



Consumer Confidence Increased Moderately in April

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by Jill Mislinski
of Advisor Perspectives

The latest *Conference Board Consumer Confidence Index* was released this morning based on data collected through April 12. The headline number of 128.7 was an increase from the final reading of 127.0 for March, a downward revision from 127.7. Today's number was above the *Investing.com* consensus of 126.0.

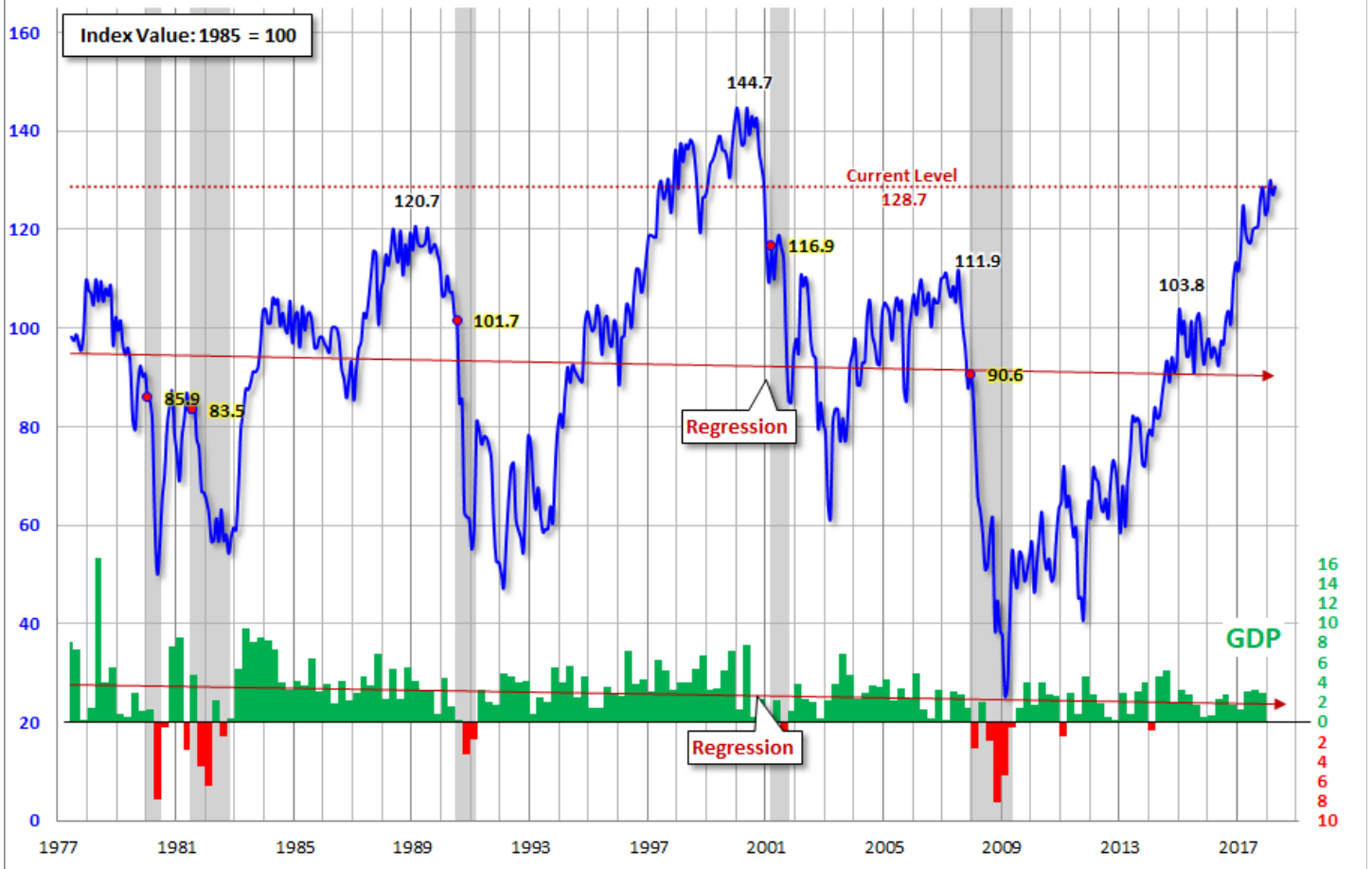
Here is an excerpt from the Conference Board press release.

“Consumer confidence increased moderately in April after a decline in March,” said Lynn Franco, Director of Economic Indicators at The Conference Board. “Consumers’ assessment of current conditions improved somewhat, with consumers rating both business and labor market conditions quite favorably. Consumers’ short-term expectations also improved, with the percent of consumers expecting their incomes to decline over the coming months reaching its lowest level since December 2000 (6.0 percent). Overall, confidence levels remain strong and suggest that the economy will continue expanding at a solid pace in the months ahead.”

Putting the Latest Number in Context

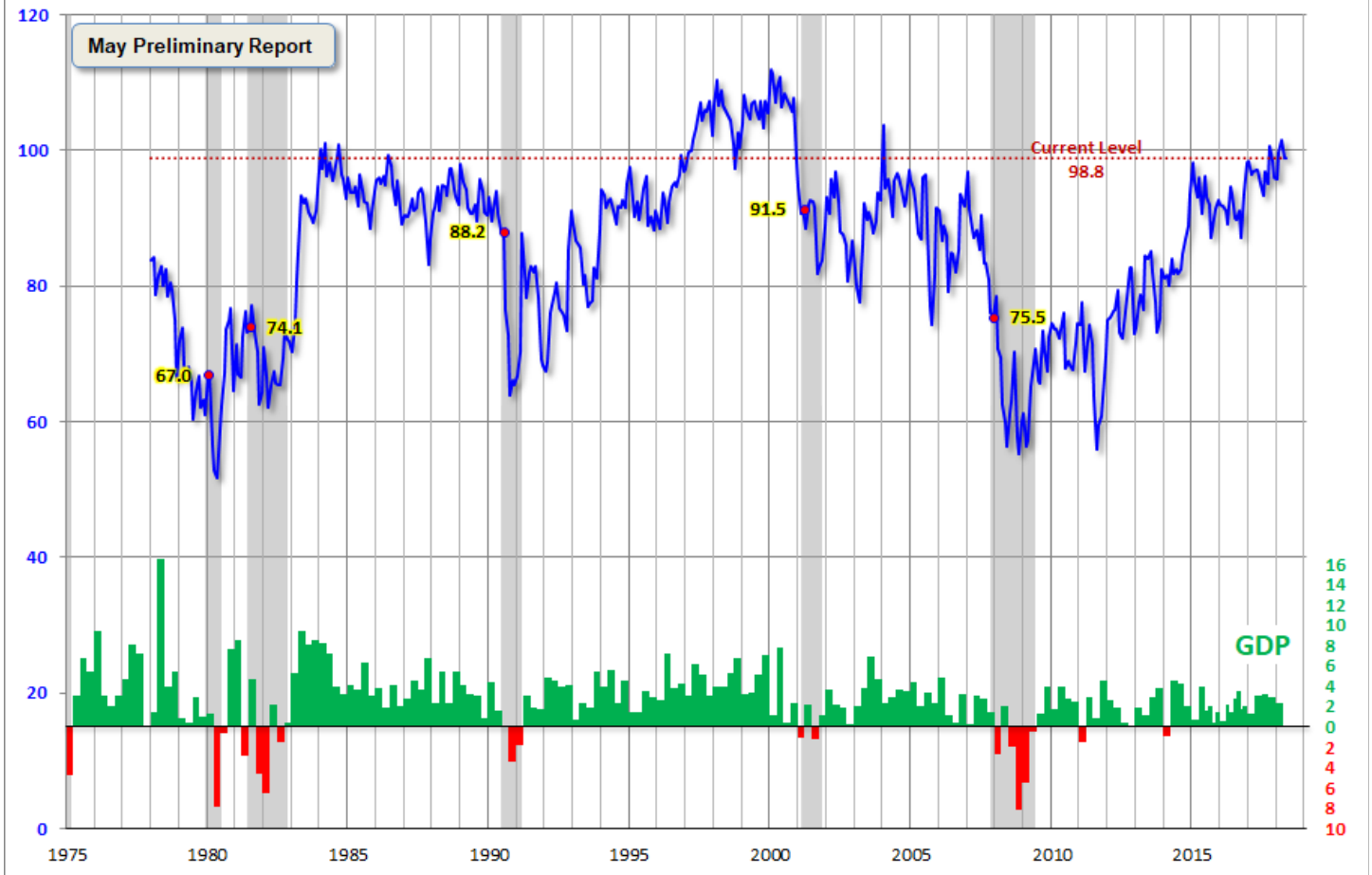
The chart below is another attempt to evaluate the historical context for this index as a coincident indicator of the economy. Toward this end, we have highlighted recessions and included GDP. The regression through the index data shows the long-term trend and highlights the extreme volatility of this 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 appears infrequently, with the most recent spread showing up 2015 through 2017.

Conference Board Consumer Confidence Index NFIB Small Business Optimism Index

