US consumer confidence fades after tepid post-tariff bounce. Job worries aren't high but are rising

4 September 2025

US Conference Board (CB) consumer confidence fell to 94.2 in September. The reading was weaker than expected and a three-month low.

Three points: 1) consumer confidence remains below pre-pandemic levels. Boundless optimism has yet to return, even though equity markets have hit record highs. 2) following an initial sharp upswing post-pandemic as the economy re-opened, consumer confidence began to fade. 3) curiously, between 2022 and 2025's tariff tantrum, consumer confidence was essentially trendless.

That brings us to the 2025 tariff tumult. The CB consumer confidence tumbled to its pandemic lows. However, as US tariff policy evolved, economic concerns eased to some extent, and CB's consumer confidence index rose modestly. However, the rebound was not sustained, and upward momentum has been lost. Consumer confidence remains above tariff tantrum lows, but folks are getting more anxious.

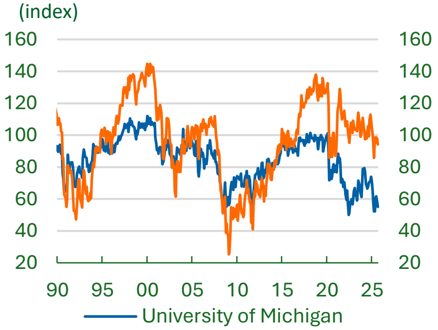
A key development weighing on consumer confidence seems to be a deteriorating view of the job market. We plot the ratio of the CB's Jobs hard to get index (JHTG) to its Jobs plentiful (JP) index. If JHTG/JP rises, it suggests that folks find it more difficult to find a job and that they see fewer employment opportunities. This ratio tends to track the evolution of the unemployment rate.

The ratio of JHTG to JP has been rising. We can't really say how bad things are getting, but folks are becoming steadily more concerned about the job market. Job market sentiment is not terrible, per se, as the JHTG/JP ratio is still quite low. However, a steadily rising ratio has not been observed since 2008/09 during the Global Financial Crisis. Many might simply not have experience in navigating a weakening job market. Hence, it is not a surprise that consumer confidence has rolled over.

Meantime, inflation concerns are still elevated. They aren't, however, as worrisome as they were a few months ago. Still worrisome, just not AS worrisome. Rising job market concerns are the more recent development.

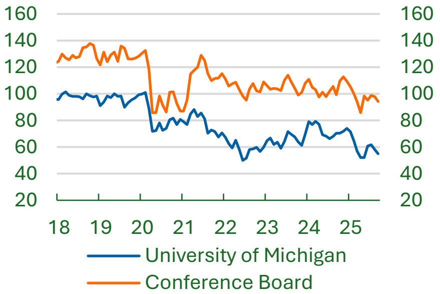
This backs up the Fed's recent rate cut. The data also suggests that the Fed will continue to face the challenge of elevated inflation concerns and mounting risks to the job market. Let's hope that they continue to look at assess sides of the mandate, lest we look back at this episode as an example of policy missteps and the dangers of political interference. (FYI, we will be doing that regardless, just hopefully not over the steaming carcass of the US economy.)

US consumer sentiment



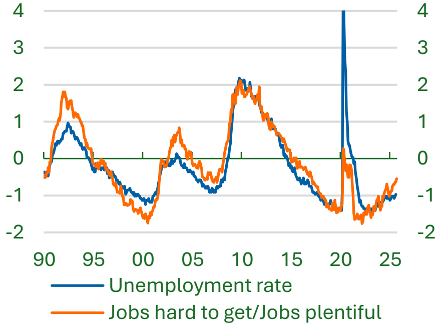
Source: Macrobond, University of Michigan, Conference Board

... had only a short-lived post-tariff bounce



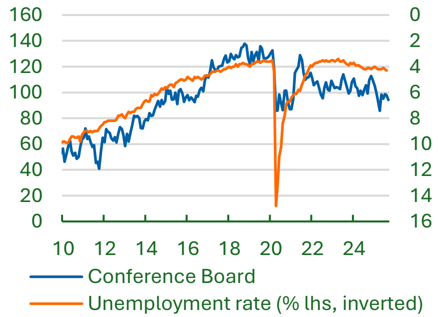
Source: Macrobond, University of Michigan, Conference Board

Job market sentiment



Source: Macrobond, University of Michigan, Conference Board

US consumer sentiment tumbles amid tariff tumult



Source: Macrobond, Conference Board

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