

Economic Indicator — October 29, 2024

Consumers Are Gaining Confidence, Yet Higher Prices Still an Anchor

Summary

Despite the upside surprise in October consumer confidence, inflation is still a top concern weighing on perceptions. The looming presidential election ranks *behind* economic worries in consumers' minds.

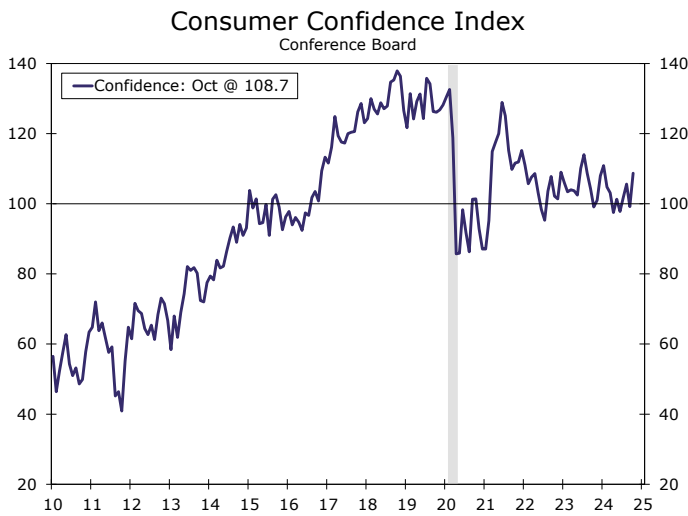
Economist(s)

Shannon Seery Grein

Economist | Wells Fargo Economics
shannon.grein@wellsfargo.com | 704-410-0369

Jeremiah Kohl

Economic Analyst | Wells Fargo Economics
Jeremiah.J.Kohl@wellsfargo.com | 212-214-1164

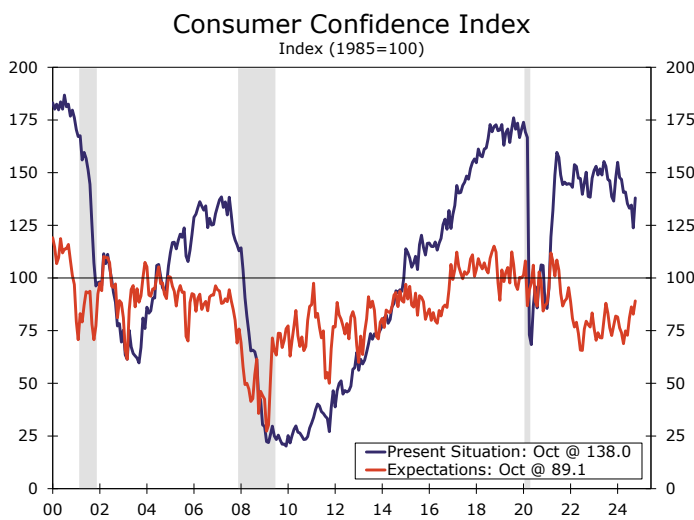


Source: The Conference Board and Wells Fargo Economics

October Surprise

The Conference Board's Consumer Confidence Index jumped to 108.7 in October, amid more favorable views of current conditions and improved expectations about the future ([chart](#)). We suspect most of the gain is due to brighter views of the jobs market and lower gas prices in the last month. But the jump somewhat surprises us with the U.S. presidential election around the corner.

Historically, election uncertainty weighs on the moods of consumers in the months leading up to election. Yet the election still ranks *behind* economic worries in consumers' minds. Write-in responses making mention to the coming general election were below both 2016 and 2020 levels. In previous election years there has been a [trend decline](#) in confidence, followed by a trend recovery after the November election. So far this year the trend is not playing out. Consumer confidence has been volatile and bounced around, but at 108.7 in October, it has reached its second highest reading of the year, hardly cause for worry. In fact, according to the Conference Board, mentions of the word "election" ranked as the fifth highest mentioned topic in the October survey. Topics referenced more frequently included: prices, inflation, food and groceries.

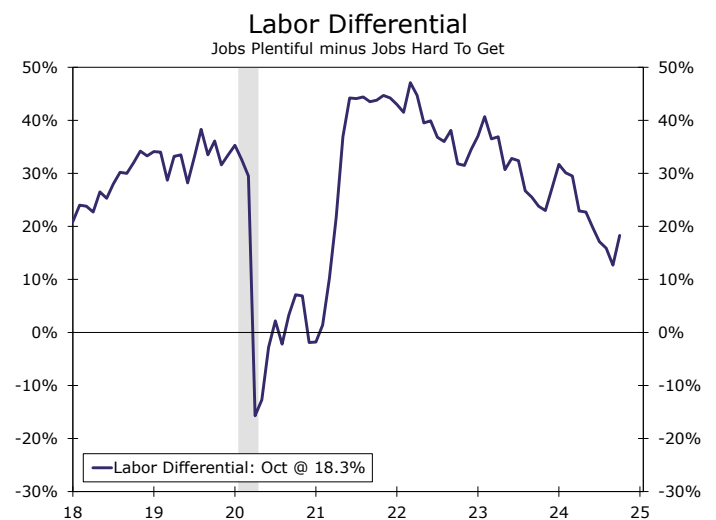


Source: The Conference Board and Wells Fargo Economics

This has touched on a major theme of consumer surveys at play over the last year. The disconnect between lower inflation and still depressed confidence has stumped many forecasters. All the while, consumers have continued to report that it is high price levels that they find particularly worrying. The release notes that while respondents mentioned slower inflation and lower grocery prices, prices and inflation were still the top write-in response for the thing affecting consumers economic perceptions. Gas prices improved last month, with the average price down about a dime a gallon since last month's survey cutoff date.

Some renewed confidence in the labor market outweighed these price concerns. The labor differential, or the share of consumers reporting jobs as 'plentiful' less the share reporting jobs as 'hard to get', rose to 18.3 amid an improvement in both measures ([chart](#)). While that marks the highest differential in five months it's still below its pre- and post-pandemic high and consistent with a less-tight labor market. Consumers also grew more optimistic around the labor market outlook in October. Yet despite these better perceptions, separately released data this morning showed the quits rate, an indication of how willing employees are to voluntarily switch positions, fell below 2% for the first time since 2015.

Amid slower inflation and somewhat improved job prospects, consumer plans to make a major purchase were broadly up across all categories. Notably, consumers reported they planned to spend more on discretionary purchases going forward, and plans to purchase homes and large durables also improved, perhaps enhanced by the Fed's recent reduction to the federal funds rate.



Source: The Conference Board and Wells Fargo Economics

Subscription Information

To subscribe please visit: www.wellsfargo.com/economicsemail

Via The Bloomberg Professional Services at WFRE

Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Jeremiah Kohl	Economic Analyst	212-214-1164	Jeremiah.J.Kohl@wellsfargo.com
Aubrey Woessner	Economic Analyst	704-410-2911	Aubrey.B.Woessner@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Anna Stein	Economic Analyst	212-214-1063	Anna.H.Stein@wellsfargo.com
Ali Hajibeigi	Economic Analyst	212-214-8253	Ali.Hajibeigi@wellsfargo.com
Coren Miller	Administrative Assistant	704-410-6010	Coren.Miller@wellsfargo.com

Required Disclosures

This report is produced by the Economics Group of Wells Fargo Bank, N.A. ("WFBNA"). This report is not a product of Wells Fargo Global Research and the information contained in this report is not financial research. This report should not be copied, distributed, published or reproduced, in whole or in part. WFBNA distributes this report directly and through affiliates including, but not limited to, Wells Fargo Securities, LLC, Wells Fargo & Company, Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Europe S.A., and Wells Fargo Securities Canada, Ltd. Wells Fargo Securities, LLC is registered with the Commodity Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. WFBNA is registered with the Commodity Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and WFBNA are generally engaged in the trading of futures and derivative products, any of which may be discussed within this report.

This publication has been prepared for informational purposes only and is not intended as a recommendation, offer or solicitation with respect to the purchase or sale of any security or other financial product, nor does it constitute professional advice. The information in this report has been obtained or derived from sources believed by WFBNA to be reliable, but has not been independently verified by WFBNA, may not be current, and WFBNA has no obligation to provide any updates or changes. All price references and market forecasts are as of the date of the report or such earlier date as may be indicated for a particular price or forecast. The views and opinions expressed in this report are those of its named author(s) or, where no author is indicated, the Economics Group; such views and opinions are not necessarily those of WFBNA and may differ from the views and opinions of other departments or divisions of WFBNA and its affiliates. WFBNA is not providing any financial, economic, legal, accounting, or tax advice or recommendations in this report, neither WFBNA nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this report, and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. WFBNA is a separate legal entity and distinct from affiliated banks, and is a wholly-owned subsidiary of Wells Fargo & Company. © 2024 Wells Fargo Bank, N.A.

Important Information for Non-U.S. Recipients

For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority ("FCA"). For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Act for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. For recipients in the EFTA, this report is distributed by WFSIL. For recipients in the EU, it is distributed by Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in MiFID2. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE