

US consumers more confident despite noisy political backdrop

Consumer confidence rises again as the solid job market and rising wages outweigh the frantic political backdrop



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122.9

 Conference board consumer confidence

Better than expected

It's been a hectic summer on the US political scene, with markets increasingly losing confidence in the Trump administration's ability to deliver fresh economic stimulus and reform. But with consumer confidence near its post-crisis high, it seems this noise isn't affecting sentiment on the ground.

But that might be set to change - at least temporarily. The debt ceiling debate is coming sharply into focus, and the risk of a government shutdown (even a short one) could dent confidence over

the next month or so, particularly if a deal can't be reached and government employees are temporarily furloughed.

For now though, with wage growth picking up, albeit not as fast the Fed might have hoped, and the jobs market at full employment, consumers remain very confident. That should help foster another strong GDP reading in the third quarter, where a sizeable contribution in inventories could see growth in the 3% region. That's despite the impact of Hurricane Harvey, which we think is likely to have only a modest impact on aggregate growth figures.

With the growth outlook looking solid, we are hopeful the Fed will hike rates again in December. But it all depends on inflation.

[For more on that, read our thoughts on Friday's wages and jobs data, and what it could mean for the Fed outlook.](#)

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