

Economic Indicator — March 26, 2024

# Consumer Confidence Holds Steady in March

## Summary

Consumer confidence essentially held steady in March. Household pessimism around future income growth is building despite an improved view of the current jobs market. If continued, income concerns signal a potential challenge for coming spending.

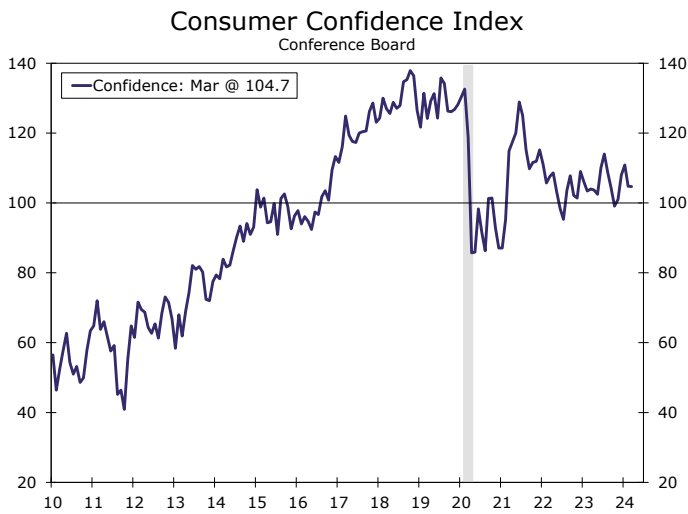
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Source: The Conference Board and Wells Fargo Economics

## Expectations About the Future Hold Back Confidence in March

Consumers' confidence more-or-less held steady in March once accounting for downward revisions to February's data. The overall Consumer Confidence Index fell to 104.7 from 104.8 in February (previously estimated at 106.7) ([chart](#)). The downward revision was due almost entirely to revisions to households expectations. That is, the Expectations Index was revised lower to 76.3 in February from a previously reported 79.8. After accounting for these revisions, households perceptions of their present situation improved in March (to 151.0) while they became less optimistic about the future (73.8), which shook out to about a wash in terms of overall confidence ([chart](#)).

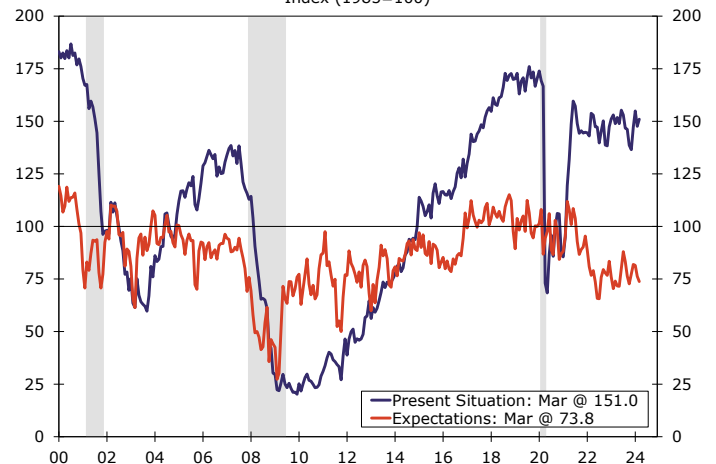
There are many things that impact consumers' confidence on a monthly basis, and some have moved in opposite directions so far in March. The average price of a gallon of gasoline in the U.S. is around \$3.50 as of March 25, which is up about \$0.20 since the start of the month. And while overall inflation has moved lower in recent months, the price level of many goods and services remains much higher today, denting households optimism. On the flip side, despite daily volatility, equity values are currently higher than at the beginning of March, and households perceptions of the labor market improved. We won't get the March jobs report until next week, but continued job prospects likely contributed to the uptick in current moods.

The lowest share of households viewed jobs as "hard to get" in March since April 2023. This caused the labor market differential, which measures the difference in the share of households who view jobs as "hard to get" less those who view jobs as "plentiful" to rise to 32.2 in March, marking the highest reading in nine months ([chart](#)). Beyond labor market perceptions, a higher share of households viewed business conditions as normal last month.

Despite this more upbeat sentiment in March, households remain concerned about coming conditions. An increasing share of households expect business conditions and labor prospects to be worse in six months. The smallest share of households expect more jobs in six months since at least August, and that has translated to less sanguine expectations about income growth as well. The highest share of households in six months expect a coming decrease in income.

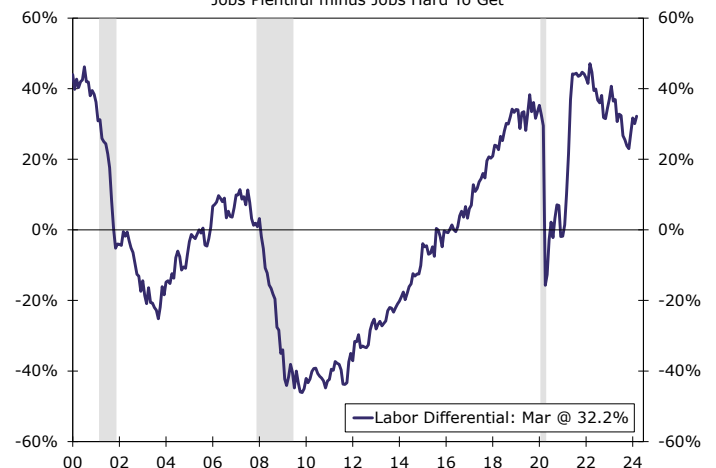
Measures of consumers' confidence or sentiment can be volatile on a monthly basis, but understanding households perceptions is important for the trajectory of spending even if the two don't always move in lockstep. Specifically, if households grow increasingly concerned about their income prospects, we may see more of a moderation in consumption. We've long stressed the idea that growth in spending is increasingly dependent on income this year as pandemic-era support factors of excess liquidity and easy access to cheap credit have faded. A still-sturdy labor market is helping prop up spending today, but we expect a moderation in job growth will translate to weaker wage gains and thus spending as the year progresses. The confidence figures may pick up signs of that pressure first.

Consumer Confidence Index  
Index (1985=100)



Source: The Conference Board and Wells Fargo Economics

Labor Differential  
Jobs Plentiful minus Jobs Hard To Get



Source: The Conference Board and Wells Fargo Economics

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