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Bloomberg ® Consumer Comfort Index ™ Weekly Analysis

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After reaching its highest for the year two weeks ago, the Bloomberg Consumer Comfort Index retreated this week with the largest weekly loss in seven months, accompanied by sharp drops in ratings of personal finances and the buying climate.

The CCI lost 2.2 points this week, falling to 34.9 on its newly rebased scale of 0 to 100. The drop was felt across all three of the index's components: Views of the national economy continued to struggle, and personal finances and the buying climate subindices, gaining lately, both fell.

The index overall is its lowest since early April, down 3.0 points in the last two weeks. Its one-week setback is its largest since the government shutdown hit consumer sentiment hard in mid-October. Drops this large or larger have occurred only 45 times in nearly 1,500 weeks of continuous polling.

Still, the CCI is better than it was in mid-October (32.9) and has averaged 35.3 so far this year. That's on track as its best yearly average since 2007, but still far from its long-term average in data since late 1985, 41.7.

The CCI is produced by [Langer Research Associates](). Among its components, the national economy subindex, now at 21.5, is its worst since early February, down 4.5 points from its 2014 high in early March. The index is now 12.7 points lower than its long-term average.

Ratings of personal finances and the buying climate are comparatively better, at 50.8 and 32.2 this week, just 4.5 and 3.5 points off their averages, respectively. But in a worrying move, each dropped substantially in the last week, by 3.2 and 2.3 points, a pullback from long-term highs they reached just two weeks ago. One-week drops of at least this magnitude for these subindices have only happened 21 and 63 times, respectively.

Among recent indicators, retail sales inched up a much lower-than-expected 0.1 percent in April following two strong months. While the rise in gas prices seems to have paused, the pace of economic recovery remains slow and unemployment's still high despite recent improvements.

Among groups, the CCI is its lowest since late January among part-time employees, at 29.6, much closer to its level among those not employed for pay (31.8) than those who are employed full-time (39.4). Among renters it's a low since mid-December, 26.9, compared with a much higher 39.8 among homeowners.

Substantial differences by income remain. The CCI is 56.5 among those earning $100,000 or more annually, highest among all groups and at or better than the midpoint of 50.0 for 67 weeks straight, albeit its lowest since late March. The index is 48.3 among those earning $50,000 or more. It falls to half that, 24.2, among those making less than $50,000; in one subgroup, the $15,000-$25,000 category, it's 18.6, its lowest in a year.

Regionally, the CCI is its lowest among Northeasterners, 30.0, its worst since late November and down 6.2 points in just one week. That compares with 34.6 or higher in other regions.

In a departure from historical patterns, the CCI has been at least numerically better among Democrats than Republicans (now at 38.6 and 37.7, respectively) continuously since late October, although that gap now is its smallest of the period, partly because the index among Democrats is its lowest since early February. But particularly important in an election year is economic sentiment of independents, among whom the CCI falls to 32.0.

The index was rescaled starting two weeks ago 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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