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Bloomberg® Consumer Comfort Index™ Weekly Analysis

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Americans' ratings of the national economy reached their best since early 2008 this week, a critical milestone in what's been the most persistently negative aspect of consumer sentiment throughout the Great Recession and its long aftermath.

The breakthrough lifted the overall Bloomberg Consumer Comfort Index to one of its highest marks since early in the recession: At 37.6 on its scale of 0 to 100, it's been better only twice in nearly six and a half years, and just slightly – 37.9 in late April and 38.3 in early August.

The CCI is based on Americans' ratings of the national economy, the buying climate and their personal finances, and it's the first of these that's at last catching up. At 27.7, the national economy subindex has gained 7.1 points since mid-May – the fastest moving of the three indices in this period – advancing to nearly twice its average since the start of 2008, 13.9.

Positive ratings of the economy remain 6.4 points off their long-term average in weekly surveys since late 1985, still weaker than the buying climate and personal finances subindices (off their long-term averages by 3.3 and 2.5 points, respectively). Nonetheless, negative attitudes about the economy overall have been consumer sentiment's ball and chain; gains on this measure are necessary for any sustained advance in consumer sentiment. That finally may be in the offing.

Risks remain, flat wages among them, and the slow, uneven pace of consumer confidence in recent years is cause for caution. But improving views of the economy in the past seven weeks anticipated last week's encouraging employment data, and they're further buttressed by this week's Labor Department report that job postings in May hit their highest since June 2007 (albeit without the hiring to match). The Dow's record level reinforces the trend.

Beyond the national economy measure, the buying climate subindex, at 32.4, has held essentially steady the past six weeks, while the personal finances subindex, at 52.8, is its best in two months and above its midpoint of 50.0 for the sixth week straight.

The overall CCI now stands 4.1 points off its historic average, 41.7.

Among groups, the index among part-time workers, 41.1, is its best since late January 2008, up 9.8 points in just the past three weeks. The gap between the CCI among full-time (42.5) and part-

time workers, 1.4 points, is its smallest since late March 2013. Additionally, the CCI reached a six-month high this week among high school graduates, 34.5.

The index among men, 41.3, is its best since early May, up 6.9 points in four weeks. As usual, it's lower among women, at 34.2, the largest gender gap in two months.

Among Americans with household incomes of \$100,000 or more, the index is 60.5, dropping to 44.7 in the \$50,000-\$100,000 bracket to just 27.9 among those earning less than \$50,000. Still, that's its highest since late April in the lower-income group.

In other groups, the index is its best among seniors since mid-September, 40.0, and its best since early August in the Midwest, 40.5. It's at 38.0 among whites, its best in 11 months, while 31.1 among blacks, its lowest in three and a half months.

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