

US consumers unphased by recent political noise

A rise in confidence suggests US consumers aren't phased by the recent noise surrounding Trump's healthcare and fiscal policies.



Source: istock

121.1

Conference Board Consumer Confidence reading

representing an improvement in the perception of the current economic situation and expectations for the future

Better than expected

So why are consumers so upbeat?

Consumer behaviour is typically less influenced by day-to-day political headlines than businesses (particularly larger ones), which are naturally more sensitive to the intricacies of any changes in government policy.

Instead, Tuesday's data shows that, against a reasonable economic backdrop, a recent drop in oil

prices and above all, a buoyant jobs market, consumers appear to be relatively upbeat. The stock market is also a key factor, and so long as the S&P continues to remain relatively supported, confidence probably will be too.

All this points to a rebound in consumer spending during the second quarter following a disappointing start to the year – we expect GDP growth to come in close to 3% on Friday. That's one reason why we are likely to see the Fed continue to strike an upbeat tone in its statement on Wednesday.

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