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Bloomberg® Consumer Comfort Index™ Weekly Analysis

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Americans' ratings of the national economy reached their best in nearly seven years this week, helping the overall Bloomberg Consumer Comfort Index to one of its best readings of 2014.

The CCI's national economy subindex, at 28.0 on its 0-100 scale, has risen 5.6 points in the past three weeks to its best since January 2008. Its gains lifted the overall CCI to 37.7 this week, tying its second best of the year.

While the index is having its best post-recession year, its progress has been fitful and uneven, reflecting the economy's continued challenges. It has struggled to break out of a narrow 1.5-point band (36.2 to 37.7) it's held in all but two weeks since mid-June.

Continued improvement in views of the national economy will help, since these views have been a brake on further advances in consumer sentiment. And increased optimism about the state of the national economy aligns with last week's report of improved consumer expectations, their best in nearly two years.

Produced by Langer Research Associates, the index is based on an ongoing national survey of Americans' ratings of the national economy, their personal finances and the buying climate. It's been conducted weekly since late 1985.

Of the index's components, the personal finances subindex, at 52.4, remains the strongest of the three; it's now just 2.8 points off its long-term average. Similarly, the buying climate subindex is just 2.9 points off its nearly 29-year average, at 32.7.

As noted, the national economy subindex, at 28.0, is its best since the early days of the Great Recession. But despite its recent gains, it remains the weakest of the three, 6.0 points off its long-term average.

The overall index, for its part, is now 3.9 points below its long-term average, 41.6.

Improvements in the index reflect recent positive economic news. Last week's number of new jobless claims fell to its lowest in 14 years, the fifth week straight initial claims have been below 300,000 – the longest such stretch since 2006. And trends in fuel costs play a role in brightening

consumer views, with gas prices falling 60 cents per gallon since late June; they're now their lowest since January 2011. Yet the recovery has lacked sustained momentum, held back by stagnant wages and continued weakness in retail sales.

Among groups, the CCI among those who have attended college is 45.0, its highest since the end of 2007. By comparison, it falls to 31.9 among those with a high school diploma and farther still among those with less education.

By region, the index among residents of the Northeast and Midwest reached pre-recession highs this week. It's 41.6 among the former, 41.7 for the latter, though lower among Southerners and Westerners, 34.1 and 36.8, respectively.

The CCI among whites is 39.0, its best in more than a year, while among blacks it's 30.4. And it reached a four-month high among women, 34.9, vs. 40.7 among men.

With less than a week to go before the midterm elections, the index among political independents, 34.4, is its best in more than two months. It's higher among Republicans, 38.1, its lowest in six weeks for this group. And it's higher still among Democrats, 43.9, its best over the same time period.

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