



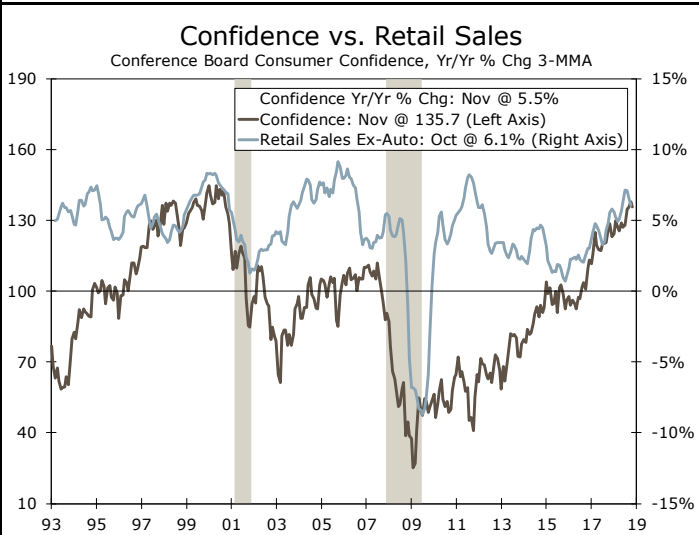
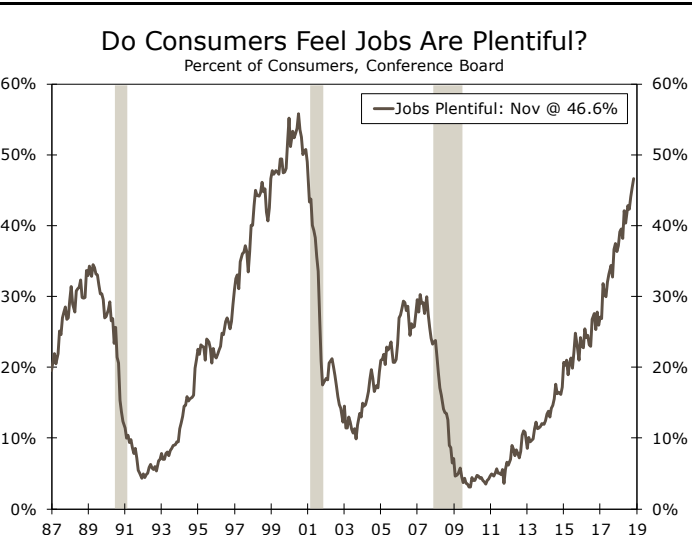
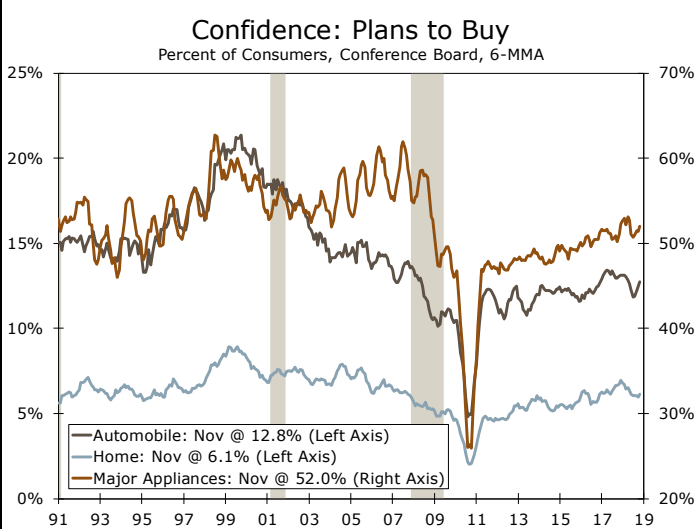
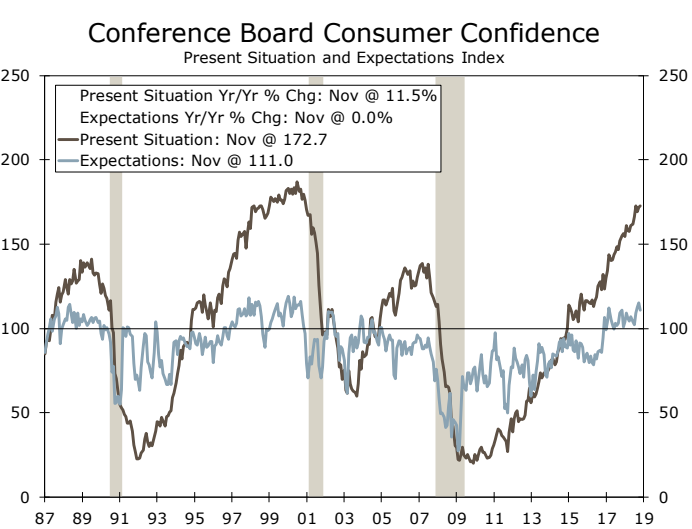
Economics Group

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Consumer Confidence: While Still High, Is Starting to Slip

After reaching an 18-year high in October, consumer confidence fell 2.2 points in November. The still-elevated reading of confidence suggests strong consumer spending in the final months of the year.

<p>Confident Today...</p> <ul style="list-style-type: none"> • Dropping slightly from its 18-year high, consumer confidence came in at 135.7 in November. The still-elevated level kept the three-month average at a cycle high, which suggests the trend in confidence remains buoyant. The modest drop was contained in the expectations component of the index, while consumers' assessment of current conditions rose. Current optimism continues to be a reflection of the white-hot labor market. 	<p>...Not Sure About Tomorrow</p> <ul style="list-style-type: none"> • Consumers' expectations regarding rate-sensitive purchases (autos, homes & appliances) six-months ahead have remained elevated more recently. But, a rising rate environment and weaker hard data, particularly in the housing sector, will likely weigh on these purchases in the medium-to-long term. Despite the slight decline in confidence this month, current optimism will likely sustain strong consumer spending to end the year.
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Source: The Conference Board, U.S. Department of Commerce and Wells Fargo Securities

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