

U.S. Data Review

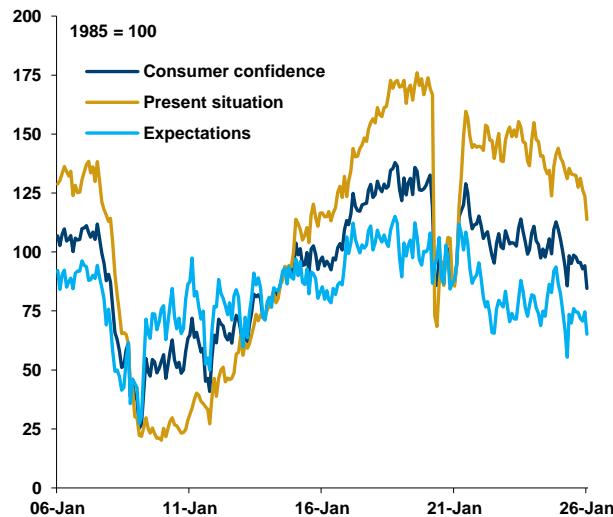
- Consumer confidence: swoon in January influenced by views on inflation and the labor market

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Consumer Confidence

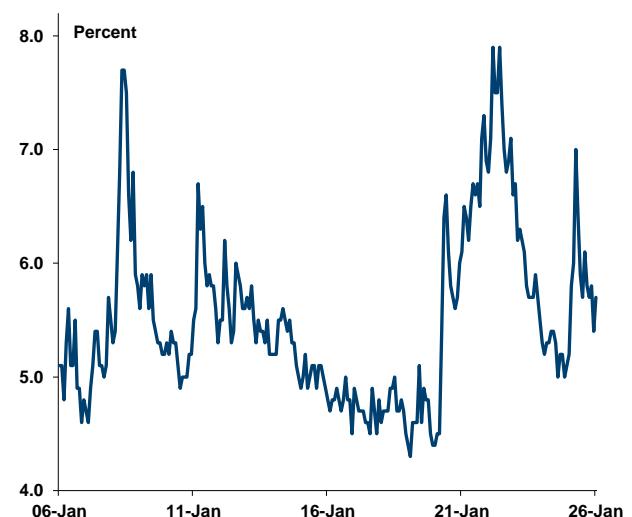
- The Conference Board's index of consumer confidence surprised to the downside January, plunging 9.7 points (-10.3 percent) to 84.5 – a result well below all projections submitted to the Bloomberg economist survey. Indeed, the latest reading was marginally below those during the peak of the COVID pandemic and lowest since May 2014, highlighting households' ongoing concerns with respect to both current economic conditions and the outlook. On the point, the present situation index fell 9.9 points (-8.0 percent) to 113.7 – its lowest read since February 2021, a period when the economy was in the throes of the pandemic. The expectations index, meanwhile, dropped 9.5 points (-12.7 percent) to 65.1 – its lowest read since March 2013 (excluding the one-off collapse prompted by Liberation Day in April 2025; chart, below left).
- Uncertainty surrounding prevailing tariff policy and potential pass-through to the prices of essential goods once again weighed heavy on the minds of households. As noted by Dana M Peterson, Chief Economist, The Conference Board, in the official release: "Consumers' write-in responses on factors affecting the economy continued to skew towards pessimism. References to prices and inflation, oil and gas prices, and food and grocery prices remained elevated. Mentions of tariffs and trade, politics, and the labor market also rose in January, and references to health/insurance and war edged higher." Consequently, expectations for inflation 12 months hence rose 0.3 percentage point to 5.7 percent in January. In context, after falling from a recent peak of 7.9 percent in the first half of 2022, near-term inflation expectations have turned higher again since falling to the recent low of 5.0 percent in 2024-H2 (chart, below right).

Consumer Confidence



Source: The Conference Board via Haver Analytics

Consumer Inflation Expectations*

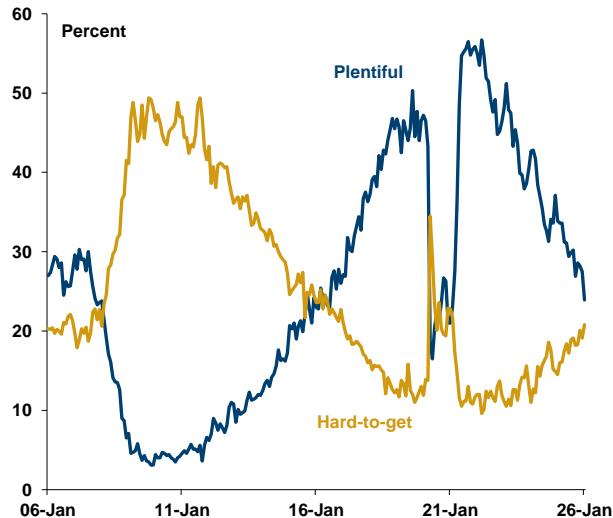


* 12 months hence

Source: The Conference Board via Haver Analytics

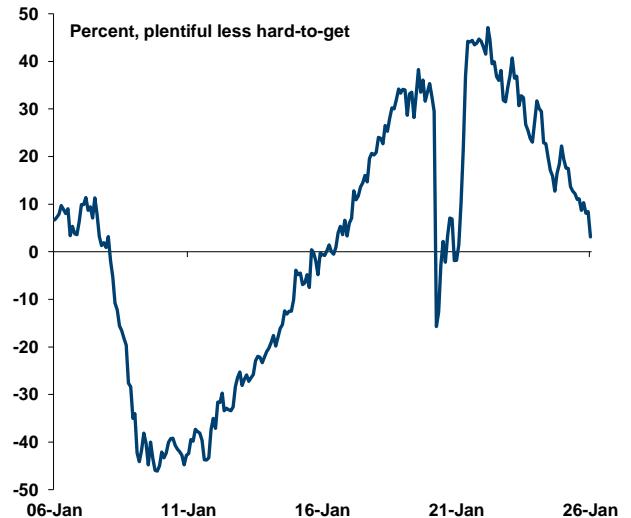
- As previously mentioned, the decline in headline confidence was influenced in no small part by deterioration in labor market views. The share of survey respondents who indicated that jobs were "plentiful" fell 3.6 percentage point to 23.9 percent – the lowest read since February 2021. Concurrently, those who reported that positions were "hard to get" rose 1.7 points to 20.8 percent – the highest read since February 2021. As a result, the net labor market differential ("plentiful" less "hard to get") decreased 5.3 percentage points to a near five-year low of 3.1 percent (charts, below). The employment situation has softened notably in recent months, a development which prompted officials at the FOMC to resume its monetary policy easing cycle in the final three meetings of 2025. While the Fed seems poised to stand pat at the conclusion of tomorrow's meeting, we do expect additional easing in policy in support of the labor market to occur later this year.

Consumers' Views on Jobs



Source: The Conference Board via Haver Analytics

Labor Market Differential*



* The share of survey respondents who reported that jobs were "plentiful" less those who said they were "hard-to-get."

Source: The Conference Board via Haver Analytics