



Consumer Confidence Falls Again (Aug)

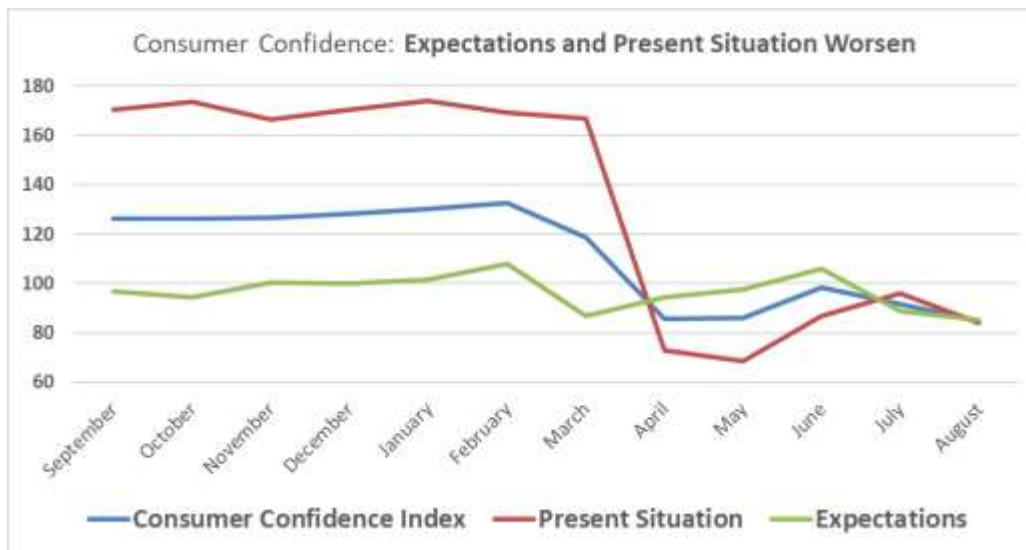
Rohan Kumar*

The **Conference Board Consumer Confidence Index** surprisingly fell to **84.8 in August** (DE 93.8; Consensus 93) from 91.7 in July. The Present Situation deteriorated substantially, and Expectations worsened for the second straight month.

The Data – Present Situation Reverses Course

- **The Present Situation Index, which rose from 86.7 in June to 95.9 in July, collapsed to 84.2 in August. The Expectations Index fell from 88.9 to 85.2 after reaching 106.1 in June.**
- Of those surveyed, **43.6% view the current conditions as “bad” compared with 38.9% in July.** Over the next six months, 29.9% expect business conditions to get better, down from 31.6%. Meanwhile, 49.6% think conditions will be the same.
- **The share of respondents citing jobs as “hard to get” rose from 20.1% to 25.2%.** For the next six months, 21.9% expect fewer jobs – worse than 21.3% in the prior month – while 49% think the number of jobs will be the same.
- **Just 12.7% of respondents expect their income to rise, which is by far the lowest reading of the Pandemic.** For instance, the prior Pandemic low was 14.6% in May.

Chart 1



Sources: The Conference Board, Decision Economics, Inc. (DE)

Perspectives – Still So Much Uncertainty

Consumer Confidence rebounded in June then fell in July due to substantially worse Expectations. Both DE and Consensus forecasts slated slight improvement for August, but instead, the indicator continued to fall. **The assessment of the Present Situation and Expectations are both very weak compared to February.**

Enhanced Unemployment Benefits expired on July 31, and without that support, the Present Situation Index contracted sharply in August. **Personal finances are weakening, and with Congress in a stalemate, Consumers aren't sure when they will get help.**

The survey ended on August 14. Coronavirus outbreaks eased considerably since then, and this should help Confidence a bit if it holds.

If a sizable relief bill does come, Confidence will certainly improve. But until then, Consumer Spending could slow and weigh down the overall Recovery.