

Datanote: US Consumer Confidence, June

In one line: Consistent with slowing consumption growth and a gently rising unemployment rate.

- The Conference Board's index of consumer confidence fell to 100.4 in June, from a downward-revised 101.3 in May, in line with the consensus, 100.0.

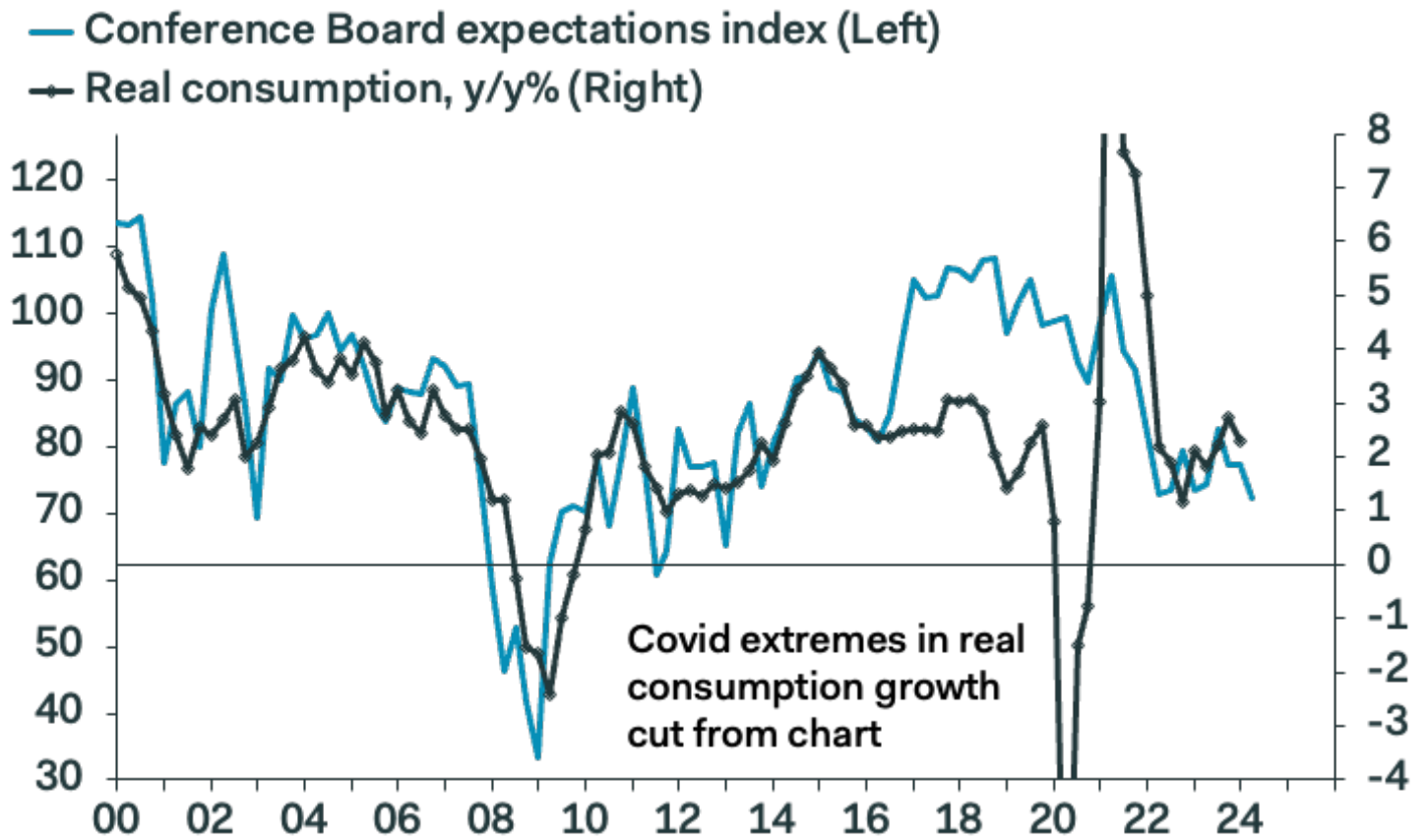
Consumers remain relatively downbeat about the near-term economic outlook, pointing to a further slowdown in spending growth ahead. The headline index continues to be supported by rising equity prices, slowing inflation and the still-low unemployment rate. But the expectations index—which is a better guide to growth in real consumption than the headline index—dropped to 73.0, from 74.9, and has dropped by a hefty 8.9 points since December. Our first chart shows that it now points

to year-over-year growth in real consumption slowing to around 1%, from Q1's 2.0% pace.

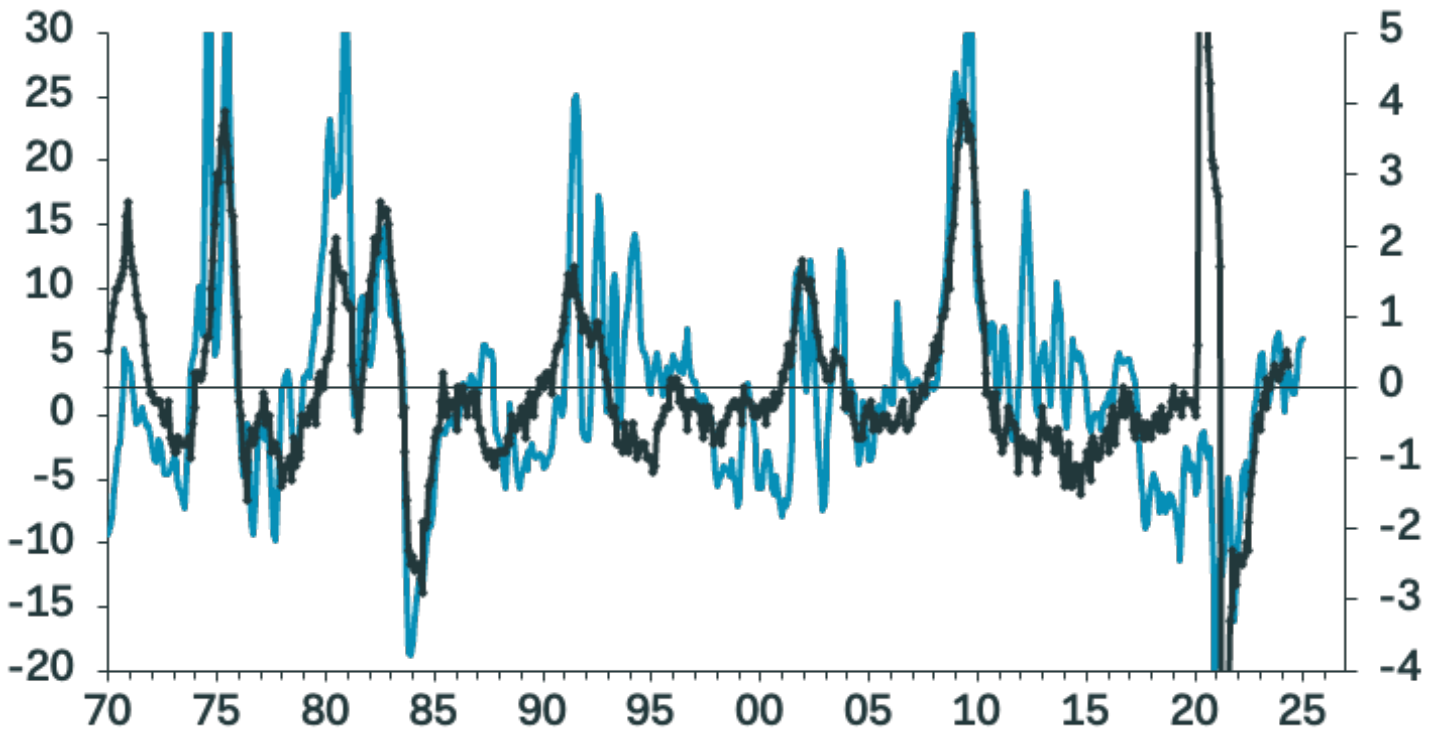
The drop in the expectations index was driven partly by a decline in the proportion of people expecting business conditions to improve over the next six months, to its lowest level since October 2011. The expectations index also remained weighed down by concerns about future employment prospects. Indeed, 17% of people this month expect fewer jobs to be

available in six months' time, while only 13% anticipate more plentiful jobs. The net balance expecting fewer jobs has been stable over the last nine months, but it remains consistent with the unemployment rate maintaining its slowly rising trend. Echoing their job market assessment, the net proportion of people expecting incomes to be higher in six months' time fell to just 4%, from 6% in May and a post-Covid peak of 12% in June 2021.

Meanwhile, mean one-year ahead inflation expectations fell to 5.3% in June, from 5.4% in May, and were only marginally above the 2000-to-19 average, 5.0%, which likely is consistent with near-2% CPI inflation. Accordingly, the Fed will continue to conclude that inflation expectations remain “well anchored”.



— Conference Board, fewer jobs less more jobs in 6m., adv. 6m. (Left)
 — Unemployment rate, pp year-over-year change (Right)



Conference Board consumer conf., one yr ahead inflation expectation

— Mean, %
 — Median, %

