U.S. Data Review

- Consumer confidence: dip in July influenced by deterioration in views on current conditions; inflation expectations ease; labor market assessments worsen

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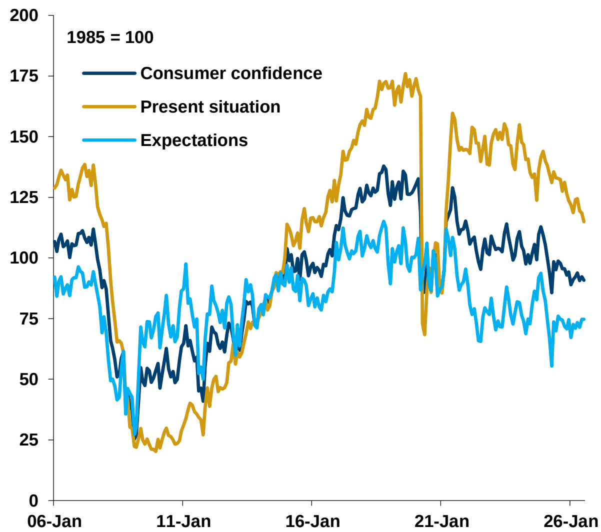
Consumer Confidence

- The Conference Board's index of consumer confidence opened Q3 on a downbeat note, falling by 1.4 points (-1.5 percent) to 90.8 in July – a result that was softer than the median expectation of an uptick to 92.4 from the Bloomberg economist survey. Moreover, the latest shift leaves this metric in the low end of the post-pandemic range and within striking distance of the 5-year low of 85.7 recorded in April 2025 – emphasizing generally pessimistic attitudes among survey respondents. Observing the internals of the report, the present situation index posted a 3.6-point drop (-3.0 percent) to 114.9, its third consecutive monthly decline and the lowest value observed since February 2021. The current expectations index, meanwhile, was unchanged at 74.7. Contributing to the deterioration in the headline, the survey period for the preliminary estimate occurred between July 1st and 22nd, coinciding with President Trump's formal notice of the resumption of hostilities with Iran and the attendant resurgence in gasoline prices.

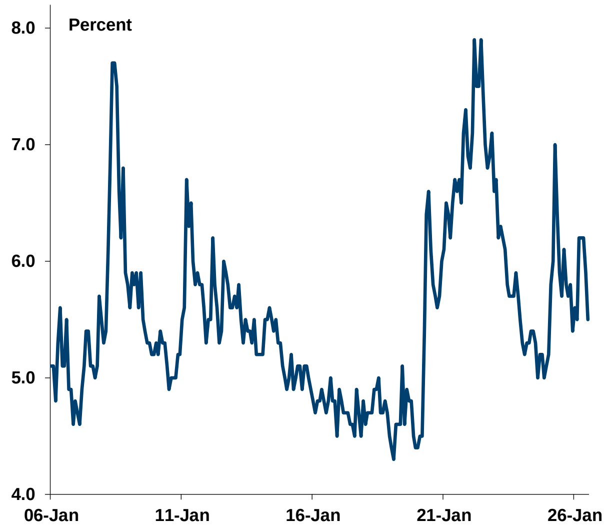
- While concerns related to the aforementioned Middle East conflict and the associated oil shock weighed heavy on the minds of consumers, they appear to have eased a bit vis-à-vis concerns at the onset of the conflict. Specifically, expectations for inflation 12 months hence eased 0.4 percentage point to 5.5 percent. That said, while this measure is off the recent high registered in the March-to-May period, it still remains elevated relative to the period directly preceding the Liberation Day tariff announcements. Concerningly, as noted by Dana M Peterson, Chief Economist at the Conference Board, "Mentions of war, geopolitics, and conflict eased during the sample period. However, as the fighting has reaccelerated quite recently there could be an increase in these mentions in the revised data for July." Moreover, with an immediate resolution to current hostilities not in sight (coupled with the Trump administration's introduction of new tariffs last week), we could envision short-term inflation expectations remaining elevated through the summer months.

Consumer Confidence



Source: The Conference Board via Haver Analytics

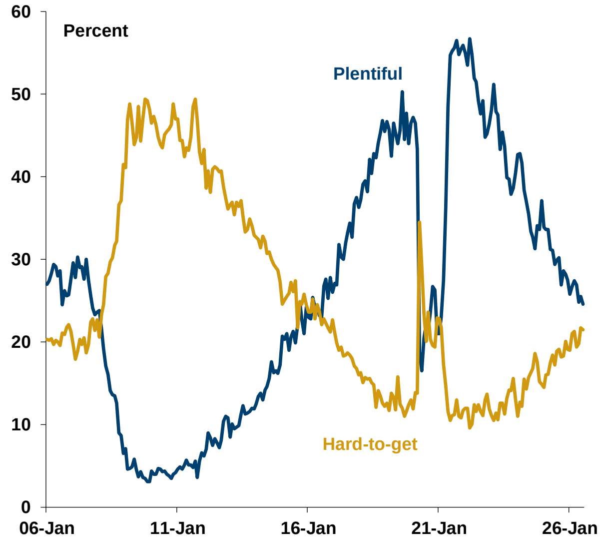
Consumer Inflation Expectations*



** 12 months hence*
Source: The Conference Board via Haver Analytics

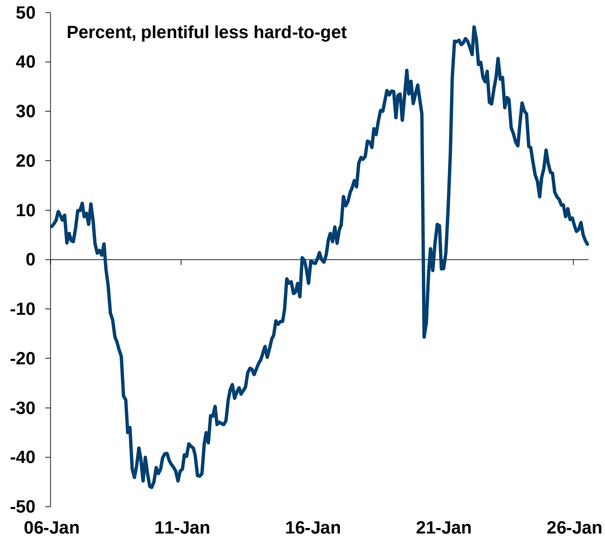
- Aligned with other recent observations, consumers' views on the labor market worsened in July. The share of survey respondents who indicated that jobs were "plentiful" dipped 0.9 percentage point to 24.6 percent – the lowest observed since February 2021. Concurrently, the share that said positions were "hard to get" eased 0.2 percentage point to 21.5 percent – a reading only modestly off June's 64-month high of 21.7 percent. Resultantly, the net labor market differential ("plentiful" less "hard to get") decreased 0.7 percentage point to 3.1 percent, also the lowest reading seen since February 2021. Notably, the assessments of workers appear to contradict more sanguine assessments of the employment situation offered by Fed officials. Thus, we will be watching the July Employment Situation report (released next Friday) and other salient data to see if underlying conditions in the labor market are indeed softening, and if the possible shift could eventually warrant a response by the Fed (although we still anticipate a hawkish "hold" by the Committee tomorrow, with Chairman Warsh again reiterating his unwavering commitment to price stability).

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