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Bloomberg ® Consumer Comfort Index™ Weekly Analysis

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The Bloomberg Consumer Comfort Index held essentially steady this week at one of its best readings since shortly after the Great Recession began, led by continued comparatively strong ratings of personal finances and the buying climate. But weakness in views of the national economy underscore persistent challenges to full recovery.

At 37.1 on its newly rebased scale of 0 to 100, the CCI remains above 37.0 for the third week straight – its best since late January 2008, other than a 38.3 score early last August. Its recent run anticipated last week’s improved jobs report.

The CCI, produced by [Langer Research Associates](#), is based on Americans’ ratings of the national economy, their personal finances and whether or not they see this as a good time to spend money. Among them:

- The personal finances subindex is 54.0 this week, barely off last week’s six-year high and just 1.3 points from its long-term average in continuous weekly data since late 1985. It’s been above its midpoint of 50.0 in 16 of 18 weeks so far this year.
- The buying climate subindex, at 34.5 is second only to last week’s reading as its best since early November 2007, and 1.2 points from its long-term average.
- By contrast, the national economy subindex, at 22.9, is its lowest in three months, and remains the feeblest of the three measures, 11.3 points off its average.

The daily “Bloomberg Brief” reported this week (Tuesday, May 6) on the CCI’s utility in modeling personal expenditures and stock market trends. That analysis built on a forthcoming paper on the subject, available [here](#).

While the CCI is recovering, the pace has been painfully slow. The overall index remains 4.6 points off its long-term average and 8.2 points from its pre-recession average. Projecting into the future based on its trendline since the official end of the recession in June 2009, it’d take another 4.6 years for the index to regain its pre-recession level of 45.3 – 11 years after the recession began.

The economy could pick up steam and regain its pre-recession level sooner – or suffer additional setbacks, postponing the full-recovery mark even further.

Rising gas prices have been worrying – they often correlate with falling consumer sentiment – but, encouragingly, this week was the first since early February without an increase. Along with better jobs numbers, personal income, personal spending and construction spending were up in March, albeit off a weak base.

At the group level, the CCI reached 41.0 among homeowners this week, tying its best in this group since December 2007. (It also reached this level in mid-July.) In one of the few other long-term highs this week, the index again is its best since late 2007 among Southerners.

At 58.3, the CCI's surpassed its midpoint among those earning \$100,000 or more for 66 weeks in a row; it's also in its third week straight above 50.0 in the much-broader \$50,000-plus income bracket (now 50.2), a sign the recovery may be broadening somewhat. Still, the index drops sharply, to 27.5, among those earning less than \$50,000.

The CCI among blacks, 38.3, is its best since August, and numerically exceeds its level among whites, 37.0, for the third time in five weeks. For perspective, the long-term average is 11.8 points higher among whites than blacks.

The index was rescaled starting last week to a 0-100 basis for ease of interpretation; the change has no impact on its underlying values or relationships among variables. It does mean the index will move in a tighter frame; a 4-point movement in the old scale is equivalent to a 2-point shift in the new one. See details [here](#).

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