

Consumer Confidence Increased Modestly in November

- **The Conference Board's Consumer Confidence Index improved to 111.7 in November to the highest level since July 2023. The increase was broad-based with both the Present Situation and Expectations Indexes increasing.**
- **Consumers were significantly more optimistic about future job availability, which reached its highest level in nearly three years.**
- **Average 12-month inflation expectations slipped to their lowest reading since March 2020. References to inflation and prices fell in write-in responses.**
- **Buying plans were mixed in November.**

Consumer confidence improved heading into the holiday shopping season. The Conference Board's consumer confidence index climbed 2.1 points to 111.7 in November, just shy of PNC's projection of 112.0. Confidence is now well above the long-run average of 95.0 from 1978-2023. The Present Situation Index – based on consumers' assessments of current business and labor market conditions – climbed 4.8 points to 140.9. The Expectations Index, based on consumers' short-term outlooks for income, business, and labor market conditions, edged up 0.4 points to 92.3, considerably higher than the level of 80.0 that usually signals a near-term recession.

Relative to last month, consumers were also notably more optimistic about future job availability, which reached its highest level in nearly three years. Meantime, consumers' expectations about future business conditions were unchanged and they were marginally less positive about future income. Among age groups, November's gains were led by a large jump in confidence for consumers under 35, while confidence among consumers between the ages of 35-54 fell somewhat after rising last month. Most income groups reported increasing confidence except those earning over \$125,000 and less than \$15,000.

There was encouraging news in the report on the inflation front. Average 12-month inflation expectations slid to 4.9% in November – the lowest since March 2020 – from 5.3% in October. Moreover, references to inflation and prices dropped in write-in responses, with consumers' focusing on the U.S. November elections. Nevertheless, elevated prices remain paramount with consumers selecting higher prices as their top concern and lower prices as their top wish for 2025 in a special question.

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Purchasing plans were mixed in November. On a six-month moving average basis, purchasing plans for homes were unchanged, while purchasing plans for autos increased marginally and buying plans for most appliances and electronics were down. On a brighter note, consumers plan to spend more on travel and health care.

Some of the increase in consumer confidence in November may have come from more positive responses from Republican-leaning respondents. Studies have found that respondents are more optimistic about the economic outlook when their political party is in control of the presidency. In particular, this partisan shift may have led to the improved perceptions of job availability.

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