



TD Economics

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Data Release: U.S. Confidence Takes a Step Back in January

- The Conference Board's index of Consumer Confidence declined in January to 61.1 from 64.5, defying market expectations for an increase to 68.0.
- Most of the headline contraction came from a decline in the present situation index, which fell to 38.4 from 46.5 the month prior. The future expectations index held relatively steady at 76.2 (from 77.0 in December)
- The labor index fell modestly in January, slipping to -37.4 from -35.0 in December. This, however, remains above the -43 readings registered in the late summer and early fall of 2011.

Key Implications

- Overall this was a disappointing report. With the global economy slowing and domestic fiscal policy a drag on growth, the well being of the U.S. consumer is crucial to the recovery. Today's number, coupled with yesterday's disappointing personal spending data, offers a reminder that underlying demand is still too soft to absorb the economy's excess slack.
- That being said, the labor index's performance was not all bad. While the sub-index's decline this month was discouraging, it remains at a level consistent with the stronger job growth we've seen since November, and offers a promising sign that the job market's recent momentum will be sustained in this Friday's employment report.

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