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## **Bloomberg ® Consumer Comfort Index™ Weekly Analysis**

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**Contact: Langer Research Associates, 212 456-2621  
info@langerresearch.com**

The Bloomberg Consumer Comfort Index has surged to its second-best level since the early days of the Great Recession, boosted by improving views of personal finances – their most positive in six years – and an improving outlook particularly among men and the better-off.

Based on Americans' ratings of the national economy, the buying climate and their personal finances, the CCI now stands at -25.4 on its scale of -100 to +100, up 6.5 points in two weeks to its highest in more than eight months, a reading that in turn was its highest since January 2008.

Americans' ratings of their personal finances, moreover, with a subindex value of +8.0, are up 10.9 points in two weeks to their most positive since April 2008. That comports with a Labor Department report last week indicating a rise in median weekly wages in the first quarter.

While previous advances have stumbled, the results mark a fresh chance for consumer sentiment to break out of its long-running slump. Most recently, after a rally late last summer, the CCI flattened, then tumbled in the midst of last fall's federal government shutdown, returning to a long winter of discontent. It hovered in a 5.5-point band this year before this week's breakout.

The advance is a notable one in that it's occurred despite rising gasoline prices, usually a drag on consumer attitudes. Gas reached its highest in 13 months this week. This week's report of slowing existing home sales, potentially a sign of a cooling economy, also is cause for concern.

That said, the Federal Reserve's latest beige book report, released in mid-April, found economic growth in 10 of the 12 Fed districts, including slight gains in consumer spending and higher loan demand.

This week's CCI results, produced by Langer Research Associates, include the following:

- As noted, the personal finances subindex, at +8.0, is its best in six years – and now just 2.6 points off its 28-year average. It's been as low as -22 in June 2009.
- The buying climate subindex, at -34.4, is its best since the first week of the year, 5.8 points from its long-term average.

- The national economy subindex remains the weakest of the three measures. At -49.9, it's 18.3 points off its long-term average. Nonetheless, it's an improvement over its recent low, -60.1 in January, as well as last year's average, -57.5.

By groups, the index among Americans with annual incomes of \$100,000 or more, +24.7, is its best since November 2007. It declines to -14.0 among those in the \$50,000-\$100,000 range, then plunges to -42.2 among the half of Americans with household incomes less than \$50,000 a year, with both groups near their 2014 averages.

The gender gap has widened, with the CCI its best in more than six years (since January 2008) among men, -13.2, but a far weaker -37.0 among women, almost exactly their average since the beginning of 2013. The gap between the two – 23.8 points – is its highest in 40 months.

By region, confidence is highest in the Northeast, where, at -18.1, the CCI is its second-best since December 2007 (its best was just last week). That compares with -23.8 in the South (better than its 2014 average of -30.7), -27.1 in the West and -32.7 in the Midwest, both near their averages for the year.

In partisan terms, the CCI has been better among Democrats than Republicans (-20.4 vs. -30.3 this week) for six months straight, a relatively rare occurrence historically. Likely more important, with the midterm elections in sight, is its level among potentially swing-voting independents: -27.0, its best in this group since mid-August.

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