



TD Economics

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Data Release: Consumer confidence rises to highest level since the beginning of 2008

- The Conference Board consumer confidence index rose by 3.0 points in June, reaching 85.2 – its highest level since January 2008. The release came in well above the consensus forecast, which called for a more mild increase to 83.5. May's report, however, was revised down to 82.2 from the initial reading of 83.0.
- Both sub-components recorded gains on the month, with the present situation rising by 4.8 points (landing at 85.1) and future expectations rising by 1.7 points (landing at 85.2).
- In terms of overall employment conditions, respondents reporting that they expect jobs to be more plentiful over the next six months increased to 16.3%, up from 15.2% the month prior. The number of respondents expecting incomes to increase over the six-months, however, fell by 2.1 percentage points to 15.9% after reaching a seven year high in May.

Key Implications

- The Conference Board's consumer confidence index has posted gains in each of the prior two months, and now sits at a fresh new cyclical high. Overall, the reasons for improved confidence are not hard to find: labor market conditions continue to improve, U.S. equities are sitting at record highs, while the housing sector appears to be back on a more firm footing.
- Fitting this morning's release into the bigger economic picture, continued improvements in consumer confidence should bode well for a further strengthening in spending activity. While Q1 real GDP growth was revised down to a dismal -1.0% (annualized), our current growth tracking over the remainder of 2014 sits just north of 3.2%. Indeed, much of this is predicated on the fact that the consumer will continue to do most of the heavy lifting, with overall spending estimated to add 2.2 percentage points to real GDP growth over the remaining three quarters of 2014. For a more detailed discussion, please see our [U.S. Quarterly Economic Forecast](#).

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