



(UBS)

US consumer confidence recorded the strongest monthly gain since 2021

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The consumer confidence index climbed 9.5 points to 108.7 in September, surpassing consensus estimates of 99.5 and August's figure of 98.7.

The labor market differential metric (the percent of respondents saying jobs are plentiful minus the percent of respondents saying jobs are hard to get) rose to 18.3% in October from 12.7% in September. Meanwhile, inflation was the biggest concern for consumers, primarily driven by upward pressures on food and services prices. Notably, the current conditions gauge saw its largest monthly increase since May 2021, and six-month expectations rose to their highest since December 2021.

Our view: The latest US consumer confidence data highlight a positive shift in sentiment, underscored by a steady labor market and an overall resilient economy. While inflation appears to be a concern among consumers in the survey, US inflation has gradually slowed over the past two years, with the Fed's preferred inflation gauge, the personal consumption expenditures (PCE) index, falling to 2.2% year over year in August. We maintain our base case for two 25-basis-point rate cuts in November and December, followed by additional cuts on a quarterly basis through 2025, which should help growth to continue. We recommend investment grade bonds, and diversified fixed income approaches that offer appealing yields, as well as beneficiaries of lower rates in equities.

Read more in the Caught our attention section of the US Daily—[How to improve portfolio resilience](#), 30 October 2024

Main contributor: Shawn Awan, Research and Communications Associate

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