



## Economics Group

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## Consumer Confidence Slips (Again), Spending Outlook Still OK

*Consumer confidence slipped to 125.5 in November. While this marks the fourth consecutive monthly decline, the level is still high enough to suggest moderation in the pace of PCE growth rather than outright decline.*

### Range-Bound Confidence

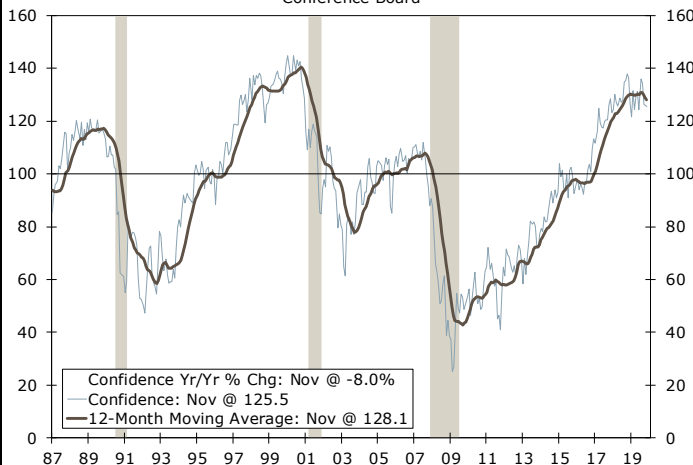
- While confidence has come off last year's peak, it has remained range-bound between 121 and 136 over the past 12 months.
- Major drivers of confidence remain supportive. The stock market is near all-time highs, unemployment is near a 50-year low and gas prices have been trending lower since May. Still, with ongoing concerns about the trade war, we are not banking on a return to last year's record highs.

### I'm Depressed...Let's Go Shopping

- Despite the lackluster numbers for consumer confidence, retail sales and other measures of consumer spending remain on track for moderate growth in the fourth quarter.
- Despite the deterioration in confidence, we are not rattled about our call for a solid 5% year-over-year increase in holiday sales. That said, our upbeat forecast owes much to low-base effects after a steep decline in December of last year.

### Consumer Confidence Index

Conference Board



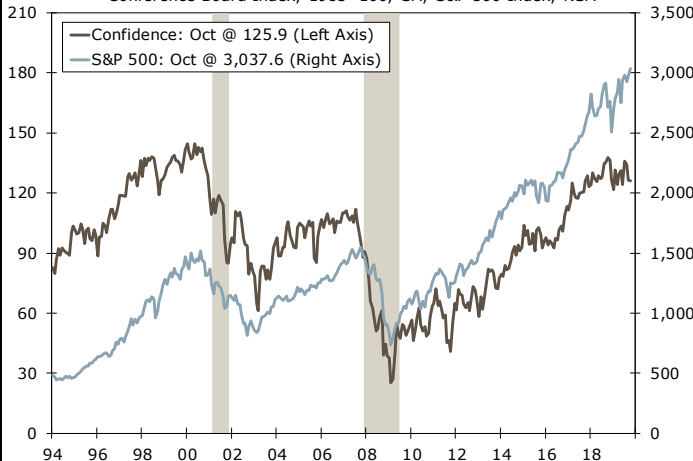
### Confidence vs. Retail Sales

Conference Board Consumer Confidence, Yr/Yr % Chg 3-MMA



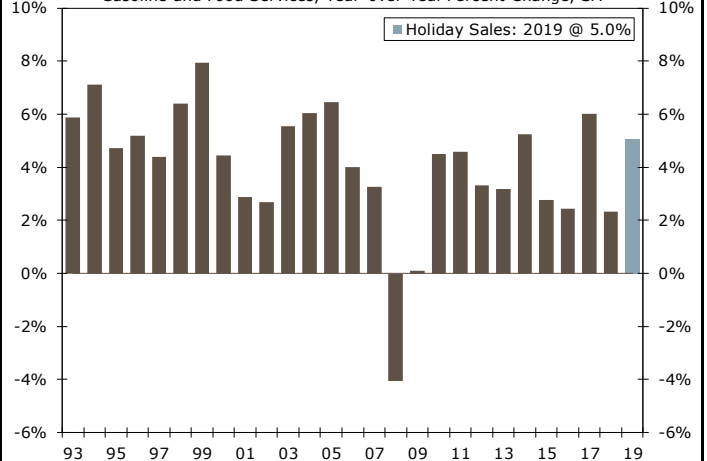
### Consumer Confidence Index & S&P 500

Conference Board Index, 1985=100, SA; S&P 500 Index, NSA



### U.S. Holiday Sales

Retail Sales for November & December, Excluding Autos & Parts, Gasoline and Food Services, Year-over-Year Percent Change, SA



Source: The Conference Board, IHS Markit, U.S. Department of Commerce and Wells Fargo Securities

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