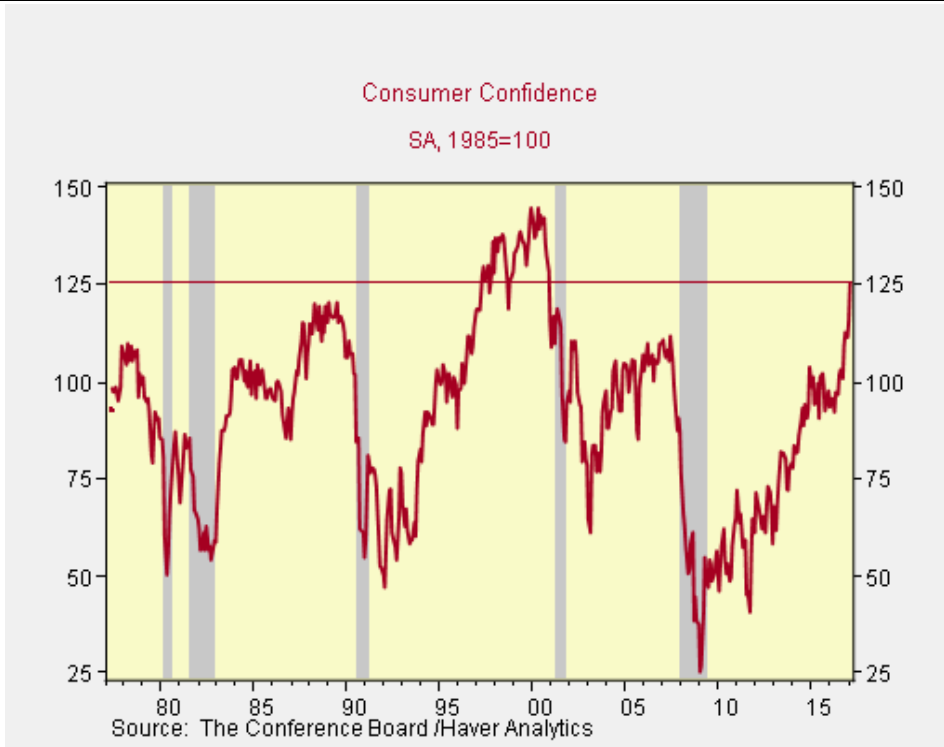
Consumers held a much more optimistic view about labor market conditions, with a **larger share viewing jobs as "plentiful" (31.7% vs 26.9% previously) and a smaller share viewing jobs as "not so plentiful" (48.8% vs 53.2%)** (see Chart 3). These numbers point to continued labor market improvement in March, following up on the strong +200k gains in nonfarm payrolls in January and February.

Consumers buying plans for major appliances and autos improved in early March and a relatively elevated share of consumers expect incomes to increase in coming months (see Charts 4 and 5). Both trends supporting our expectation for robust growth in **private consumption for the remainder of the year** (["US: "soft" data and "hard" outcomes"](#), March 9, 2017).

We eagerly await sentiment data for April, to see if the optimistic expectations for the economic outlook will continue to be supported.

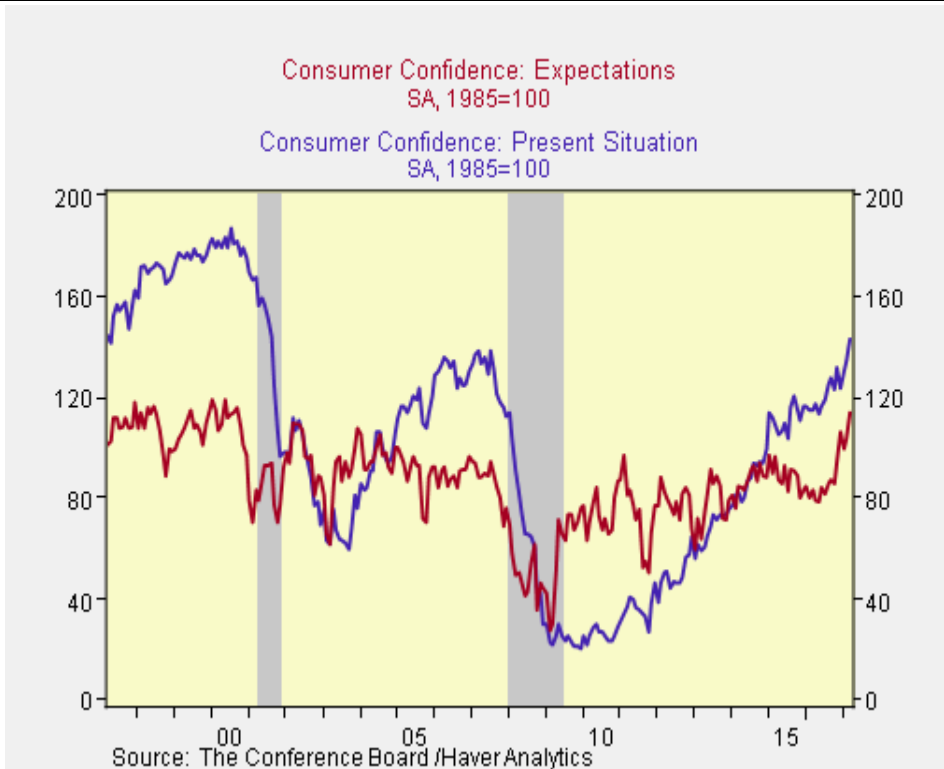
28 March 2017

Chart 1: US Consumer Confidence Index



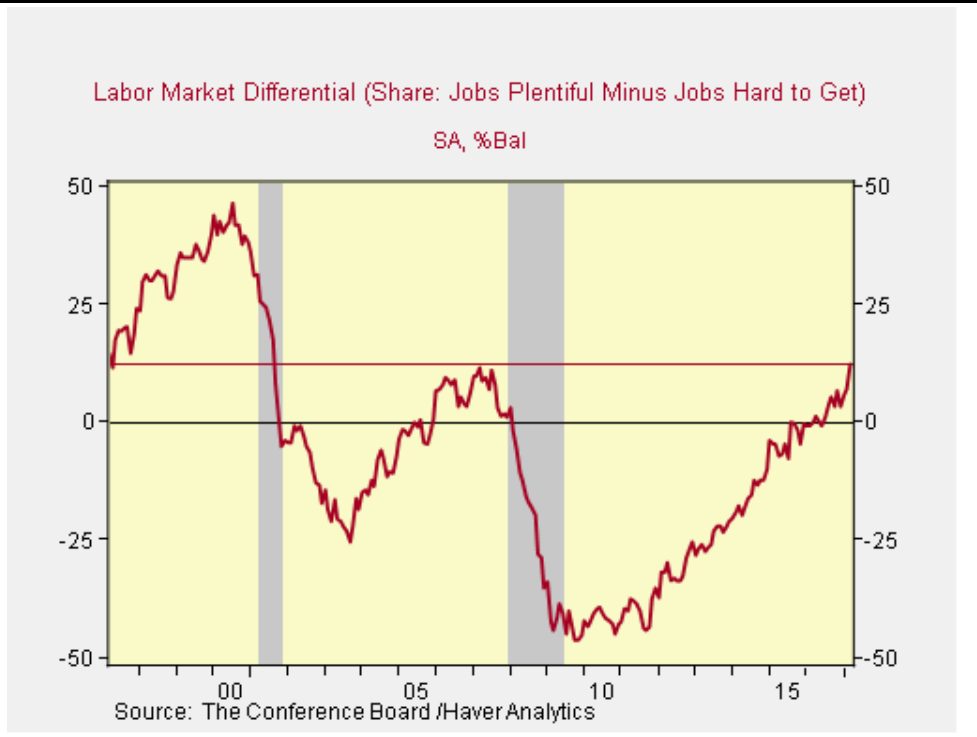
Source: Monthly data. Source: The Conference Board and Haver Analytics

Chart 2: Consumer Confidence Expectations and Present Situation Indexes



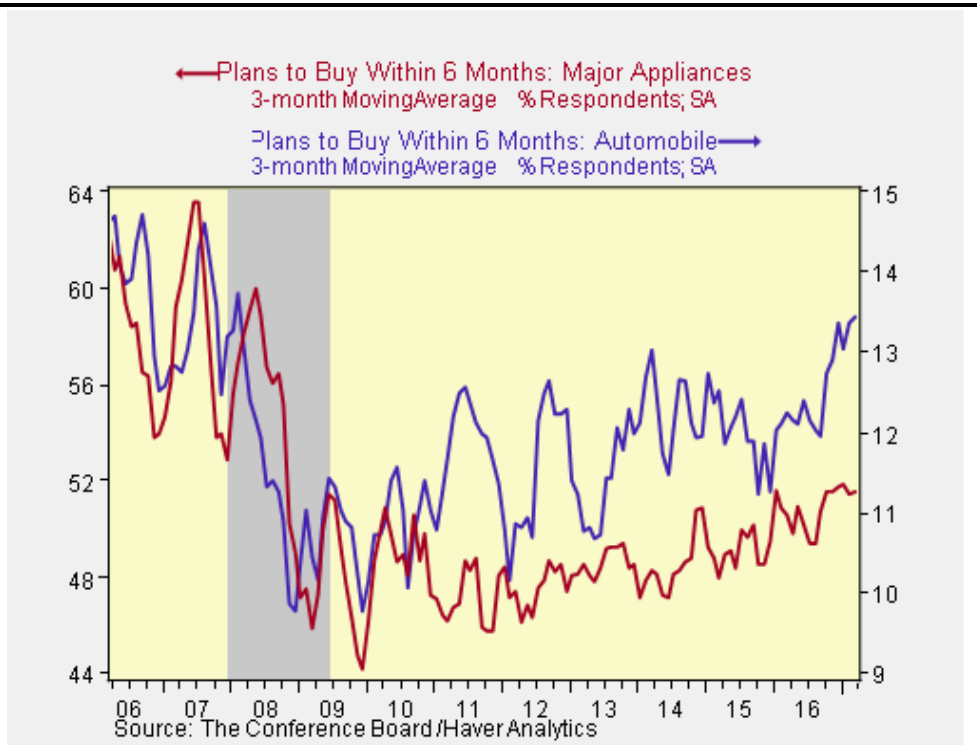
Source: Monthly data. Source: The Conference Board and Haver Analytics

Chart 3: Labor Market Differential (Share of Consumers Viewing Jobs as Plentiful Minus Hard to Get)



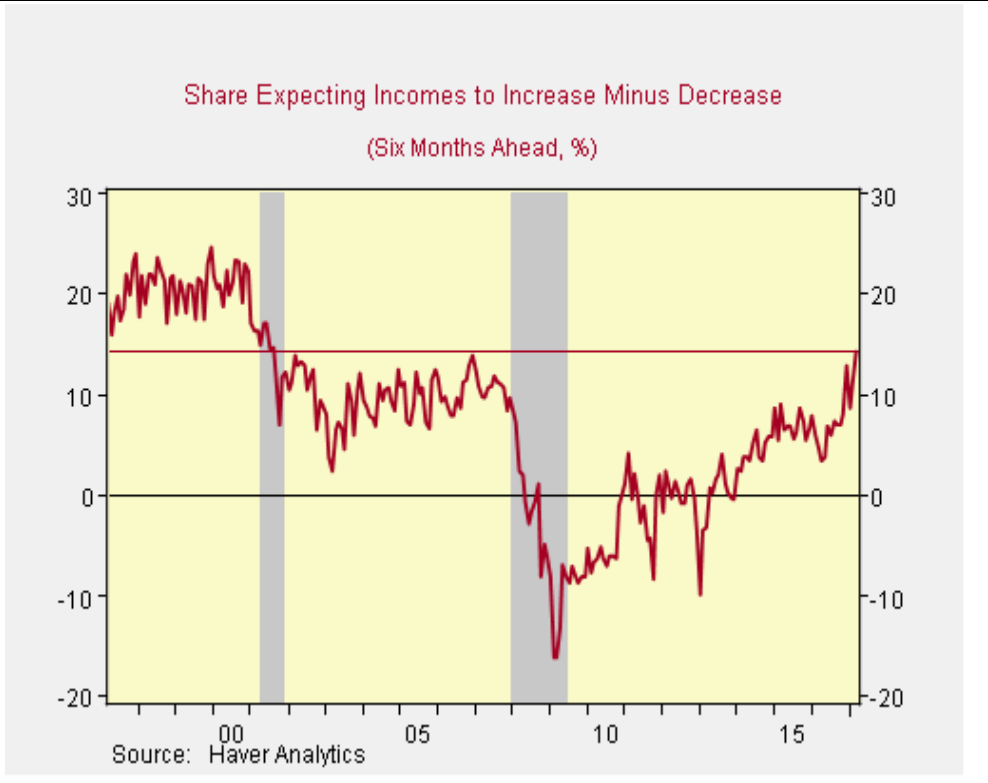
Source: Monthly data. Source: The Conference Board and Haver Analytics

Chart 4: Consumers Six-Month Buying Plans for Major Appliances and Autos (Share Saying "Yes", Three-Month Moving Average)



Source: Monthly data. Source: The Conference Board and Haver Analytics

Chart 5: Share of Consumer Expecting Incomes to Increase Minus Decrease



Source: Monthly data. Source: The Conference Board and Haver Analytics

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