

29 August 2017
Snap

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

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.

James Smith

Developed Markets Economist

+44 20 7767 1038

james.smith@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("**ING**") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group NV and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. The producing legal entity ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is subject to limited regulation by the Financial Conduct Authority (FCA). ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.