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Bloomberg ® Consumer Comfort Index™ Weekly Analysis

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**Contact: Langer Research Associates, 212 456-2621
info@langerresearch.com**

The Bloomberg Consumer Comfort Index advanced this week to its best in more than seven years, propelled by sharply improving views of the national economy and the buying climate – both now their best since at least late 2007.

At 41.3 on its scale of 0-100, the CCI surpassed 40.0 for only the second time since the recession began, notching its best since early November 2007. It's advanced markedly recently, gaining 4.1 points in six weeks and 6.5 points since late September.

The gains have brought the index to within sight of its 29-year average, 41.6. That average, though, has been considerably suppressed by the index's levels since the Great Recession. The CCI averaged 45.3 from late 1985 to 2007, compared with just 30.0 since 2008.

Nonetheless, the positive trends come just in time for the crucial holiday retail season, with the CCI on pace to finish the year with its highest annual average (36.4 so far) since 2007's 44.8. And the improvements are broadly based, with recent gains in each of the CCI's components – public ratings of the national economy, personal finances and the buying climate.

The CCI, produced by Langer Research Associates, is based on ongoing weekly surveys of these consumer attitudes since late 1985.

In an important result, the national economy subindex – long the anchor on overall consumer views – climbed 2.1 points just this week to its best since mid-December 2007, 31.8. After years in the wilderness, it's only 2.2 points off its long-term average, and more than double its average since 2008, 14.6. Its pre-recession average was 40.1.

The economy subindex is 17.2 points above its average since the start of 2008, much better than the buying climate or personal finances subindices relative to their averages in the same time frame (+10.2 and +6.7 points, respectively). That's a sign of how low the economy subindex went during the recession and its long aftermath, as well as how far it's come.

The buying climate subindex, at 37.3, also is up by 2.2 points this week, to its best since early August 2007. It's 1.7 points better than its full average, 35.6, and much better than its average since 2008, 27.1, vs. a pre-recession average of 38.3.

The strongest of the three components, the personal finances subindex, is 54.9, its highest, save for one reading in late November, since early April 2008. It's just 0.3 points off its long-term average overall, though farther from its pre-recession average, 57.4.

The results accompany other positive developments, including the Labor Department's report of a tenth consecutive month of 200,000-plus job gains, with employers adding 321,000 jobs in November, beating expectations. Average hourly earnings were up 0.4 percent, double the anticipated increase, another key factor in consumer sentiment. And gas prices keep plunging; now at \$2.68 a gallon, they're their lowest since February 2010.

The CCI's at long-term highs among many groups. It's 66.1 among people with household incomes of \$100,000 or more, its best since late October 2007. That compares with 20.5 among those at the opposite end of the income spectrum, with incomes less than \$15,000.

The index is at 46.3 among full-time workers, its best since early November 2007. (It's much lower, 35.6, among those who are not employed for pay, but that's a seven-year high.) The CCI also is 46.3, among homeowners, again more than a seven-year high, compared with 33.2 among renters. It's 47.9 among those with at least some college education, vs. 36.2 among high school graduates; the former is a high since early November 2007, while the latter is a high, save for a reading two weeks ago, since mid-March 2008.

The index among whites, 43.2, is its best since November 2007, vs. 36.5 among blacks. It's also its highest in at least seven years among women, 37.9 (but higher among men, 44.9), as well as Northeasterners and Midwesterners (46.3 and 43.8, respectively). And it's a high since early January 2008 among adults younger than 35, 45.1.

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