

US Confidence Measures – What Are They Saying?

The Philadelphia Council for Business Economics

6 March 2024

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Overview

- Why does consumer confidence matter?
 - Understand the **US Consumer Confidence Index** (1967)
 - ✓ Is it better or worse than other measures?
 - What is the survey telling us?
-
- Why does business confidence matter?
 - Understand the **US CEO Confidence Index** (1976)
 - ✓ Is it better or worse than other measures?
 - What is the survey telling us?

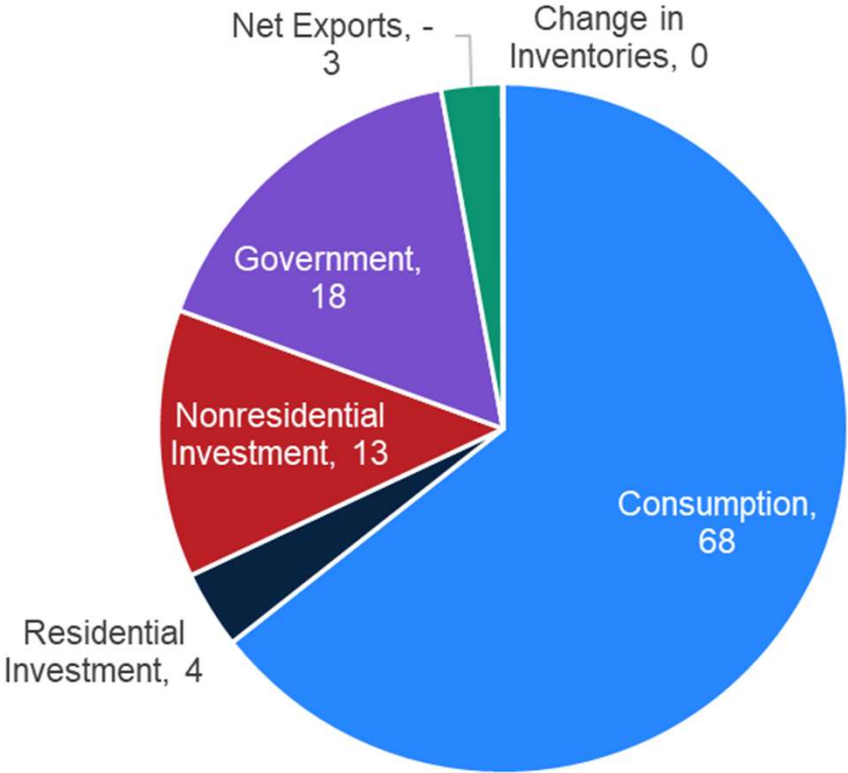
Sources: The Conference Board.



US Consumer Confidence

Why Consumer Confidence Matters

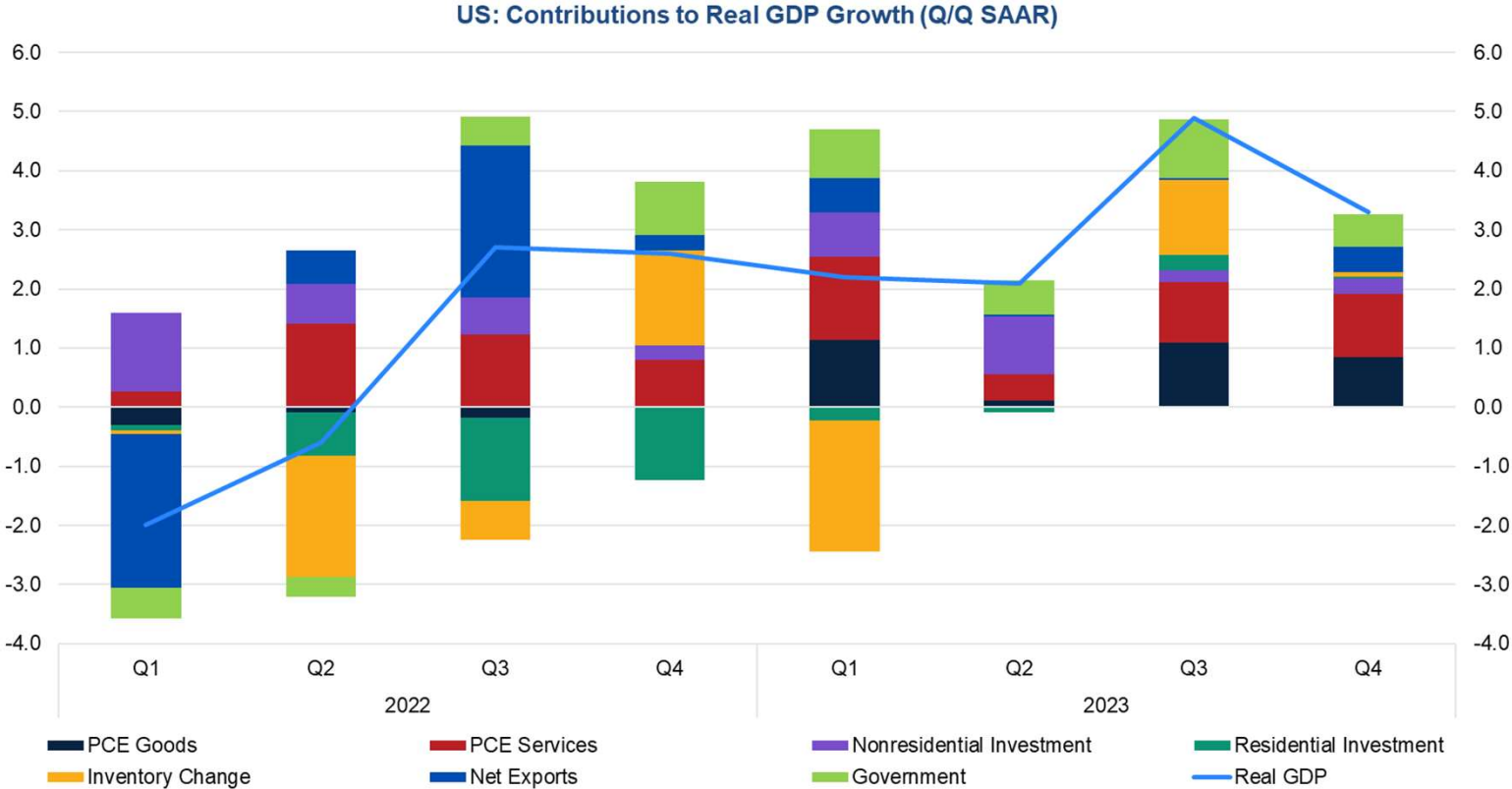
Components of US GDP (Nominal)



Sources: Bureau of Economic Analysis and The Conference Board.



Consumers Continue to Drive the US Economy



Sources: Bureau of Economic Analysis and The Conference Board.



Comparing Measures

			Recession	Inflation	Business Conditions	Employment	Income	Finances	Buying Plans	Financial Markets	Other
1	Consumer Confidence Index				X	X	X				
2	Present Situation Index				X	X					
3		- Business Conditions (Good, Normal, Bad)			X						
4		- Employment (Jobs Plentiful, Not Plentiful)				X					
5	Expectations Index (6 months hence)				X	X	X				
6		- Business Conditions (Better, Worse, Same)			X						
7		- Employment (More Jobs, Fewer Jobs, Same)				X					
8		- Income (Increase, Decrease, Same)					X				
9	Separate Questions										
10		Inflation Expectations (12 months hence)		X							
11		Interest Rate Expectations (12 months hence)								X	
12		Stock Price Expectations (12 months hence)								X	
13		Buying Plans (within 6 months)									
14		Home							X		
15		Car							X		
16		Appliances							X		
17		Vacation							X		
18	new	Consumer Finances Current						X			
19	new	Consumer Finances Expected						X			
20	new	Recession View	X								
21	Special Questions										
23		Services Consumption							X		
24		AI usage									X
25	University of Michigan Consumer Sentiment Index		1		1			2	1		

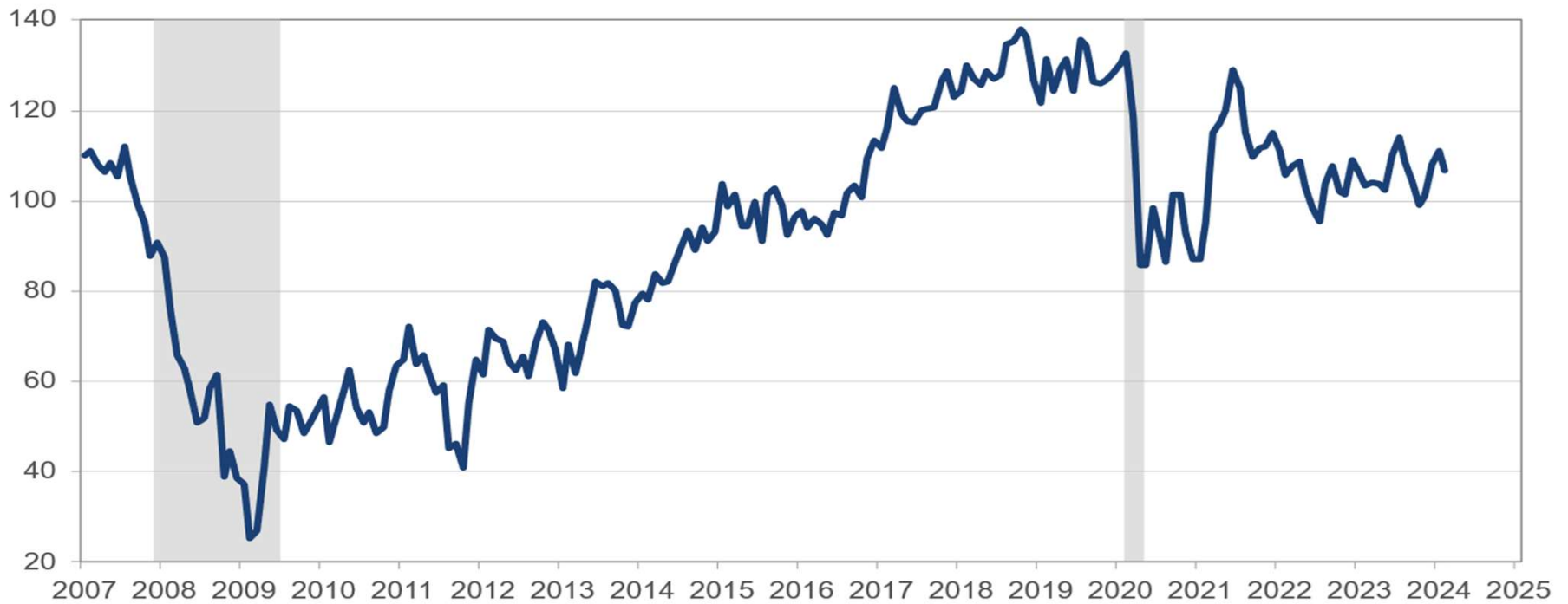
Source: The Conference Board.



US Consumer Confidence – Consumers Feel Okay But Not Spectacular

Consumer Confidence Index®

Index, 1985 = 100



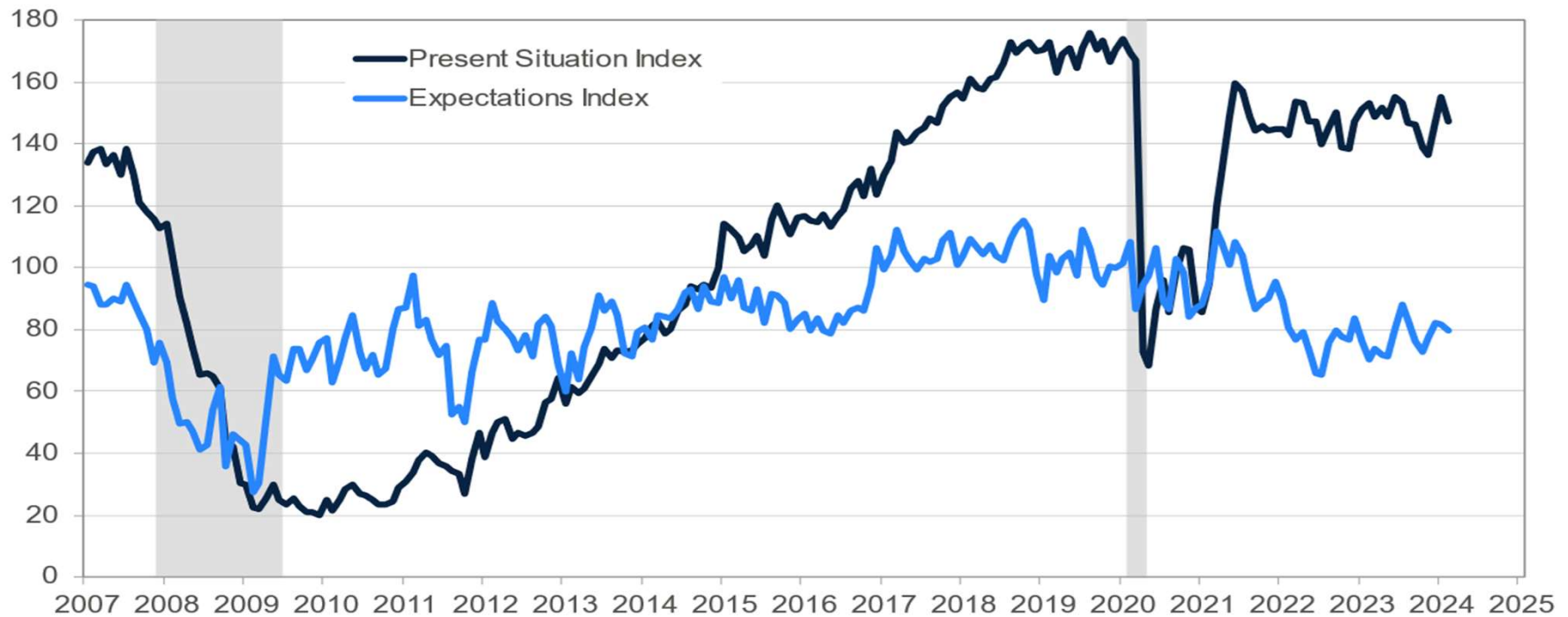
*Shaded areas represent periods of recession.
Sources: The Conference Board; NBER
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Underlying Questions – Good Now, Uncertain About Recession Later

Present Situation and Expectations Index

Index, 1985 = 100



*Shaded areas represent periods of recession.

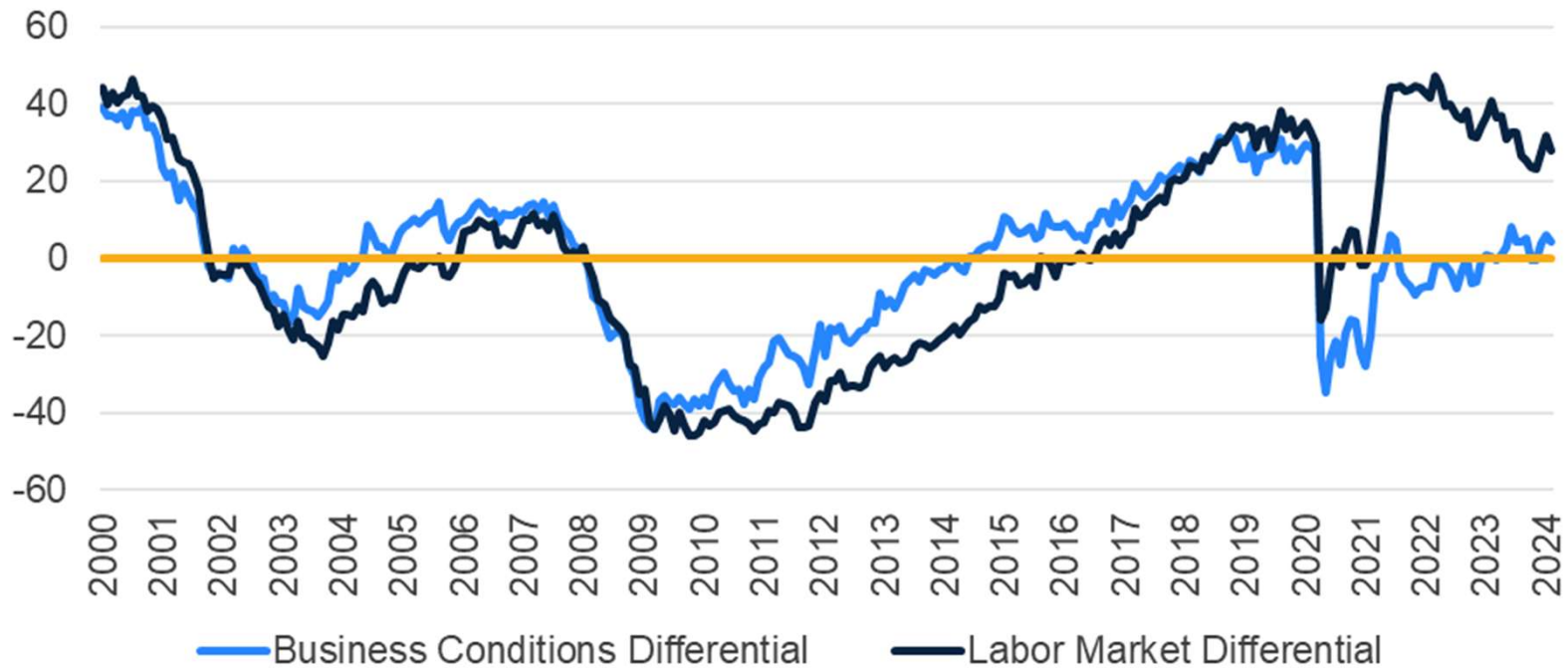
Sources: The Conference Board; NBER

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Differentials – Current Conditions: Business Flat; Employment Slowing

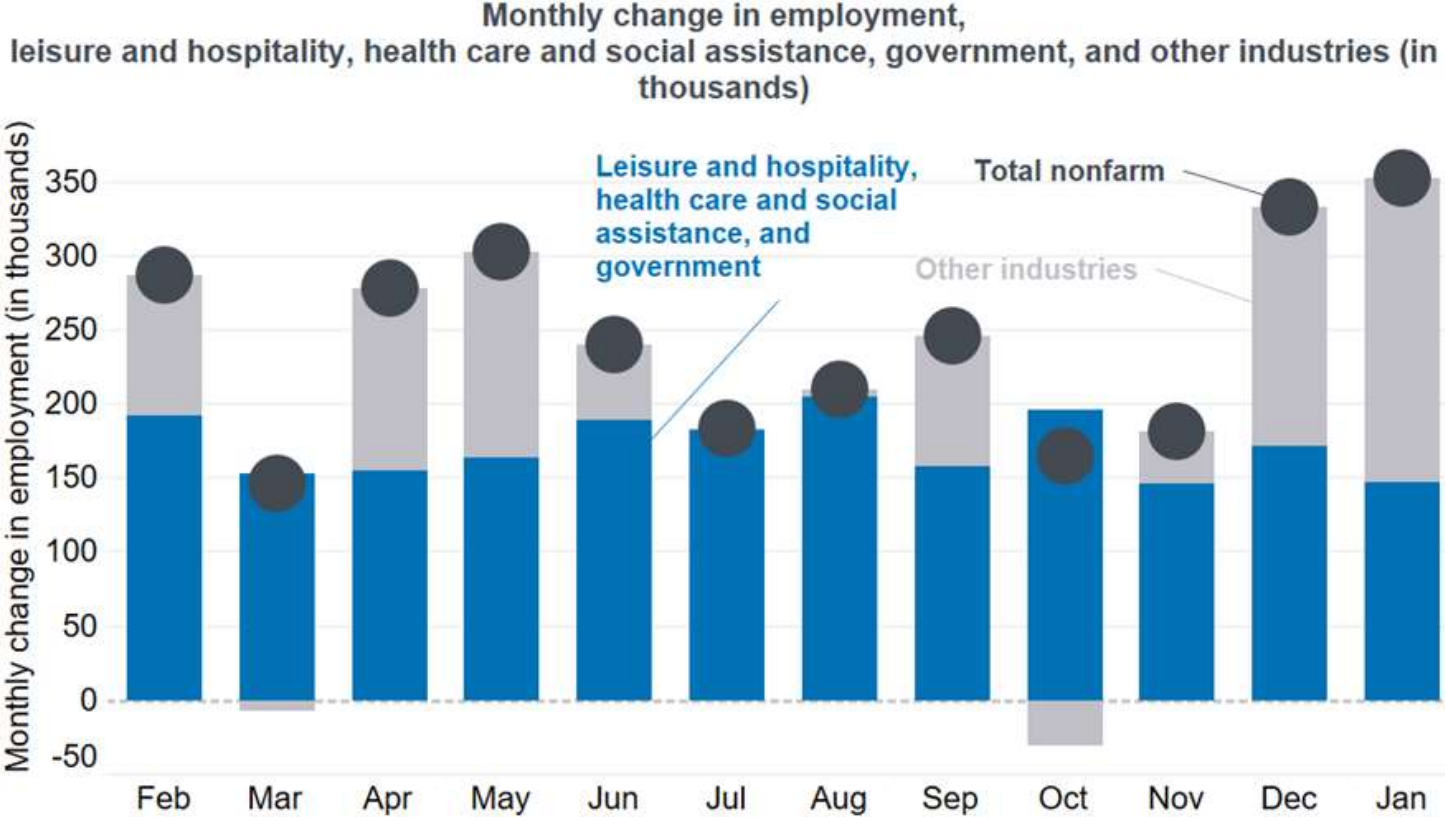
**Consumers Net Views on Current Conditions
(Positive Percentage Means Better Conditions Exceed
Worse Conditions)**



Source: The Conference Board.



More Industries Added Workers In Recent Months



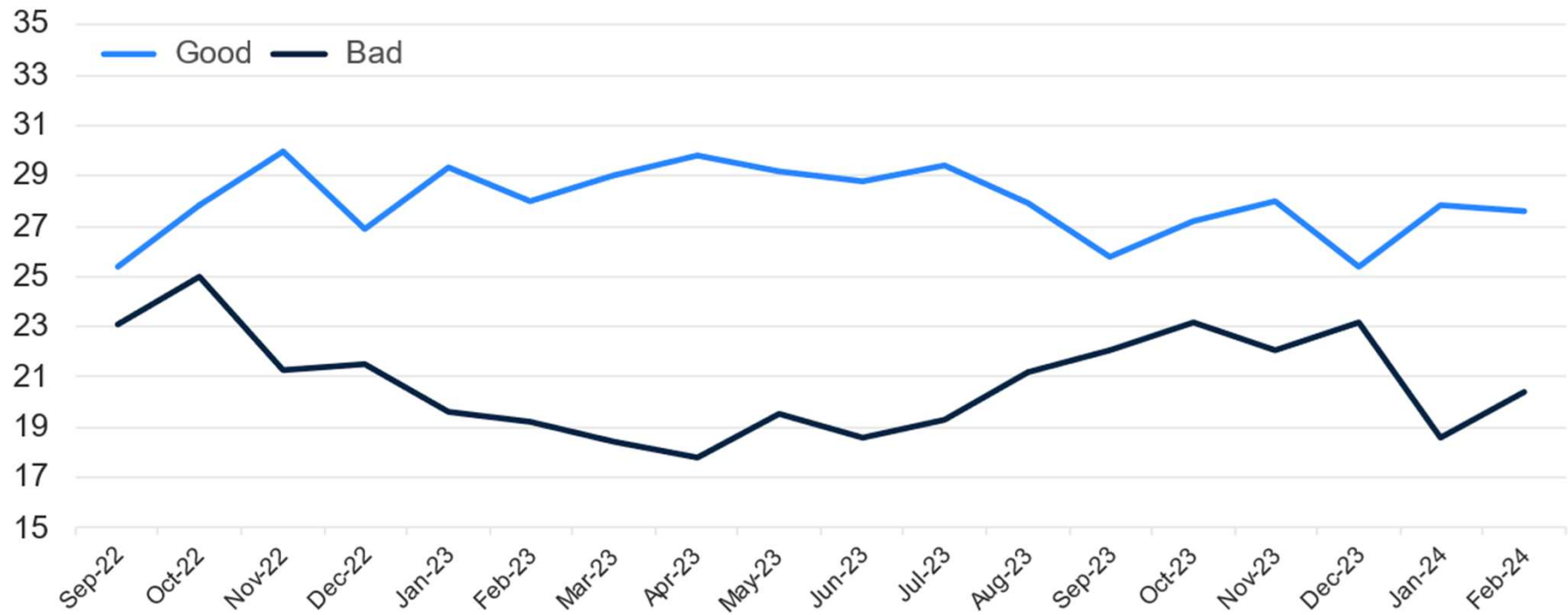
Source: US Bureau of Labor Statistics

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Current Financial Conditions – Stable, But More Complaints

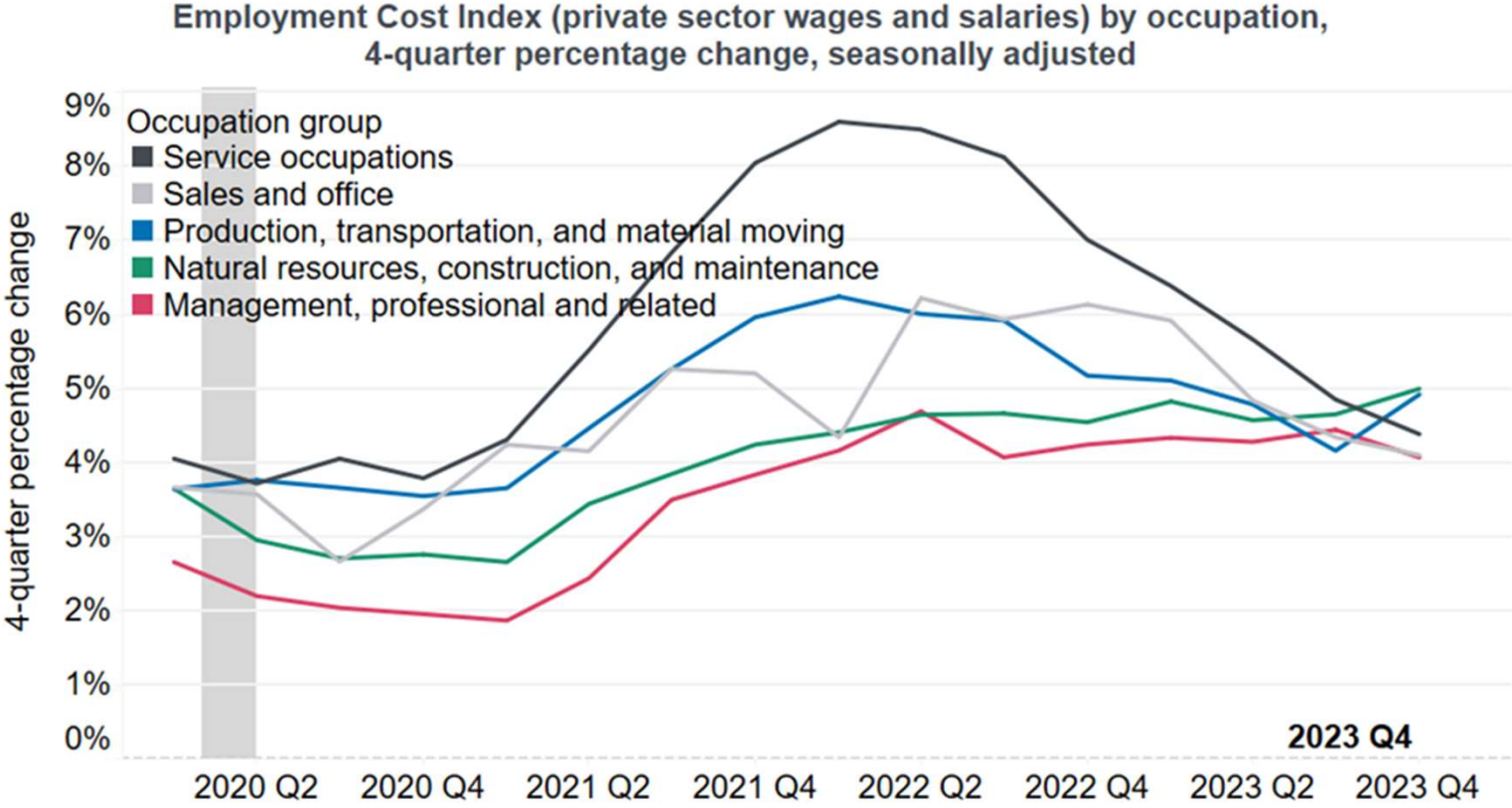
Family's Current Financial Situation
(Percent)



Source: The Conference Board, Consumer ConfidenceSurvey®



Wages Still Rising in Several Sectors



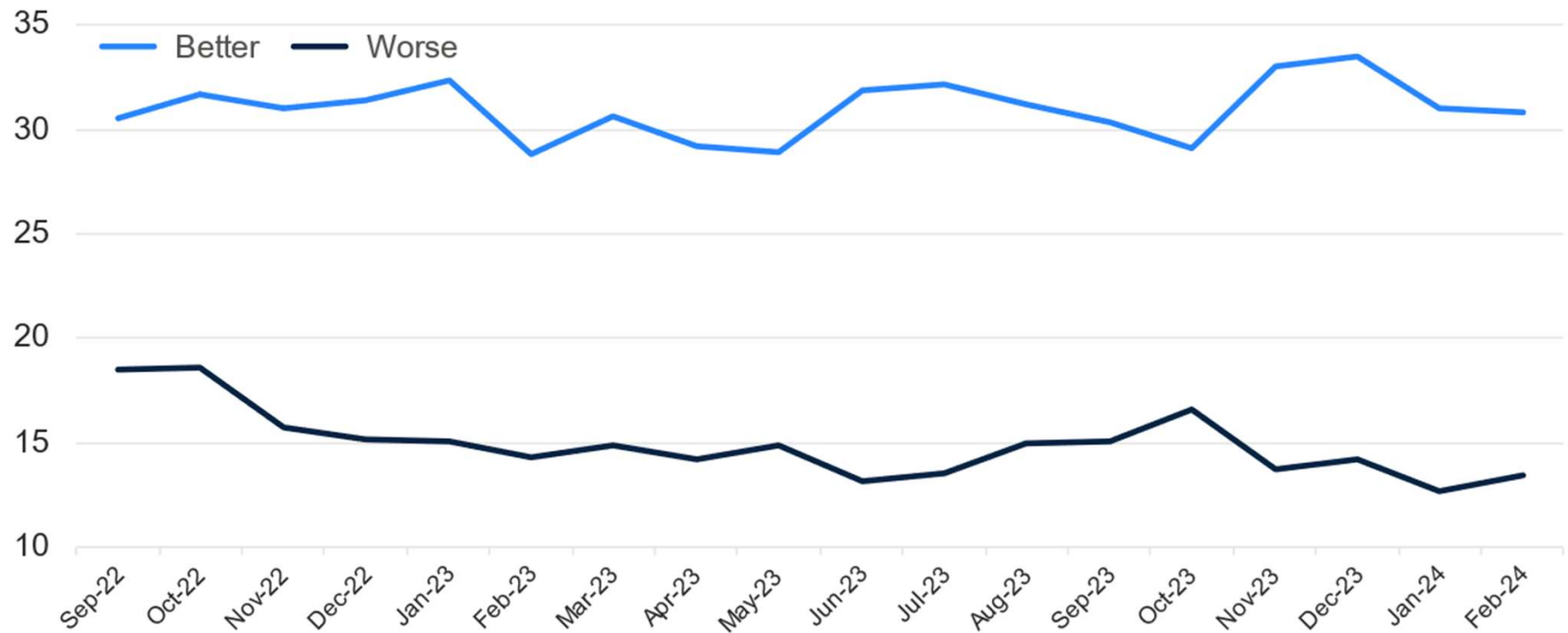
Note: Shaded area represents recession.
 Source: US Bureau of Labor Statistics

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Expected Financial Conditions – Stable, With Worries

Family's *Expected* Financial Situation, Six Months Hence (Percent)

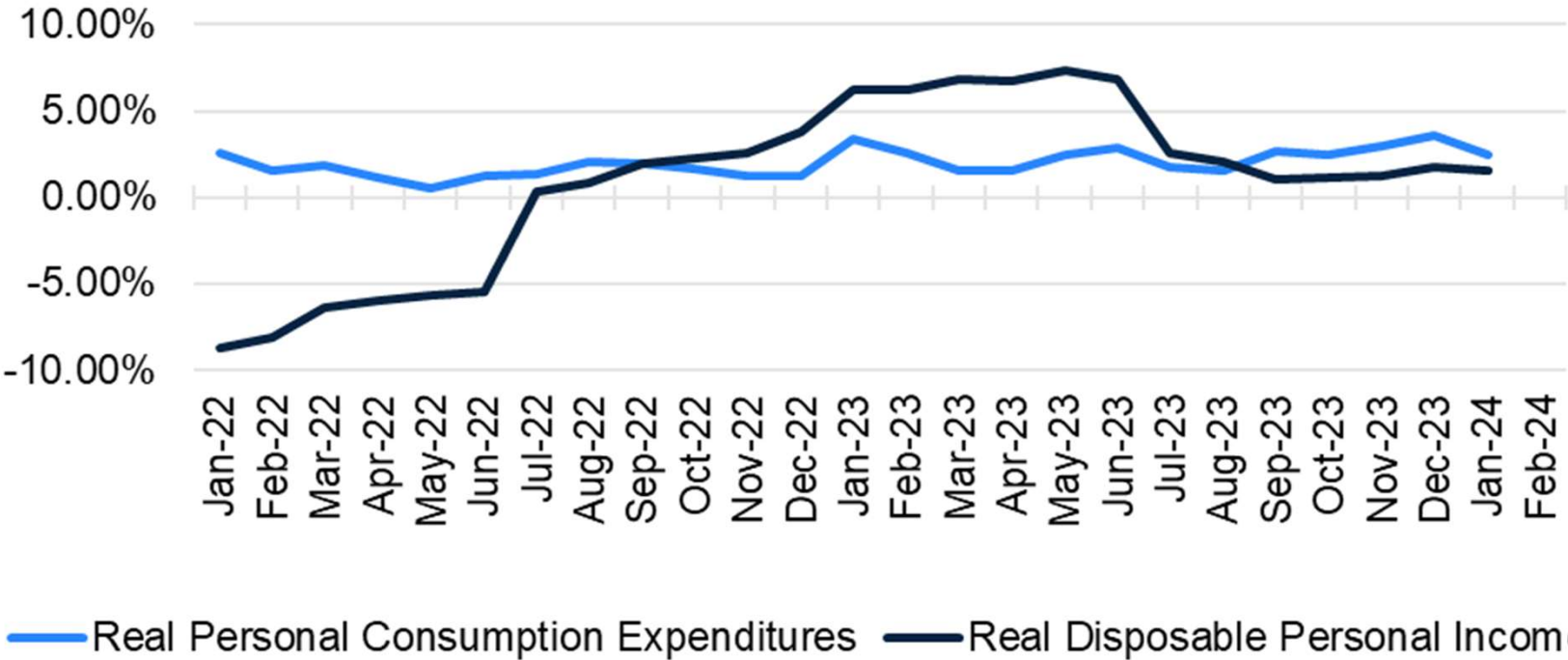


Source: The Conference Board, Consumer ConfidenceSurvey®



Consumer Spending Exceeding Income

Real Consumption and After-Tax Income (6-Month Annualized Percentage Changes)

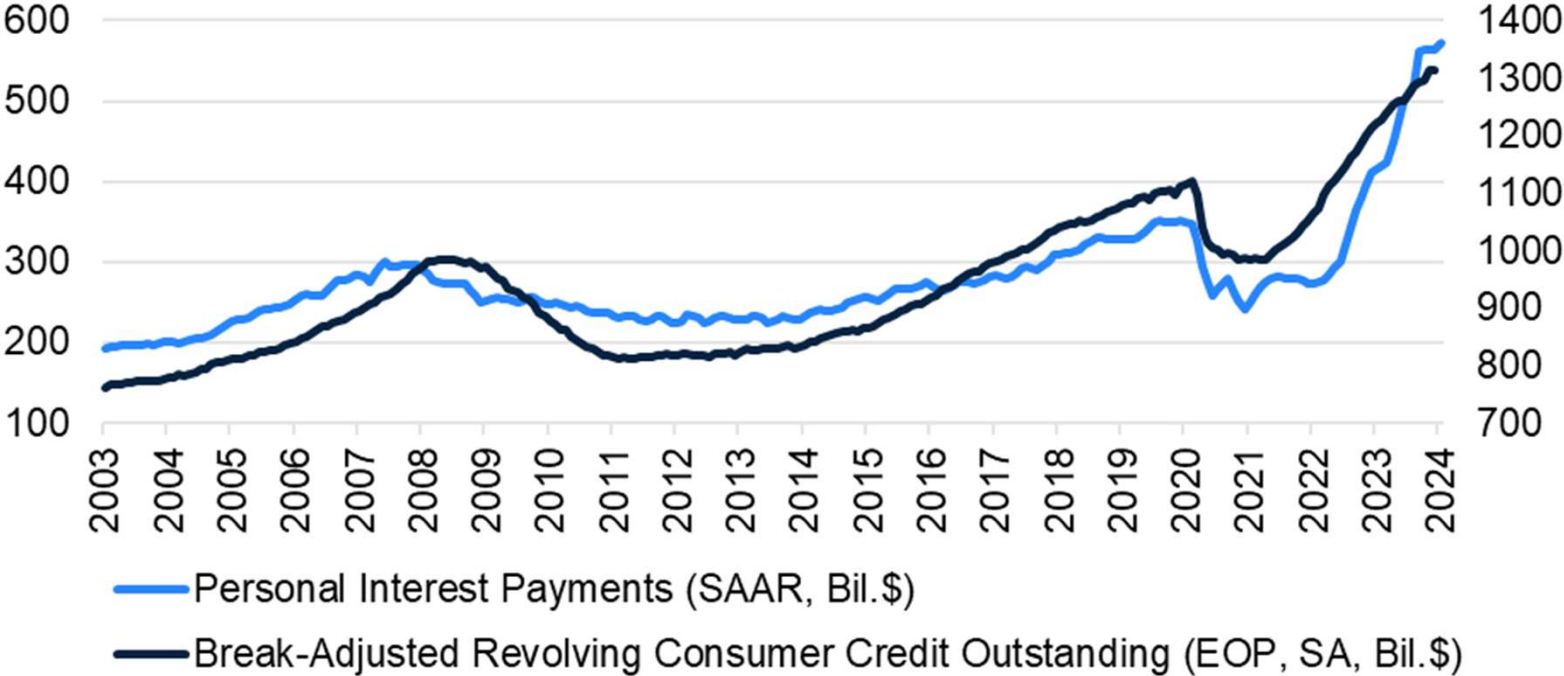


Sources: Bureau of Economic Analysis and The Conference Board.



Consumer Spending Increasingly Fueled by Debt

Consumer Credit Card Debt and Non-Mortgage Interest Payments (Billions US\$)

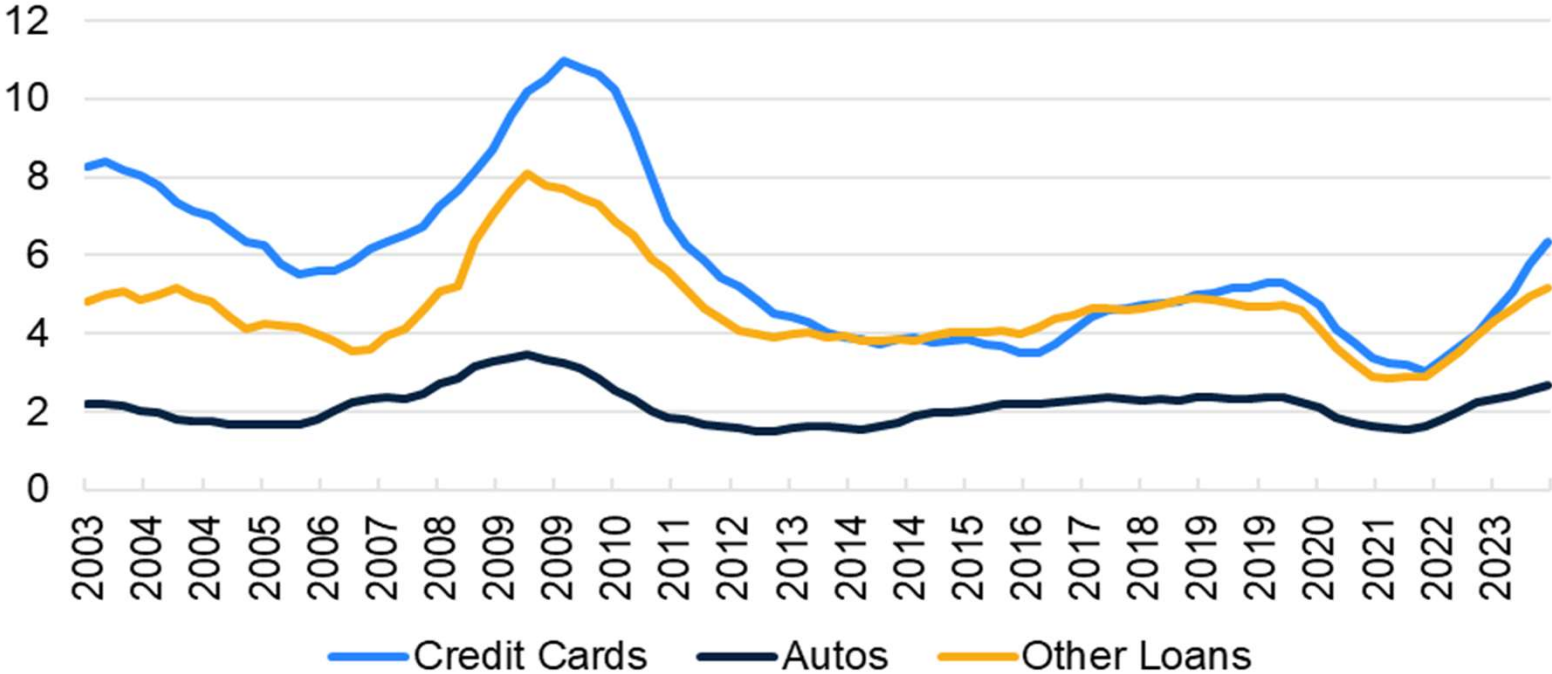


Sources: Bureau of Economic Analysis, Federal Reserve Board/Haver Analytics, and The Conference Board.



Delinquencies On the Rise

NY Fed Credit Panel: New Seriously Delinquent Balances (% of Current Balances): 90+ days

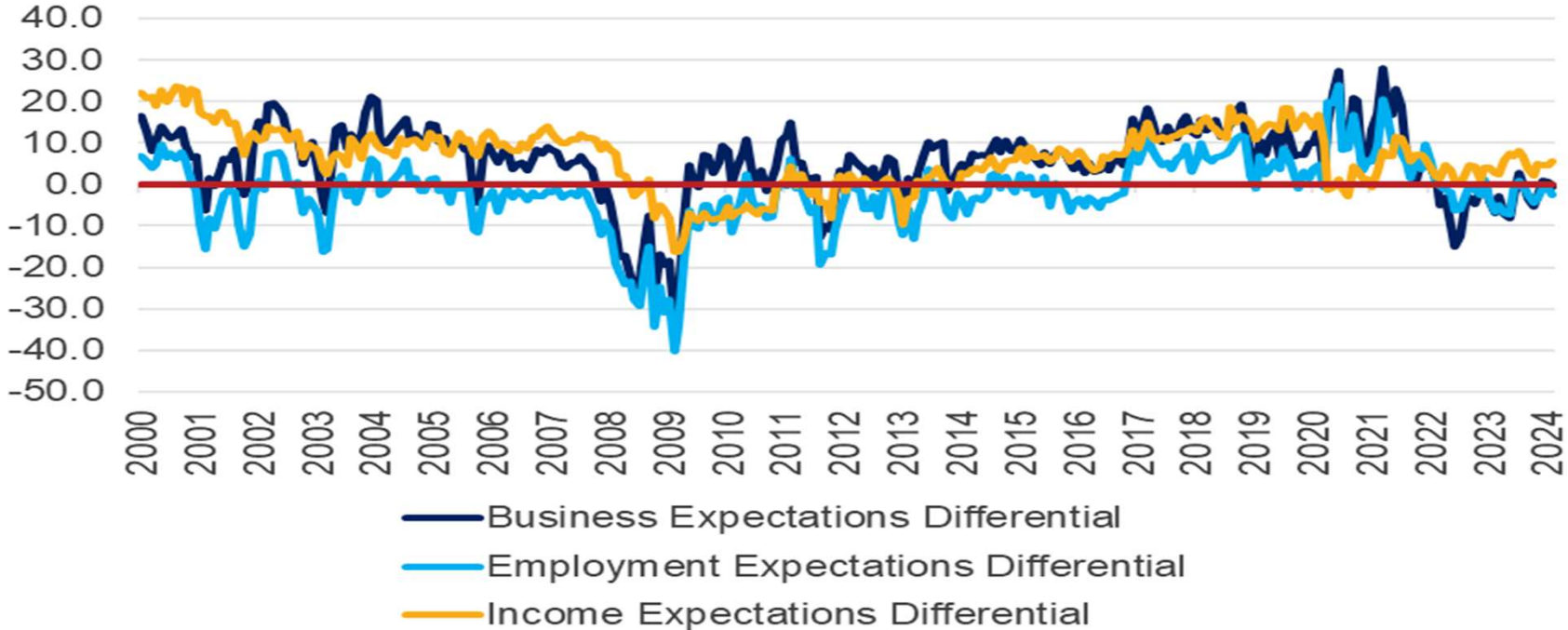


Sources: FRBNY Consumer Credit Panel/Equifax and The Conference Board® Forecasts, January 2024



Differentials – Expectations: Mixed

Consumer's Net Expectations (Positive Percentage Means Better Expectations Exceeded Worse Expectations)



Source: The Conference Board.



Recession Expectations Generally Lower

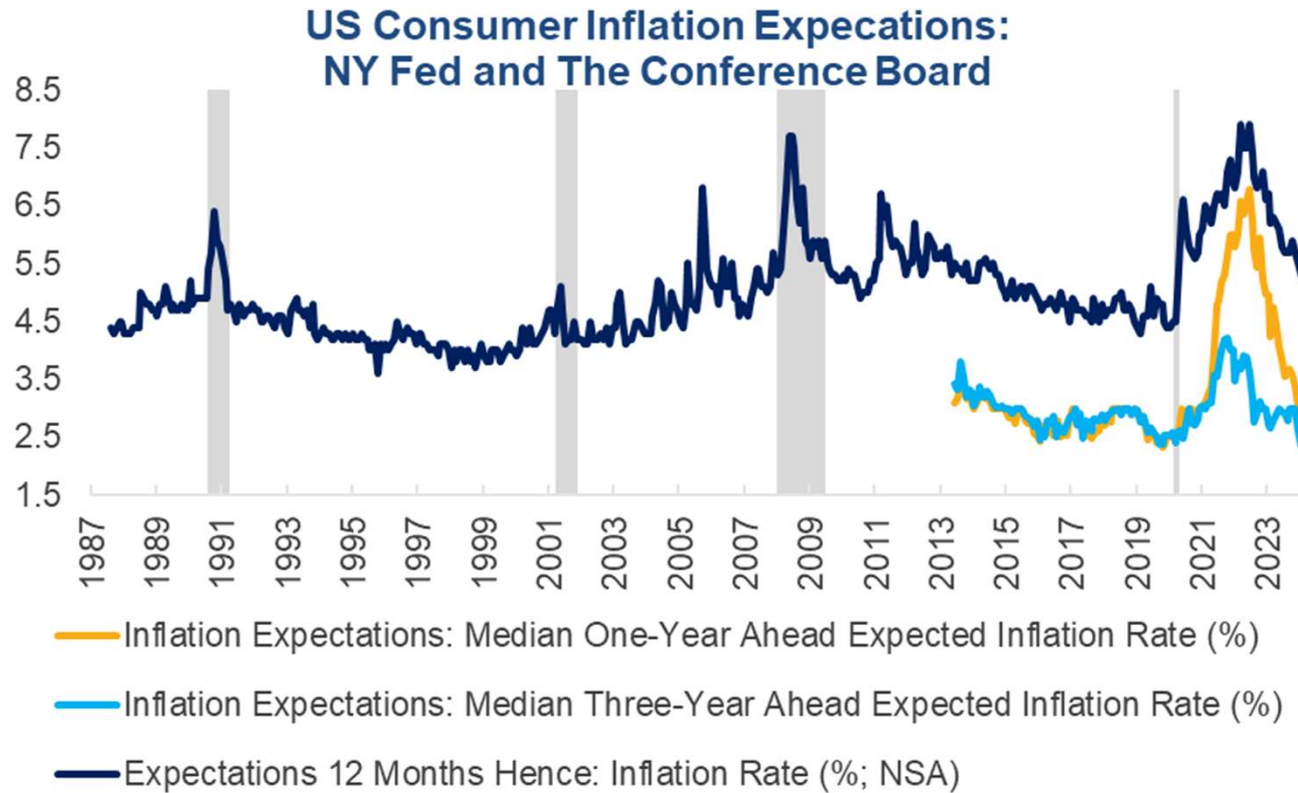
Perceived likelihood of a US recession over the next 12 months
"Somewhat + Very Likely" (Percent)



Source: The Conference Board, Consumer ConfidenceSurvey®



Inflation Expectations – Falling But Still Elevated

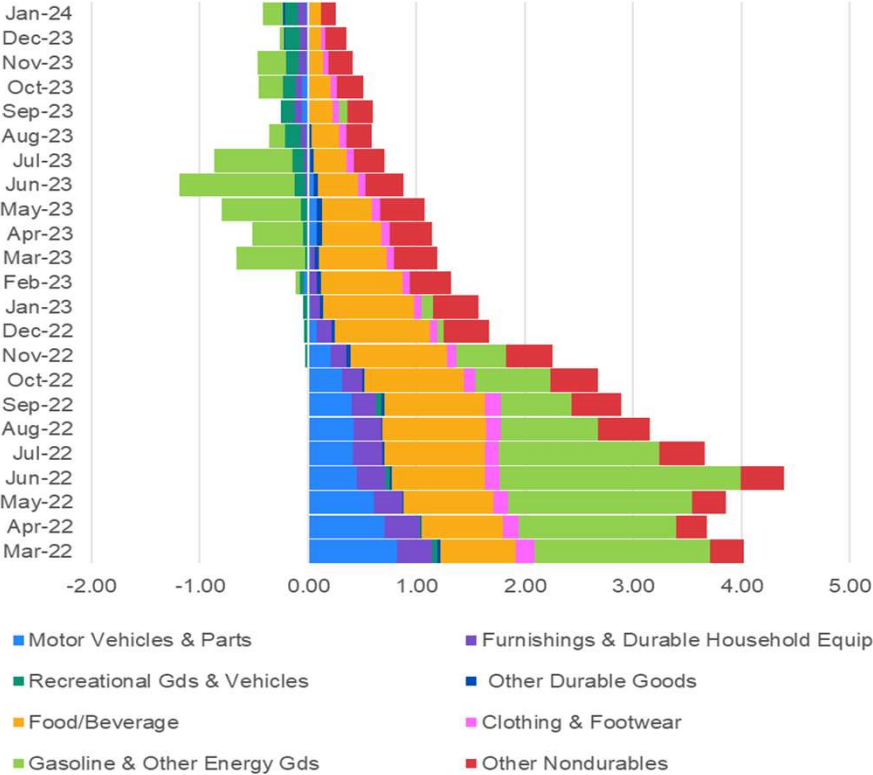


Note: The Conference Board's Average inflation.
Source: Federal Reserve Bank of New York The Conference Board.

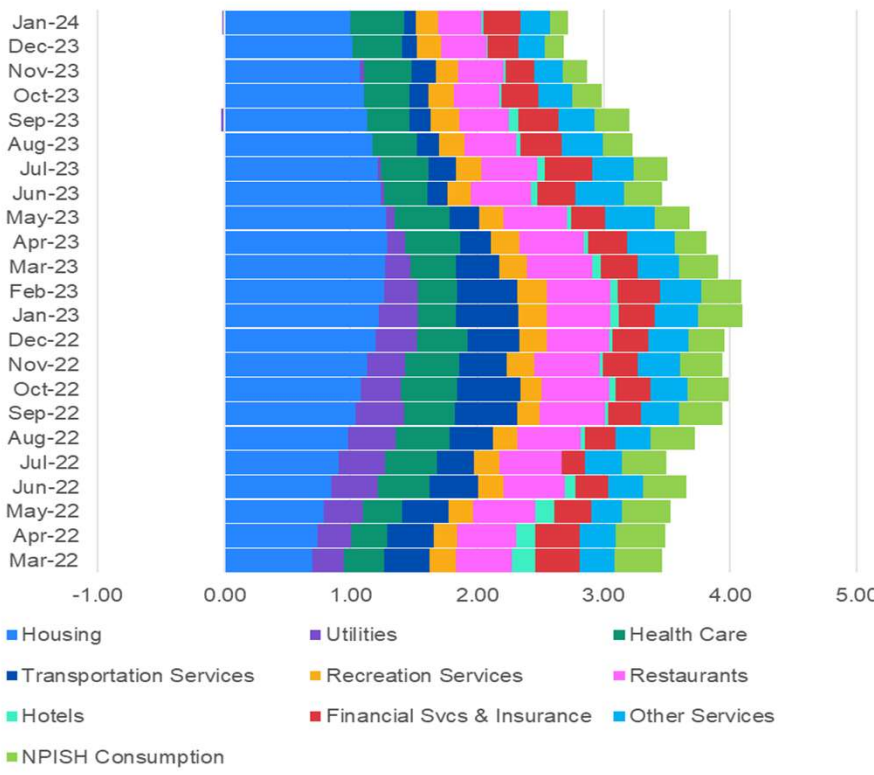


What is Driving Inflation – PCE Deflator

US: Contributions to YoY% Change in PCE Deflator - Goods



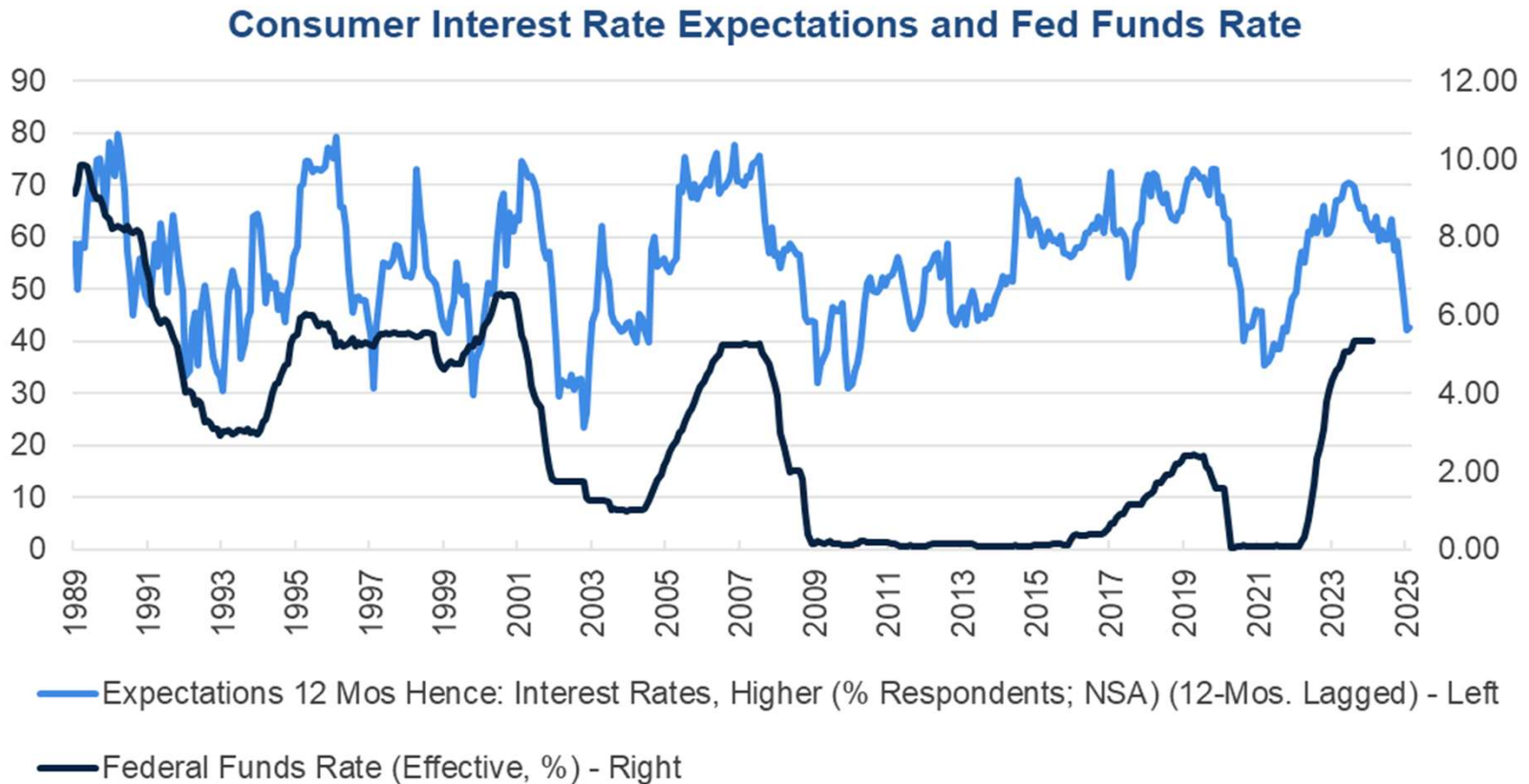
US: Contributions to YoY% Change in PCE Deflator - Services



Sources: Bureau of Economic Analysis and The Conference Board.



Interest Rate Expectations – Rate Cuts This Year Expected

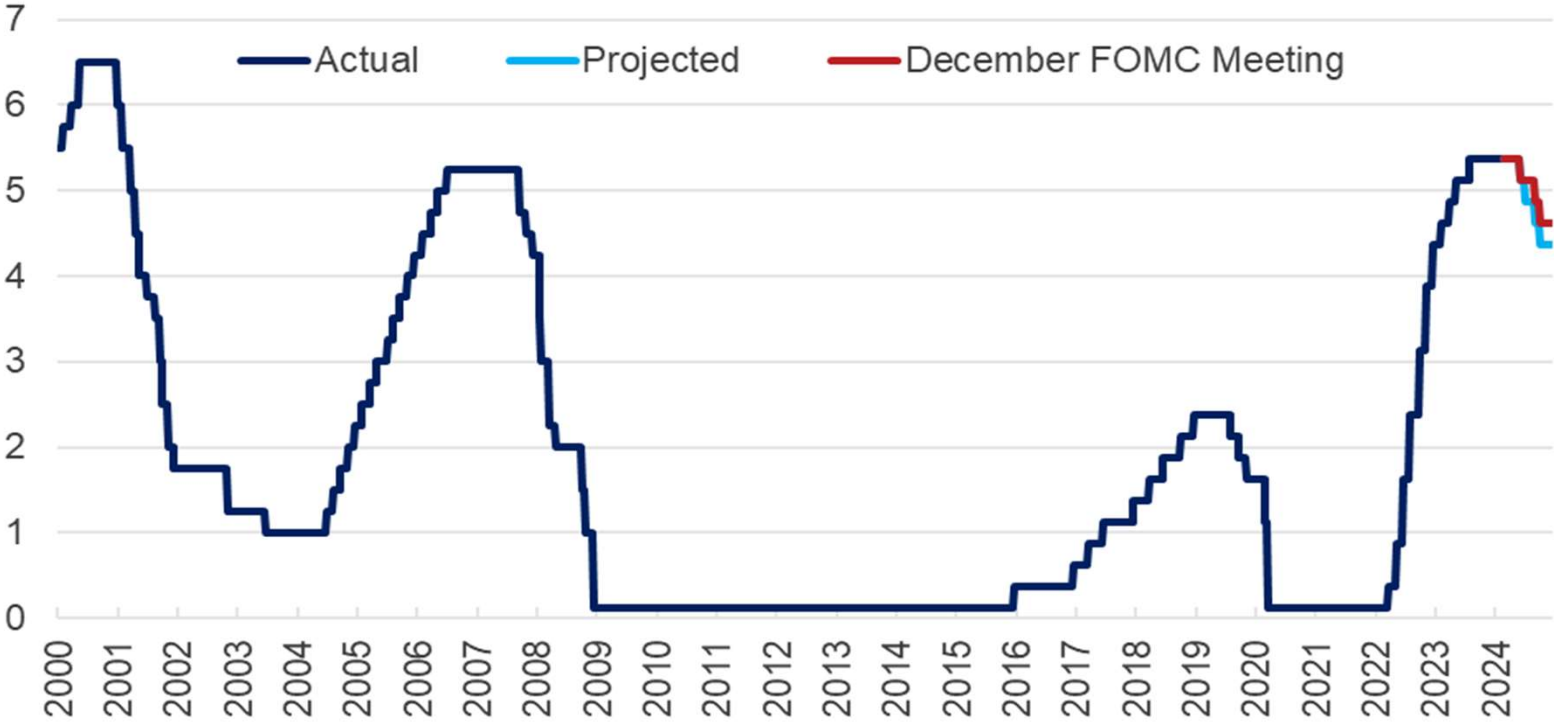


Sources: Federal Reserve and The Conference Board.



Fed Likely On Pause Until Mid-2024

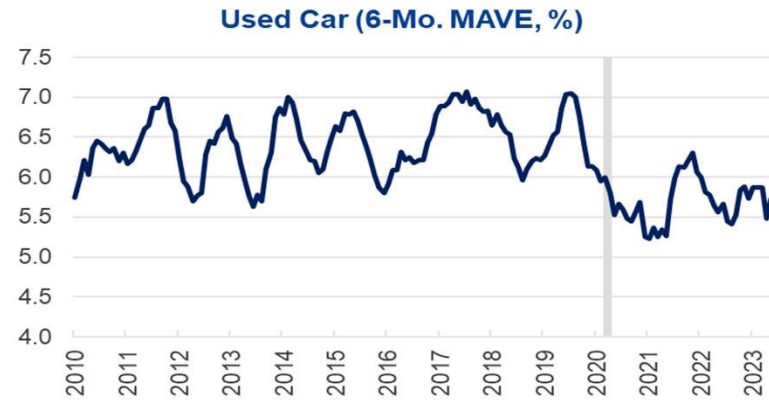
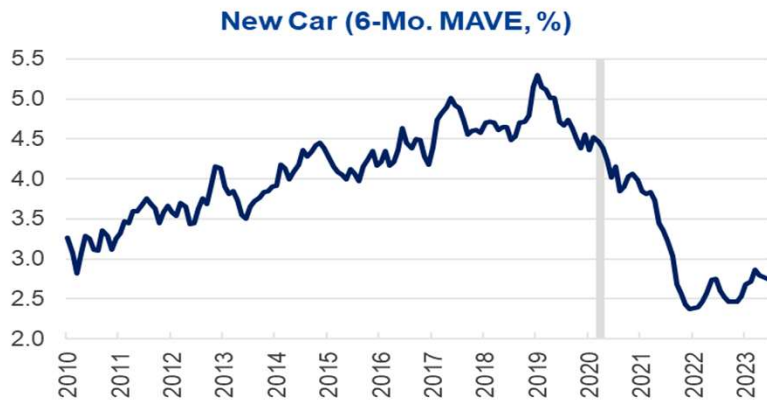
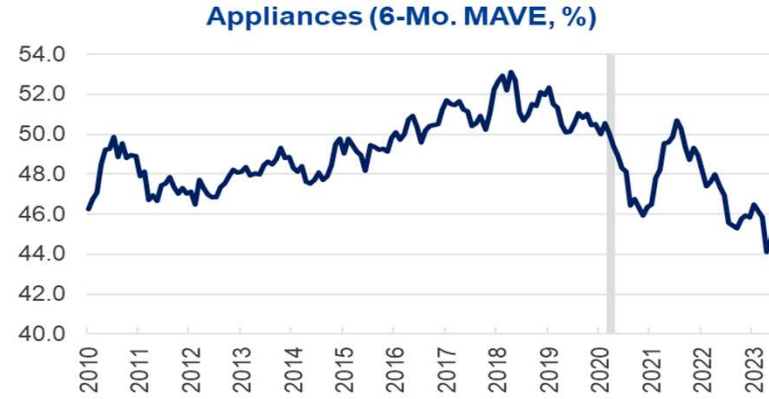
US: Federal Funds Rate Target (Midpoint of Range, %)



Sources: Federal Reserve Board and The Conference Board® Forecasts, January 2024



Buying Plans – Generally Weakening for Durables

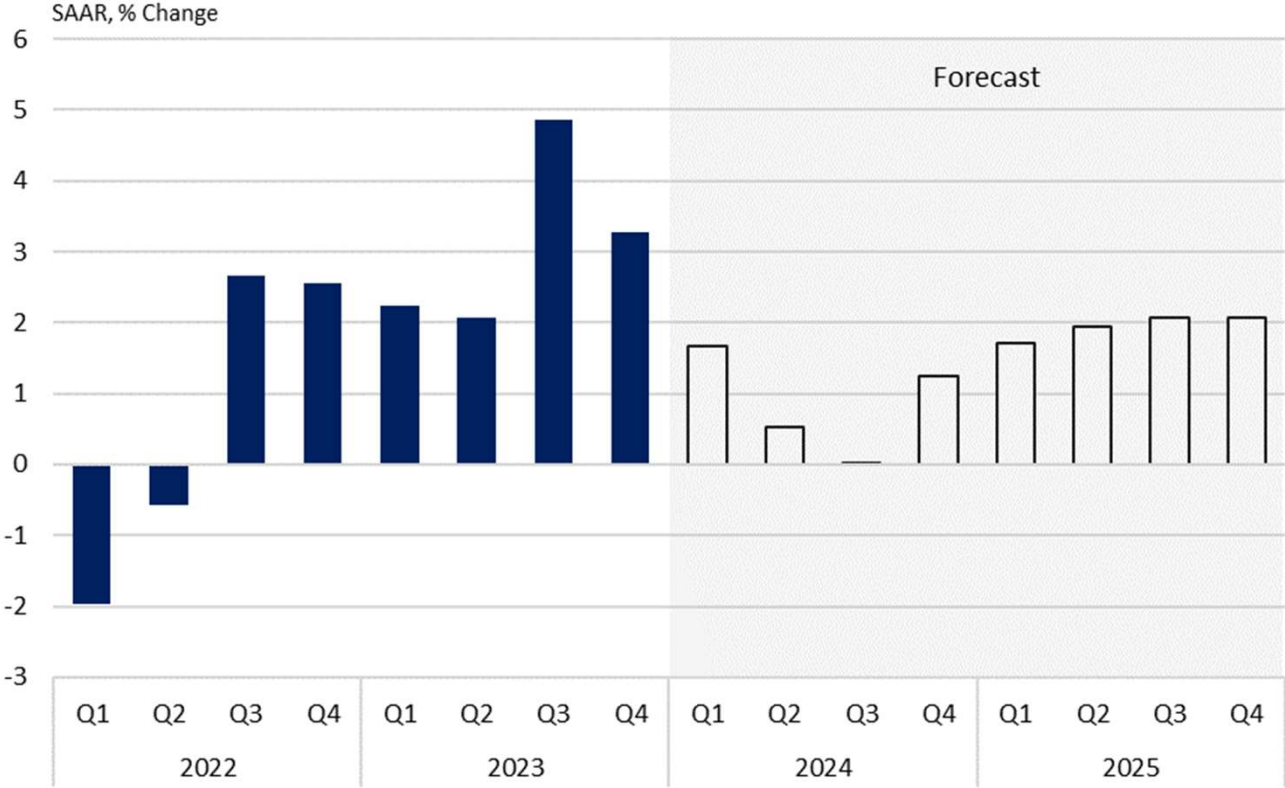


Source: The Conference Board.



No recession in 2024, but numerous headwinds should cool GDP growth

The Conference Board US Economic Outlook Gross Domestic Product Growth



Source: BEA, The Conference Board

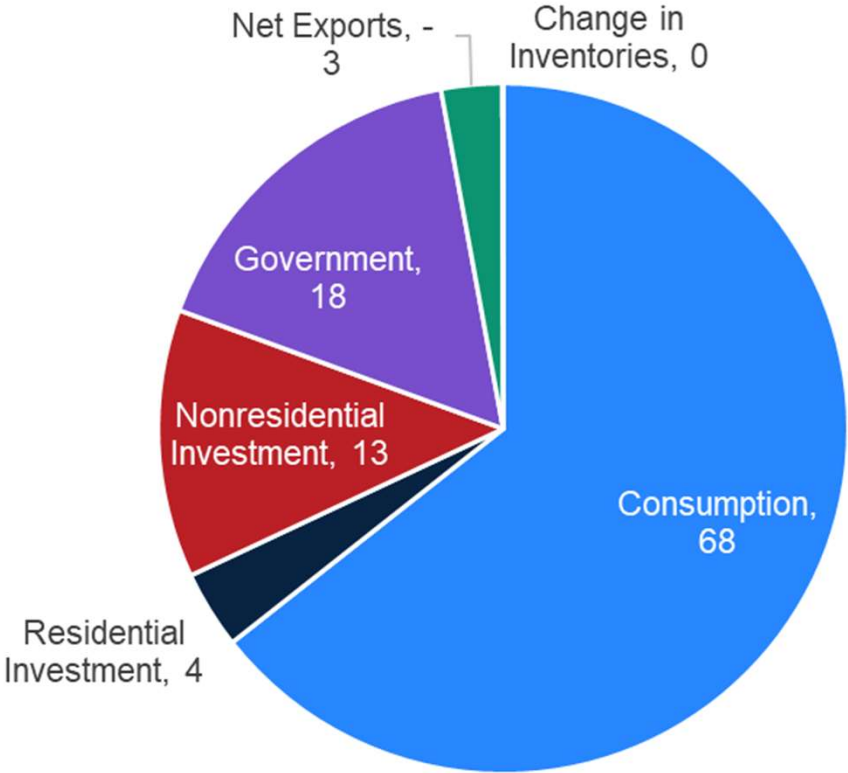
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US CEO Confidence

Why CEO Confidence Matters

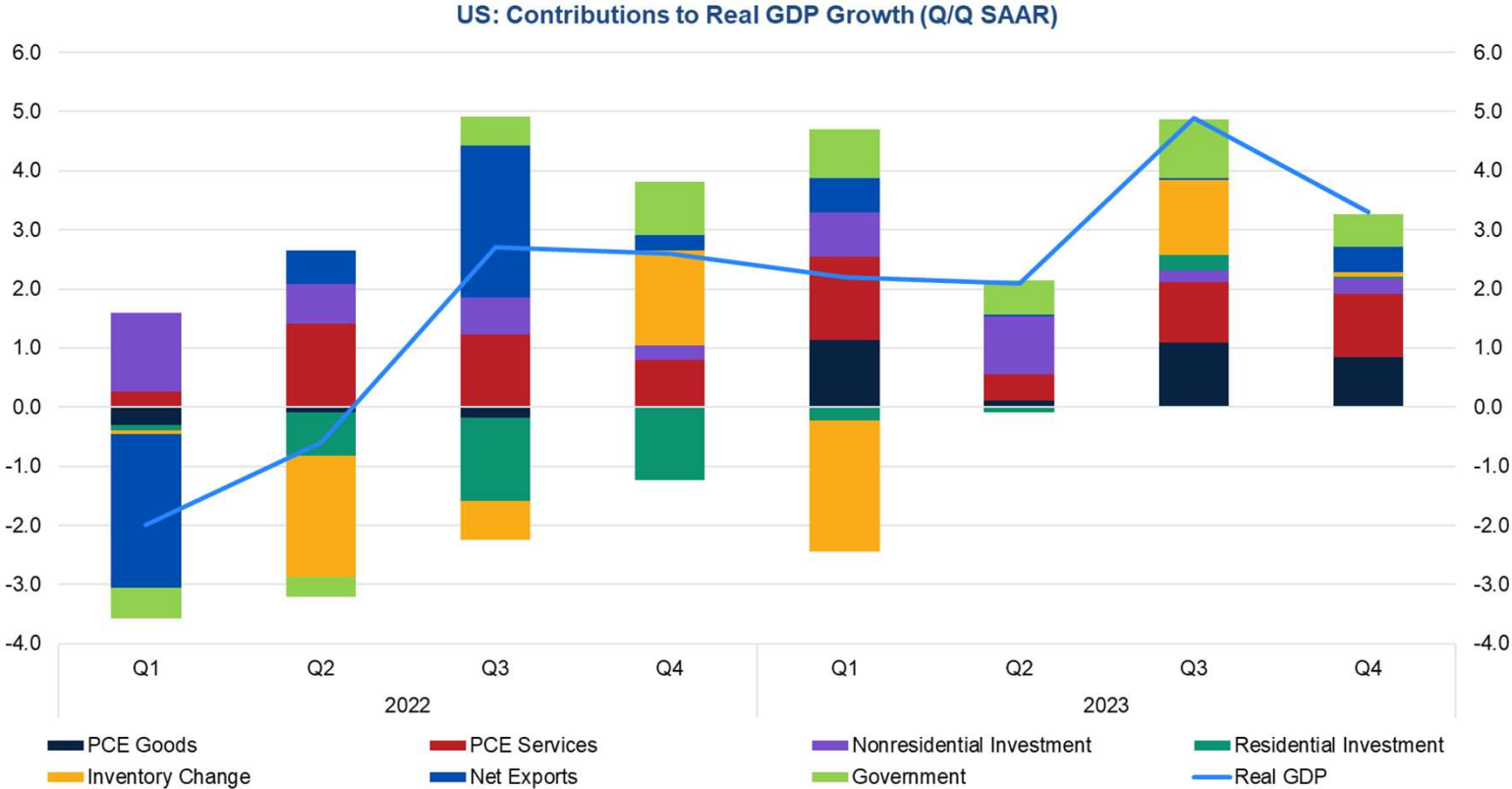
Components of US GDP (Nominal)



Sources: Bureau of Economic Analysis and The Conference Board.



CEOs Determine Investment, Trade, Inventories

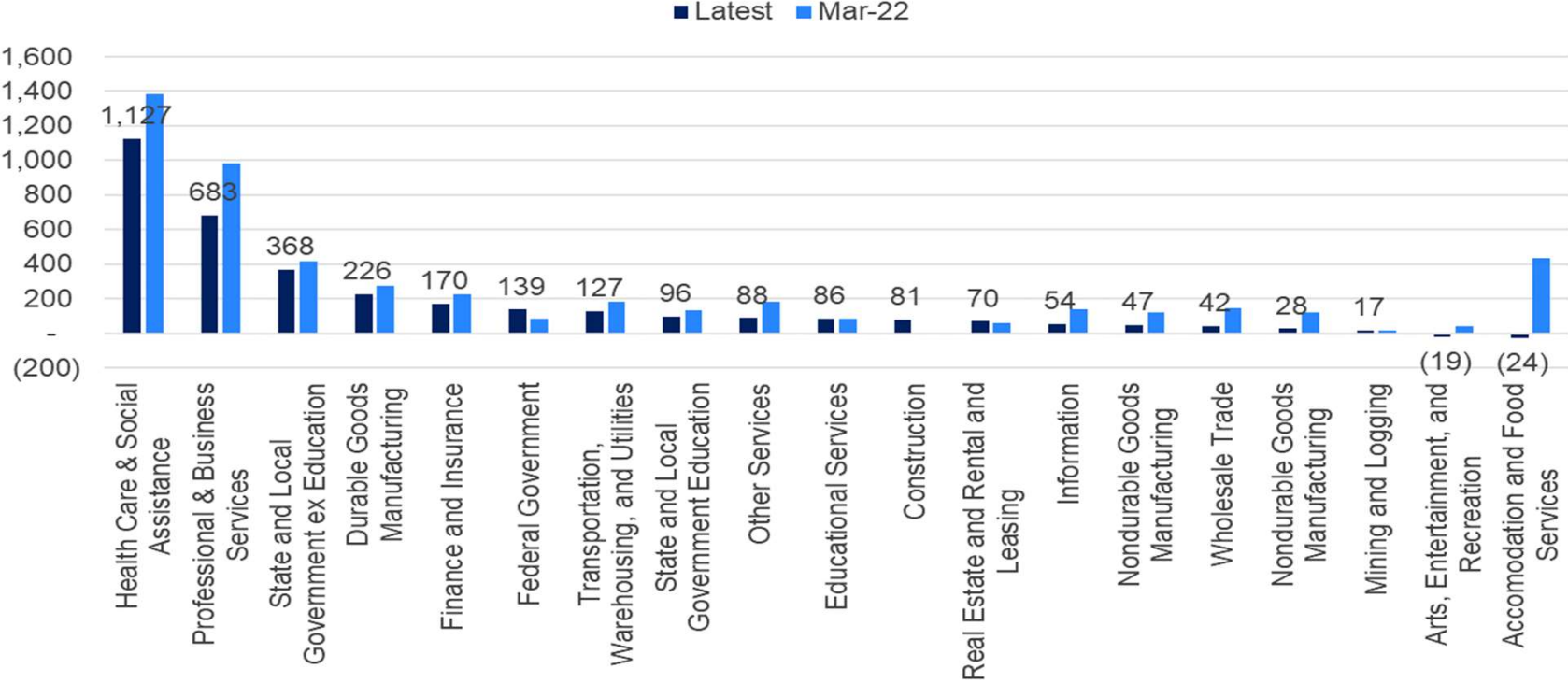


Sources: Bureau of Economic Analysis and The Conference Board.



Labor Management Affects Economy

US - Gap Between Jobs Open and Hires: December 2023 vs. March 2022
(Thousands of Openings)



Sources: Bureau of Labor Statistics and The Conference Board.



Comparing Measures

		Recession	Inflation	Business Conditions	Employment	Economy	Capital Expenditure	Sales	Other
The Conference Board Measure of CEO Confidence™ for the US									
1	CEO Confidence								
2	Current Economic Conditions vs. 6mos ago			X					
3	Expectations for economy, 6 mos ahead					X			
4	Expectations for own industry, 6 mos ahead			X					
Separate Questions									
6	Current economic conditions in own industry vs 6 months ago			X					
7	Hiring Qualified People: Expected Difficulty (next 12 mos)				X				
8	Hiring Qualified People: Expected Difficulty (next 3 yrs)				X				
9	Employment: Expected Expansion (next 12 mos)				X				
10	Employment: Expected Expansion (next 3 yrs)				X				
11	Wages: Expected increase (next 12 mos)		X						
12	Wages: Expected increase (next 3 yrs)		X						
13	Capital Spending: Expected revisions to plans (next 12 mos)						X		
14	Capital Spending: Expected revisions to plans (next 3 yrs)						X		
Special Questions									
16	Recession View	X							
17	Geopolitics								X
18	Monetary or fiscal policy								X
19	Business activities								X
20	Current Events								X
21	NFIB				2	1	1	1	5
22	BRT				1		1	1	

Source: The Conference Board.



CEO Confidence Picking Up

The Conference Board *Measure of CEO Confidence*™

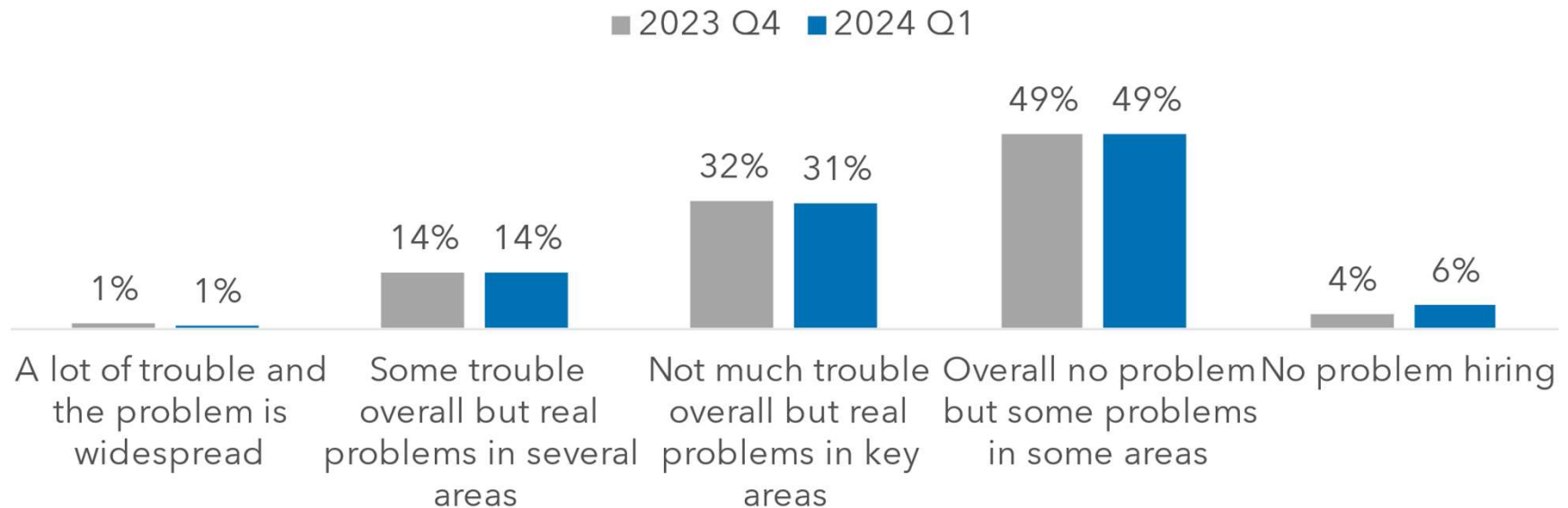


Note: Shaded areas indicate periods of recession.
Sources: The Conference Board; The Business Council; NBER



The degree of difficulty attracting qualified workers was little changed from last quarter

Hiring Qualified People: Expected degree of difficulty in attracting qualified people in the next 12 months



Note: Percentages may not add to 100 due to rounding.

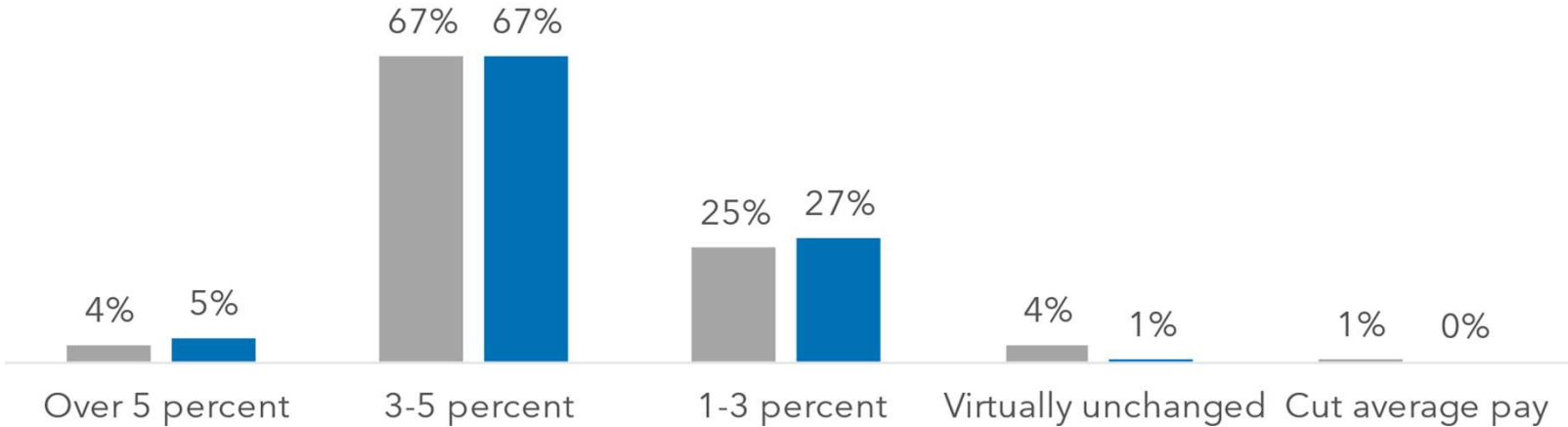
Source: The Conference Board **Measure of CEO Confidence**™ in collaboration with The Business Council



Most CEOs plan to raise wages by more than 3% this year

Wages: Expected increase in wages paid to employees in the next 12 months

■ 2023 Q4 ■ 2024 Q1



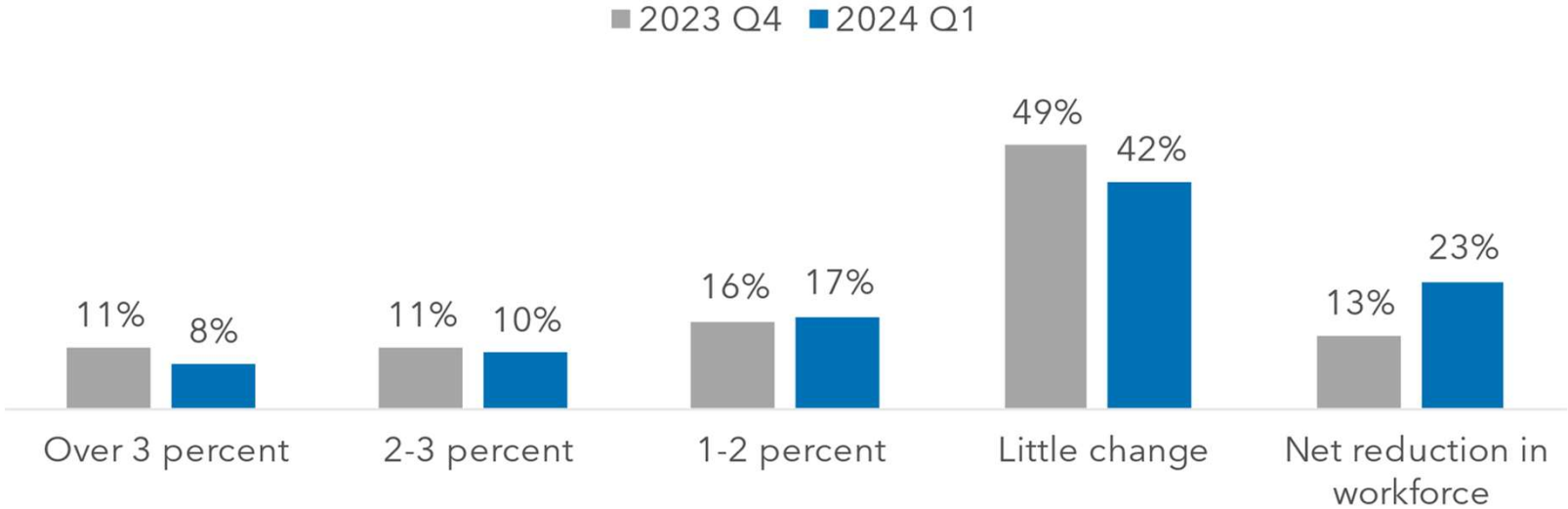
Note: Percentages may not add to 100 due to rounding.

Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council



While many companies are not altering payrolls, the portion expecting to lay off workers rose in Q1 from Q4

Employment: Expected expansion of workforce, aside from acquisitions in the next 12 months



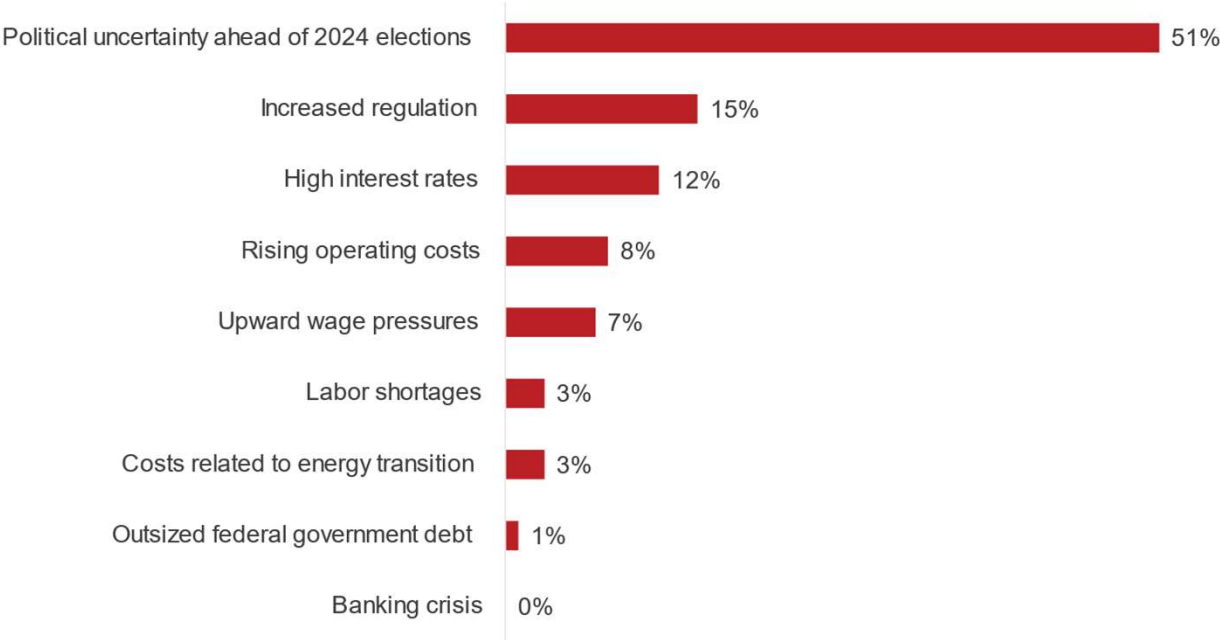
Note: Percentages may not add to 100 due to rounding.

Source: The Conference Board **Measure of CEO Confidence**™ in collaboration with The Business Council



CEOs cite political uncertainty ahead of 2024 elections as the main US challenge affecting business this year

What will be the greatest **US challenge** affecting businesses this year?

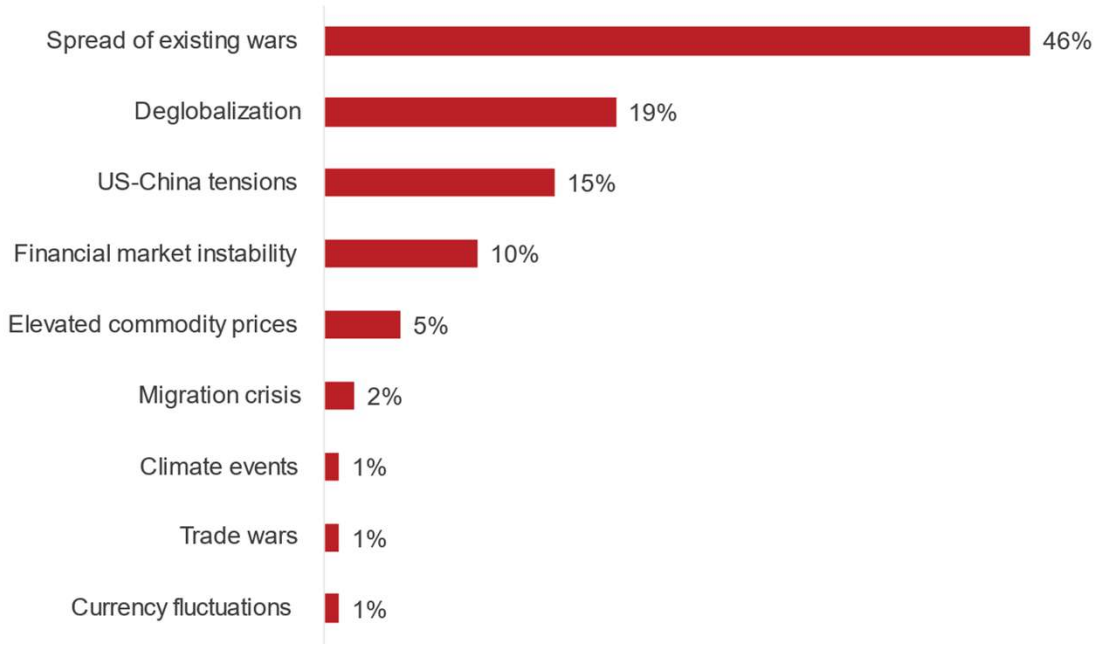


Source: The Conference Board *Measure of CEO Confidence* in collaboration with The Business Council, 1st quarter 2024



The spread of existing wars was seen as the greatest global challenge for businesses this year

What will be the greatest **global challenge** affecting businesses this year?

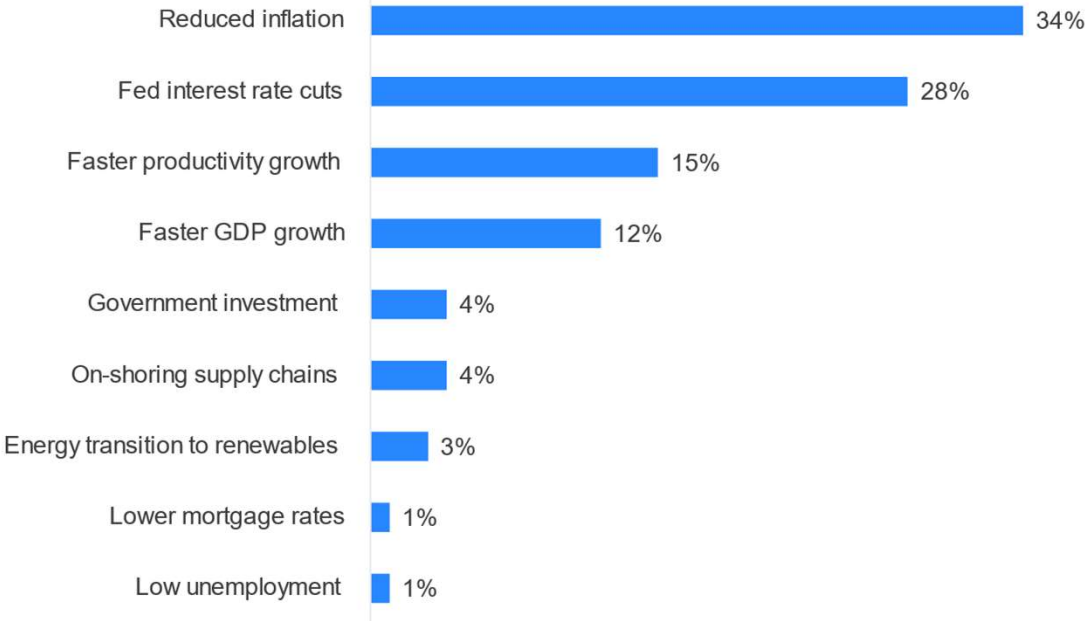


Source: The Conference Board *Measure of CEO Confidence* in collaboration with The Business Council, 1st quarter 2024



CEOs look forward to reduced inflation and Fed interest rate cuts in the year ahead

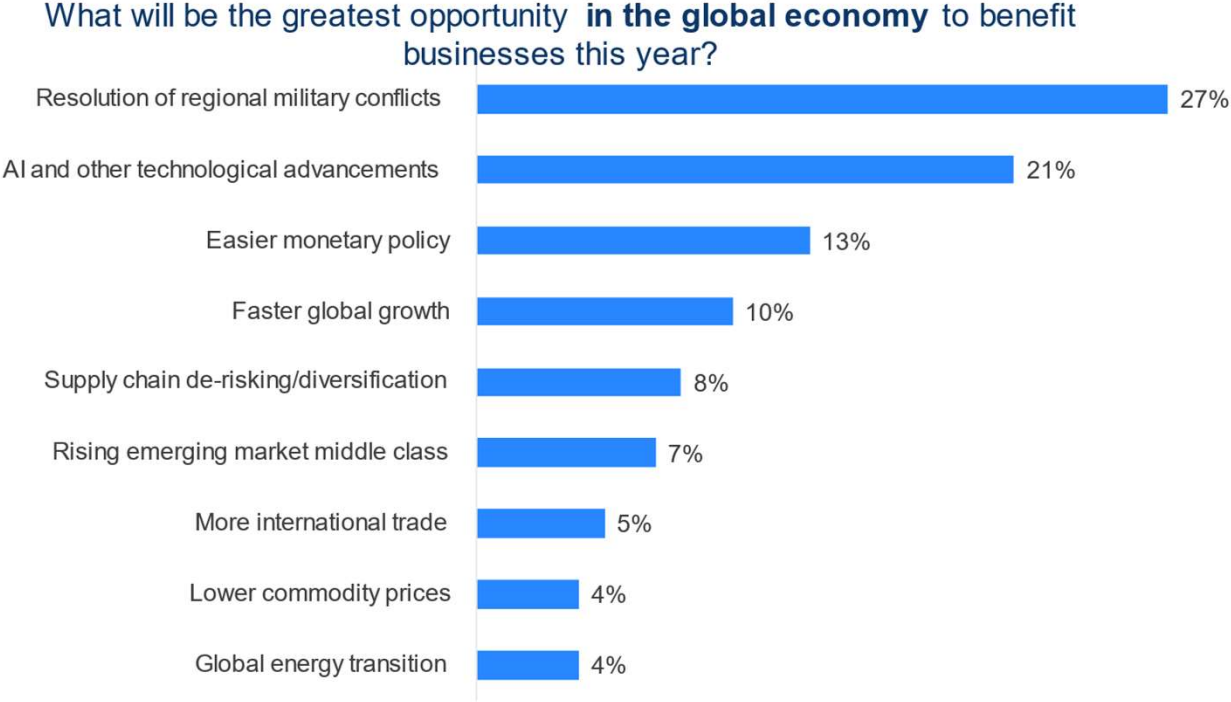
What will be the greatest opportunity **in the US economy** to benefit businesses this year?



Source: The Conference Board **Measure of CEO Confidence** in collaboration with The Business Council, 1st quarter 2024



The resolution of regional military conflicts was selected as the greatest global opportunity for this year

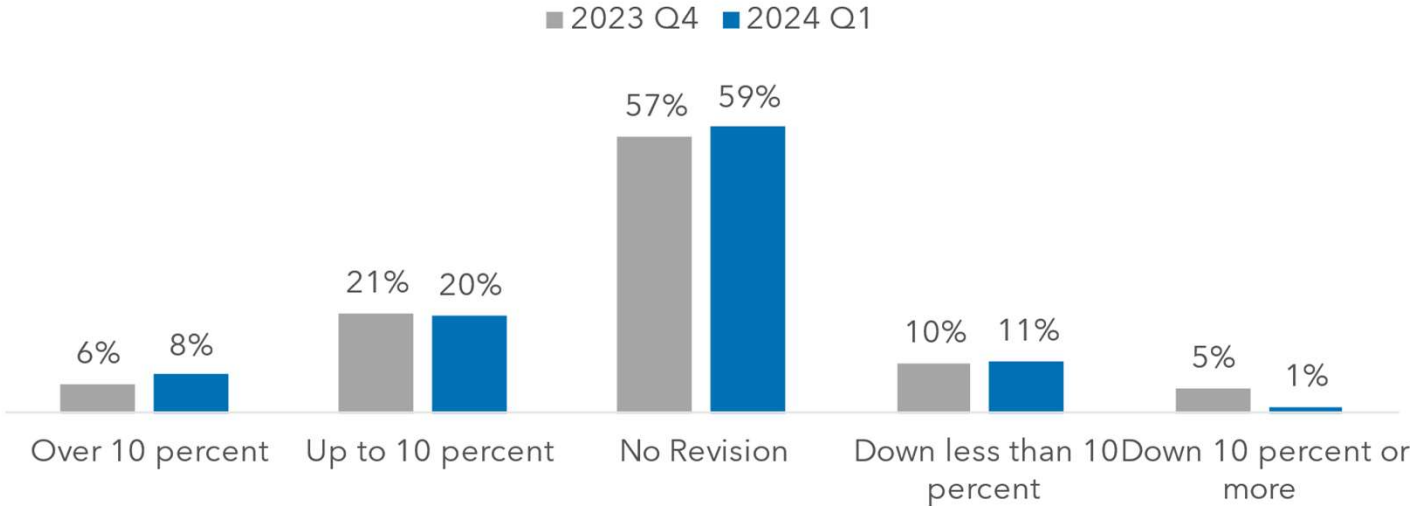


Source: The Conference Board **Measure of CEO Confidence** in collaboration with The Business Council, 1st quarter 2024



Most CEOs are not planning to revise capital spending plans

Capital Spending: Expected revisions to capital spending plans



Note: Percentages may not add to 100 due to rounding.
Source: The Conference Board *Measure of CEO Confidence*™ in collaboration with The Business Council



The Conference Board



CED / Public Policy



Economy, Strategy & Finance



Environment, Social & Governance



Human Capital



Marketing & Communications



Economy, Strategy & Finance (ESF) Center



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