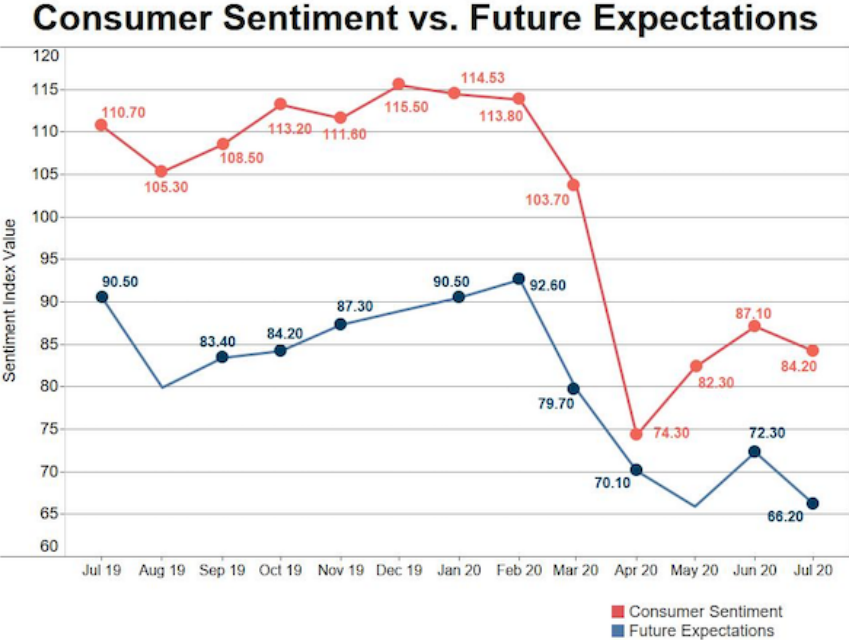


Preliminary Data Show Declining Consumer Sentiment for July



As the virus goes, so too does the economy. Even with the spate of strong economic data recently, we knew that a pullback was coming because of COVID-19’s resurgence in several states. We now have data to back this assumption.

The University of Michigan’s [preliminary survey of consumer sentiment for July](#) shows consumers are less confident than they were in June. The survey dipped almost 5 points from 78.1 in June to 73.2 in July. Consumer sentiment is now only slightly higher than it was in April and May,

when the virus was raging for the first time, and the economy was hitting its bottom. Sentiment remains far from its recent high in February of 101.

The drop in sentiment is disappointing, even if it was expected. When consumers do not feel good about the economy they spend less. Other economic data will likely show a similar downtick when we get it for July.

The University of Michigan survey also records consumers’ current sentiment and their future expectations. Expectedly, both fell in July. Future expectations are important because consumers spend more on bigger ticket durable items, like houses, cars, appliances, and other items that often need financing when they are confident in the future. Future expectations are now just a tick above where they were in May. Spending on those items is likely to fall for July compared to June.

The good news is that these readings are preliminary for July. If virus cases decline in the coming days, we should see a commensurate increase in sentiment for July. The final reading comes out July 31st.

We are on a bit of a roller coaster when it comes to the economic data. We are likely in a dip, but hopefully we start another ascent soon – and there are no more steep drops.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce