



Economics Group

Tim Quinlan, Senior Economist
tim.quinlan@wellsfargo.com • (704) 410-3283
 Shannon Seery, Economic Analyst
shannon.seery@wellsfargo.com • (704) 410-1681

Consumer Sentiment Steady...For Now?

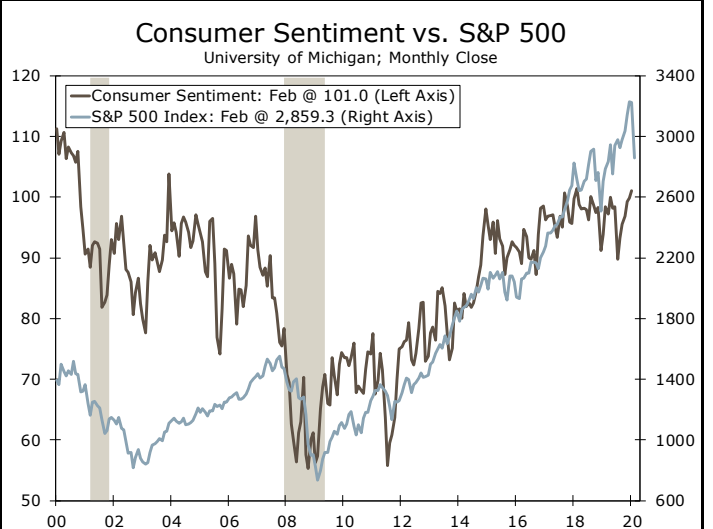
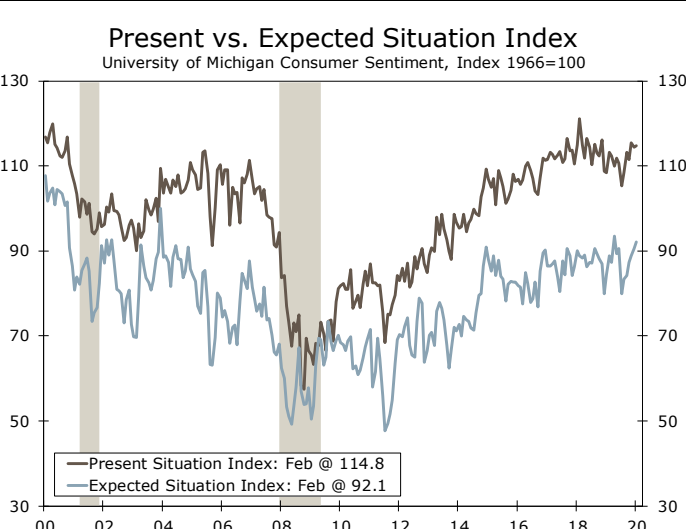
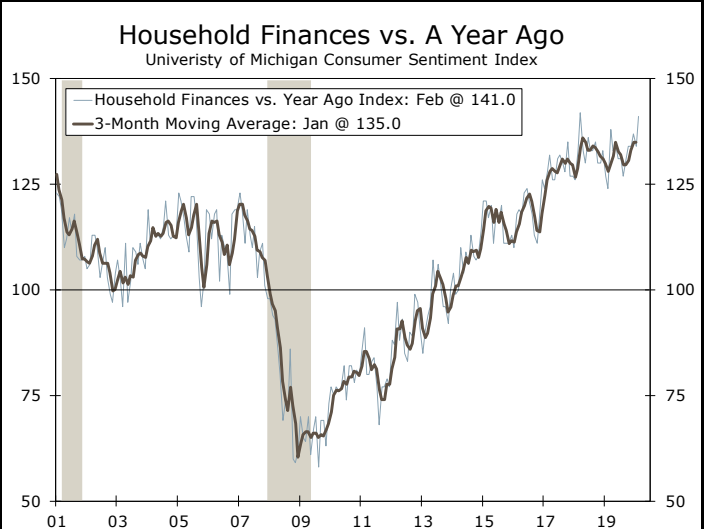
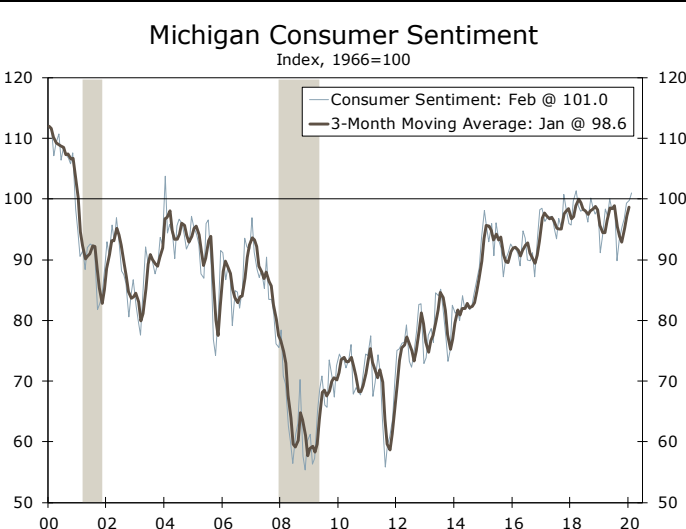
Consumer sentiment remained resilient in February, though the cutoff of the survey likely missed any significant hit from coronavirus fears and flagging equity markets.

Growing Coronavirus Concern

- A weaker read on sentiment this morning would not have been a surprise, as coronavirus fears have swept financial markets. But consumers held their ground in February, with the final read on sentiment coming in at 101.0, a touch ahead of the preliminary 100.9 estimate. Only 8% of consumers mentioned the coronavirus, but 20% of those surveyed in the final two days of the survey, which ended February 25, mentioned it.

Sentiment May Stumble

- Underlying details of the survey were broadly positive. 58% of consumers reported improving finances in February, which is the highest level ever recorded. Depending on the virus' spread and equity market reaction, however, there is significant risk that virus fears dampen sentiment. Consumers are sensitive to big stock market moves, and the recent ~14% selloff in equity markets is likely to manifest itself in the March survey.



Source: University of Michigan, Bloomberg LP and Wells Fargo Securities

Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Acting Chief Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Macro Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Erik Nelson	Macro Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	Macro Strategist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economic Analyst	(704) 410-1681	shannon.seery@wellsfargo.com
Matthew Honnold	Economic Analyst	(704) 410-3059	matthew.honnold@wellsfargo.com
Jen Licis	Economic Analyst	(704) 410-1309	jennifer.licis@wellsfargo.com
Hop Mathews	Economic Analyst	(704) 383-5312	hop.mathews@wellsfargo.com
Coren Burton	Administrative Assistant	(704) 410-6010	coren.burton@wellsfargo.com

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