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Consumer Sentiment: Resilience

The May University of Michigan Consumer Sentiment Index improves unexpectedly, rising 1.4 points (Consensus and Decision Economics). The level, at 77.8, is the highest of the post-crash period, but remains well below the 90-100 range common in periods of healthy economic expansion.

The new increase reflected a 4.4-point rise in the current conditions index, more than offsetting the 3.1-point drop seen last month, and a 0.6-point decline in the expectations index, giving back part of a 2.5-point gain scored last month.

There is nothing unhealthy about that sort of a staggered-improvement trend--and the net progress will ease concerns that high gasoline prices and perceptions of only feeble job-market improvement are eroding sentiment. Consumer confidence appears resilient to those threats.

Whether that should actually strengthen hopes for further acceleration in consumer spending is an issue--but such hopes are supported.

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