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Consumer Confidence Rebounds Strongly

The headline September Conference Board Consumer Confidence index more than reverses its sharp August drop, rising 9 points (Consensus: +2.6 points; Decision Economics: +2.9 points) to its highest level since September.

Both the "present situation" reading (+3.7 points) and the "expectations" index (+12.6 points) rose solidly, to their highest levels since April and February, respectively.

Employment-related sub-indices, those that ask consumers to assess whether they see jobs as "plentiful" or "hard to get" in both the present and six months ahead, all moved in favorable directions. That fact may provide an early hint that while the performance of the labor market is not great, a more-serious stall is not occurring. The "more jobs" six months ahead index rose to a level last seen during the period in early 2012 when employment growth appeared strong.

In terms of the breakdown of confidence by household income bracket, the month's gains appeared to be centered in the lowest and highest segments of the sample, both of which nearly matched or exceeded post-recession highs. That could be interpreted in a variety of ways this pre-election season, with rising equity markets benefitting the higher-income group.

The category that roughly includes median household income slipped, still a solid 10 points below post-recession highs. Mending housing and labor markets should provide support there as those trends continue.

To the extent the recent Fed decision to ease was been driven by a very soft confidence number in August, hawks will see vindication that concern was overblown, while the dovish camp could see the anticipation of easing as having the desired effects on asset prices and consumer confidence -- swaying no one.

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