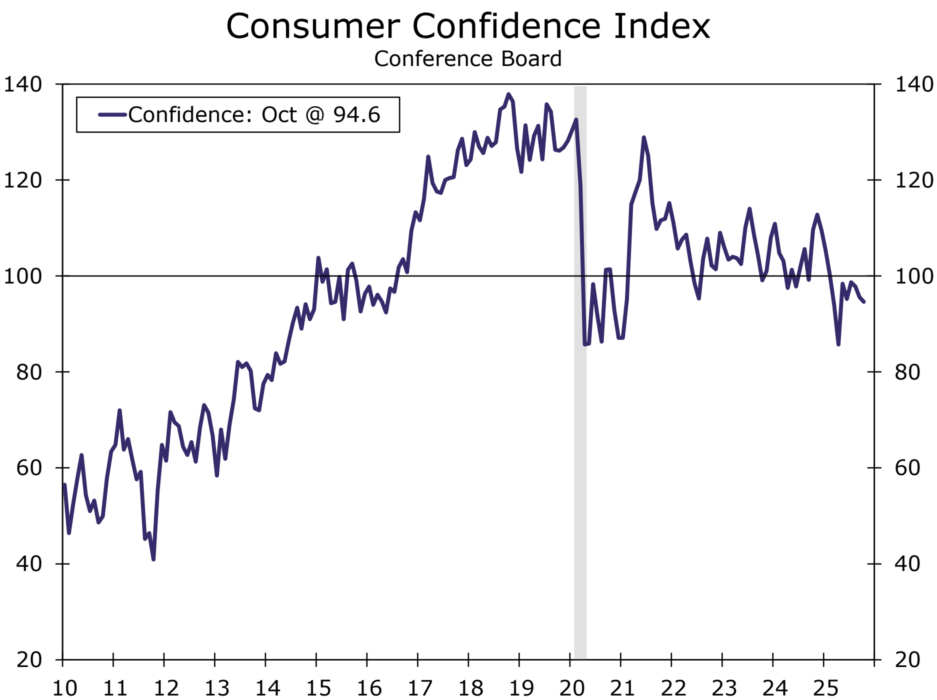
Economic Indicator — October 28, 2025

Consumer Confidence Slips in October Amid Sustained Job Concerns

Summary

Consumer confidence slipped in October amid persistent pessimism about job availability and rising worries about income prospects and future business conditions. Inflation expectations also ticked slightly higher.



Source: The Conference Board and Wells Fargo Economics

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Holding Pattern

Consumer confidence came in at 94.6 in October, the third consecutive monthly decline. Slight solace comes from the fact that last month's measure was upwardly revised to 95.6 from 94.2, leaving consumers sitting about where we thought they were last month. Consumers' assessment of their current situation ticked up slightly, while their future expectations declined (chart). Though things haven't exactly gotten better, they haven't gotten particularly worse, either.

We have long cautioned against reading too much into confidence and sentiment as they do not away serve as reliable gauges for future consumer spending. In fact, a theme of our Holiday Sales preview is that retail therapy may be just the cure for households feeling low this holiday season. But just because confidence does not always predict spending is no reason to look past this report, especially right now when current readings on the economy are scarce.

Last week's CPI report stands out as a rare example of a published indicator from an official government source during this government shutdown which has reached 28 days, the second-longest government shutdown on record.

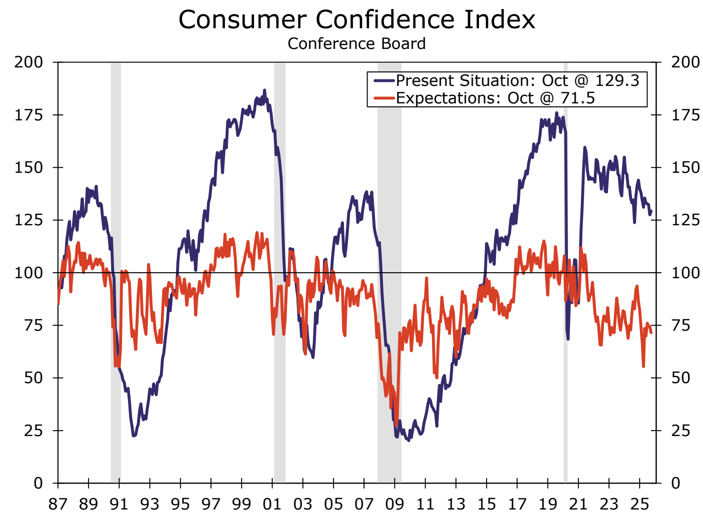
As the Federal Reserve begins day one of its two-day meeting this week, we suspect a topic will be how policymakers can stick to their mantra of being "data-dependent" at a time when data is scarce. The challenge of course is to steer the rate environment toward something less restrictive than it is at present to help shore up the softening labor market, without overcorrecting in such a way as to stoke inflation, which still remains above target.

Helpfully, today's consumer confidence report gives us some indication of how consumers perceive each side of the dual mandate.

In the absence of September data, alternative employment measures from the private sector have suggested that the labor market remains under pressure. Some support for that was evident in today's survey. The share of consumers saying jobs were "plentiful," came in at 27.8%, up from 26.9% in September. Meanwhile, the share of consumers saying jobs were "hard to get," ticked up slightly to 18.4% in October, up from 18.2% the prior month (chart).

As work is harder to come by, consumers are unsurprisingly downbeat about income prospects: 17.9% of consumers anticipate higher incomes six months from now, down from 18.2% last month, and 12.5% expect incomes to decrease, up from 11.7%. Worries about jobs and income gains support our case for a moderation in consumer spending in the months ahead.

The deteriorating employment situation comes on top of consumers who see inflation as running sideways. Average and median inflation expectations for 12 months from now both ticked up by 0.1 percentage points, to 5.9% and 4.8%, respectively, after declines last month. Consumers may no longer see tariff-induced inflation getting worse, but they clearly expect some price pass-through down the road. With inflation expectations still grounded, the Fed has room to ease policy for the time being to address the downbeat labor market: we anticipate the Fed will announce a 25 bps cut tomorrow and another 25 bps cut at its December meeting.



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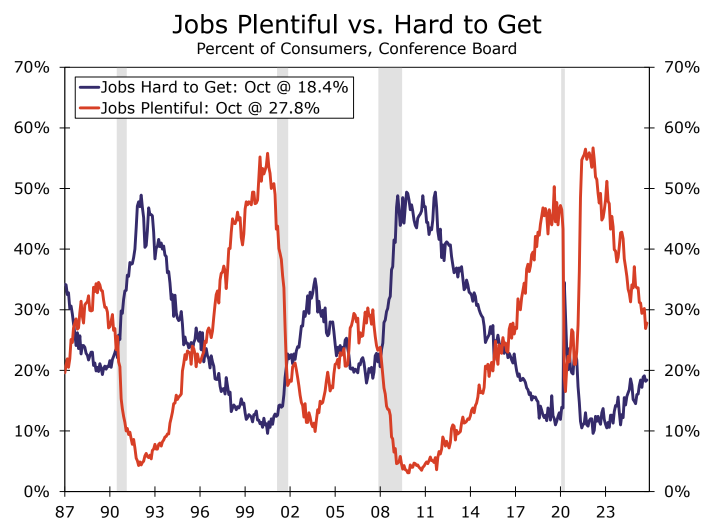

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