



# Consumer Confidence Retreated in December

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The latest *Conference Board Consumer Confidence Index* was released this morning based on data collected through December 15. The headline number of 122.1 was a decrease from the final reading of 128.6 for November, a downward revision from 129.5. Today's number was above the Investing.com consensus of 128.0.

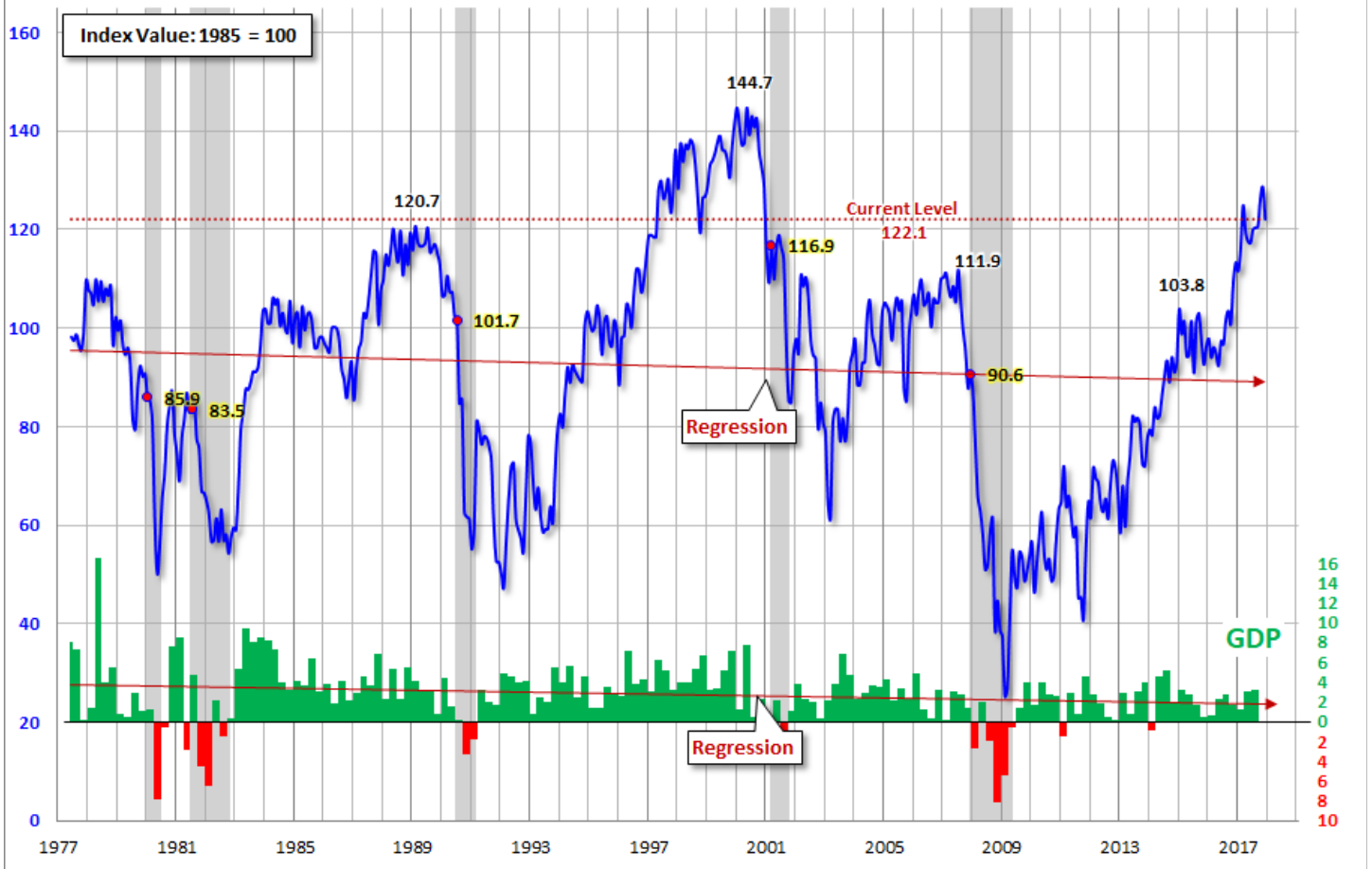
Here is an excerpt from the Conference Board press release.

“Consumer confidence retreated in December after reaching a 17-year high in November,” said Lynn Franco, Director of Economic Indicators at The Conference Board. “The decline in confidence was fueled by a somewhat less optimistic outlook for business and job prospects in the coming months. Consumers’ assessment of current conditions, however, improved moderately. Despite the decline in confidence, consumers’ expectations remain at historically strong levels, suggesting economic growth will continue well into 2018.”

## Putting the Latest Number in Context

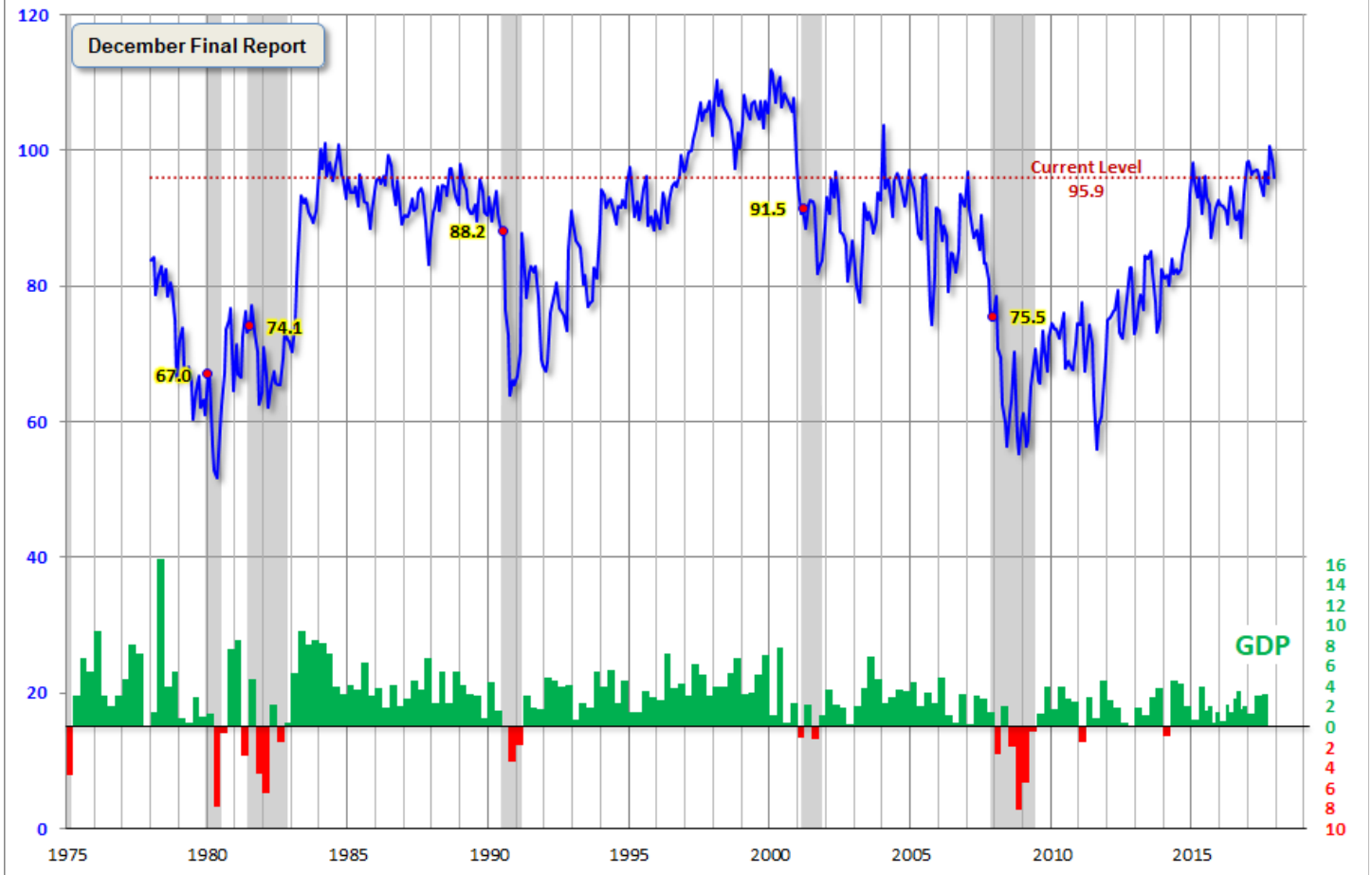
The chart below is another attempt to evaluate the historical context for this index as a coincident indicator of the economy. Toward this end, we have highlighted recessions and included GDP. The regression through the index data shows the long-term trend and highlights the extreme volatility of this indicator. Statisticians may assign little significance to a regression through this sort of data. But the slope resembles the regression trend for real GDP shown below, and it is a more revealing gauge of relative confidence than the 1985 level of 100 that the Conference Board cites as a point of reference.

## Conference Board Consumer Confidence Index Recessions Highlighted in Gray, Real GDP Shown Below



For an additional perspective on consumer attitudes, see the most recent Reuters/University of Michigan Consumer Sentiment Index. Here is the chart from that post.

## University of Michigan Consumer Sentiment Index GDP and Recessions



And finally, let's take a look at the correlation between consumer confidence and small business sentiment, the latter by way of the National Federation of Independent Business (NFIB) Small Business Optimism Index. As the chart illustrates, the two have tracked one another fairly closely since the onset of the Financial Crisis, although a spread appeared in the second half of 2015 and continued into 2016 and 2017.

# Conference Board Consumer Confidence Index NFIB Small Business Optimism Index

