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

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The Bloomberg Consumer Comfort Index wrapped up its best quarter since 2007 on a sour note this week, hitting a four-month low that underscores the public's continued economic struggles.

The good news is that the index averaged 36.7 in Q3 on its scale of 0-100, its best quarter since the Great Recession. The CCI has improved numerically each quarter this year; it's gained 3.1 points from its Q4 2013 average, 33.6 (a down quarter after its 35.7 in Q3 last year).

Still, while the overall trend is gradually positive, the weekly index's most recent performance gives pause. The CCI's current level, 34.8, is down 2.4 points in two weeks to its lowest since late May. It's been under water the past two weeks compared with its 2014 average, 35.8, after 15 consecutive weeks above its then-average for the year.

The CCI, produced by Langer Research Associates, is based on continuous weekly surveys since late 1985 of Americans' ratings of the national economy, the buying climate and their personal finances.

The personal finances subindex, typically the strongest of the three, remains so; at 50.2 it's been above its 50.0 midpoint for 18 weeks straight, its best streak in more than a year. However, after leading the summer's advance in confidence, it's lost 4.1 points in two weeks, dropping to a low since early August, and now is 5.0 points off its long-term average.

The buying climate subindex is essentially steady this week at 31.9, which is 3.7 points off its long-term average. The national economy subindex, customarily the weakest of the three measures, is 22.4, its lowest in 18 weeks and 11.7 points off its 28-year average.

The overall index is 6.8 points below its long-term average, 41.6.

Despite their recent setbacks, each of the subindices has just closed its best quarter in seven years, or nearly so. The buying climate subindex, 32.5 in Q3, had its best showing since Q3 of 2007. The national economy subindex averaged 25.6 in Q3, its best since Q4 2007. And the personal finances subindex averaged 52.1 the past quarter, its best since Q1 2008.

The challenges of the CCI align with mixed economic signals. The markets have had a strong year, and this week's report on consumer spending offers encouragement. Yet the employment picture remains cloudy, with recent improvements in the unemployment rate due to departures from the labor force more than job gains. Personal income was up in August, but only modestly.

Among groups, the index is 24.7 among renters, its lowest in nearly 11 months, vs. 41.1 among homeowners, the largest such gap in five years. Similarly, the CCI among blacks, 25.9, is its lowest since early November, vs. 37.1 among whites, the largest gap in more than three years.

The index this week reached a four-month low, 23.1, among people in the bottom half of the earnings range, with annual household incomes less than \$50,000, down 6.3 points in four weeks. That compares with 49.8 among those earning \$50,000 or more, peaking at 60.7 among those with incomes of \$100,000 or more, tying its best among this group since mid-April. The gap between lower and top-income adults is its largest since early November.

Among other groups, the index is its lowest since early May among women, 31.8, vs. 38.1 among men, and its lowest since early February among Westerners, 33.4.

Finally, with the midterm elections just more than a month away, the index shows divergent partisan trends: Among Republicans it's 39.4, its best in nearly a year, while among Democrats it's 40.3, its worst in more than three months. And it's lowest among independents – 29.8 in this potentially swing voter group, its worst since early November.

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