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## TD Economics

### Data Release: U.S. consumer confidence continues to shine

- U.S. consumer optimism continued to forge ahead in August, with the Conference Board consumer confidence index rising by 2.1 points to 92.4. The headline came in well above consensus expectations, with markets calling for the index to decline to 89.0. July's reading was revised slightly lower to 90.3 (from 90.9).
- August's gains were concentrated entirely in the present situation sub-component, which rose by a hefty 6.7 points. Assessment of current labor market conditions continued to brighten. The share of survey respondents stating that jobs were plentiful rose from 15.6% to 18.2% - a fifth consecutive monthly increase. Similarly, more respondents classified current business conditions as good.
- Meanwhile, the future expectations sub-component backtracked 1.0 point, with consumers feeling a tad less optimistic about future job gains and income growth.

### Key Implications

- American consumers remained in good spirits in August, as rising equity prices and a rebounding labor market helped to buoy consumer confidence to its highest level since September 2007. High consumer confidence is a welcome sign ahead of the busy "back to school" shopping season, and should help maintain momentum in consumer spending in the third quarter of the year.
- While the headline number surprised on the upside, details of the report offered a somewhat mixed assessment of consumer sentiment, as current and future expectations diverged.
- A small set-back in the future-expectation component is disappointing, especially given that households felt less optimistic about their near-term earnings growth. The decline, however, will likely prove temporary and does not suggest that the sunny days are over. This view is underscored by an uptick in buying intentions in this month's release, as the share of respondents planning to buy a car or a home, or take a vacation in the next six months all moved higher.

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