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Bloomberg ® Consumer Comfort Index™ Weekly Analysis

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Consumer sentiment closed its best first quarter since 2007 this week, halting an early spring skid to boot.

At -30.0 on its scale of -100 to +100, the Bloomberg Consumer Comfort Index stabilized after a 3.9-point dip the two previous weeks. It now essentially matches its average for the year, right on the edge of its traditional recovery zone, the -20s.

Best is the CCI's standing by comparison with recent years: The index's Q1 average of -30.1 this year compares with -34.5 in the same period last year and a range from -39.5 to -49.9 in the first quarters of 2009 through 2012. It was -30.5 in Q1 2008, much like its level today, and hasn't been better since -2.2 in Q1 2007, before consumer sentiment tanked in the Great Recession.

Clearly it has far to go; the index today compares with a long-term average of -16.5 in weekly polls since late 1985. And it's been sluggish this year, befitting the still-weak job market, slow income growth and, lately, sharply rising gas prices, now at a six-month high. These and other factors pose continued risk, even with the improvement in consumer views in Q1 comparisons.

The weekly CCI, produced by Langer Research Associates, is based on Americans' ratings of the current national economy, the buying climate and their personal finances. Among them:

- The personal finances subindex, at +0.5, is positive again after dipping into negative territory last week. While that's not a statistically significant change, last week's unwelcome negative score was a first since last November. The subindex now is 10.1 points off its 28-year average; nonetheless its Q1 average of +2.3 is its best first quarter since 2007.
- While also not showing significant movement, the buying climate subindex, at -37.0, this week is its best since mid-January. It's 8.4 points from its long-term average; still, its Q1 2014 average, -38.6, is likewise its best since 2007.
- The national economy subindex, as usual, is the weakest of the three measures; at -53.3 it's 21.7 points off its long-term average. Its Q1 average, -54.1, is its best in first quarters since 2008.

A sharp partisan divide in economic views continues, with the index at -13.9 among Democrats compared with -37.8 among Republicans. That 23.9-point gap is the third largest by which the CCI among Democrats has exceeded its level among Republicans in available data since the mid-1990s. The largest was just last week.

Among political independents the CCI is -35.6, far closer to its level among Republicans than Democrats – a key reason the Democratic Party is at particular risk in this year’s midterms.

Among other groups, the 4.4-point difference in the index among whites, -29.5, vs. blacks, -33.9, is its smallest since early September, a period in which the racial gap averaged 12.6 points.

The index remains its best among those with annual incomes of \$100,000 or more, now +10.5. It’s been positive in this group for nearly 14 months straight, although today’s number is 10.0 points off its 2014 high in early March.

Strongly influenced by personal income, the index drops to -21.5 among those in the \$50,000-\$100,000 range, and to -46.0 among Americans with household incomes less than \$50,000 a year.

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