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Conference Board: Why?

The headline Conference Board Consumer Confidence index unexpectedly falls 3.7 points (Consensus: +3.5; Decision Economics: +0.1), to 61.1. The present situation index (-8.1 points, to 38.4) was the main culprit, with the expectations index (-0.8 point, to 76.2) dipping inconsequentially.

The present-situation index exactly reversed the improvement it showed in December, with roughly parallel hairpin swings seen in the two subcomponents--"business conditions" and employment.

Why that should have occurred is not clear, though the natural presumption is that the December gains were spurious. The improvement in that month persisted in the revised numbers reported today--so it probably was not due to a sampling glitch. Whether conditions on the ground swung so much is questionable.

Of course, January might be the spurious reading instead--but why would the survey show so pronounced a deterioration with no real cause. The Conference Board points to gasoline prices as a potential factor--an explanation which would raise questions about the value of their elaborate survey.

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