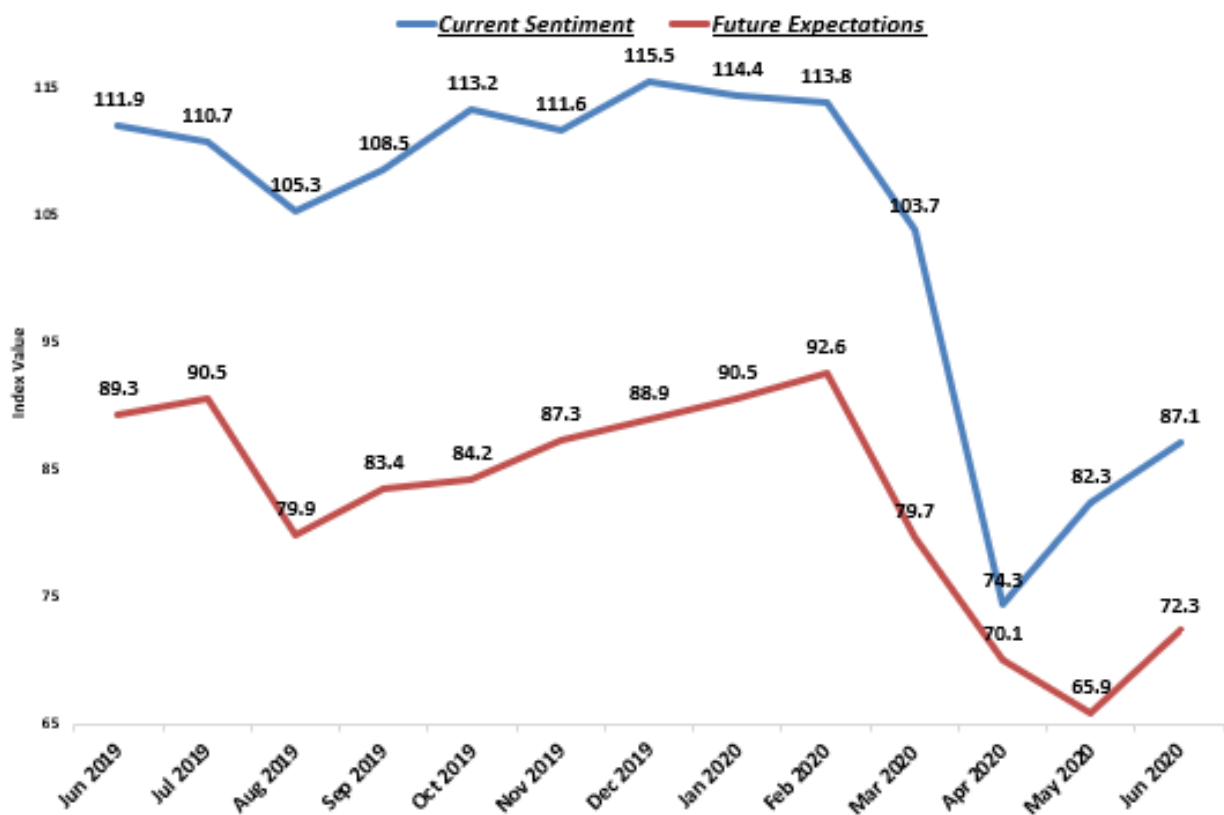


Consumer Sentiment and Spending are Going in the Right Direction

For a few weeks, the economic data was showing an economy that had bottomed out and was recovering at an encouraging pace. The hope was that the recovery would continue at that speed. The data is still showing we are better off than we were a month ago, but that the recovery is uneven and perhaps not as fast as hoped. For instance, data out today on consumer sentiment and consumer spending show some improvement, but incomes fell.

The final reading of the [University of Michigan survey of consumer sentiment](#) for June recorded an 8% bounce from May. This is good news, but consumers are still significantly less confident than they were back in February.

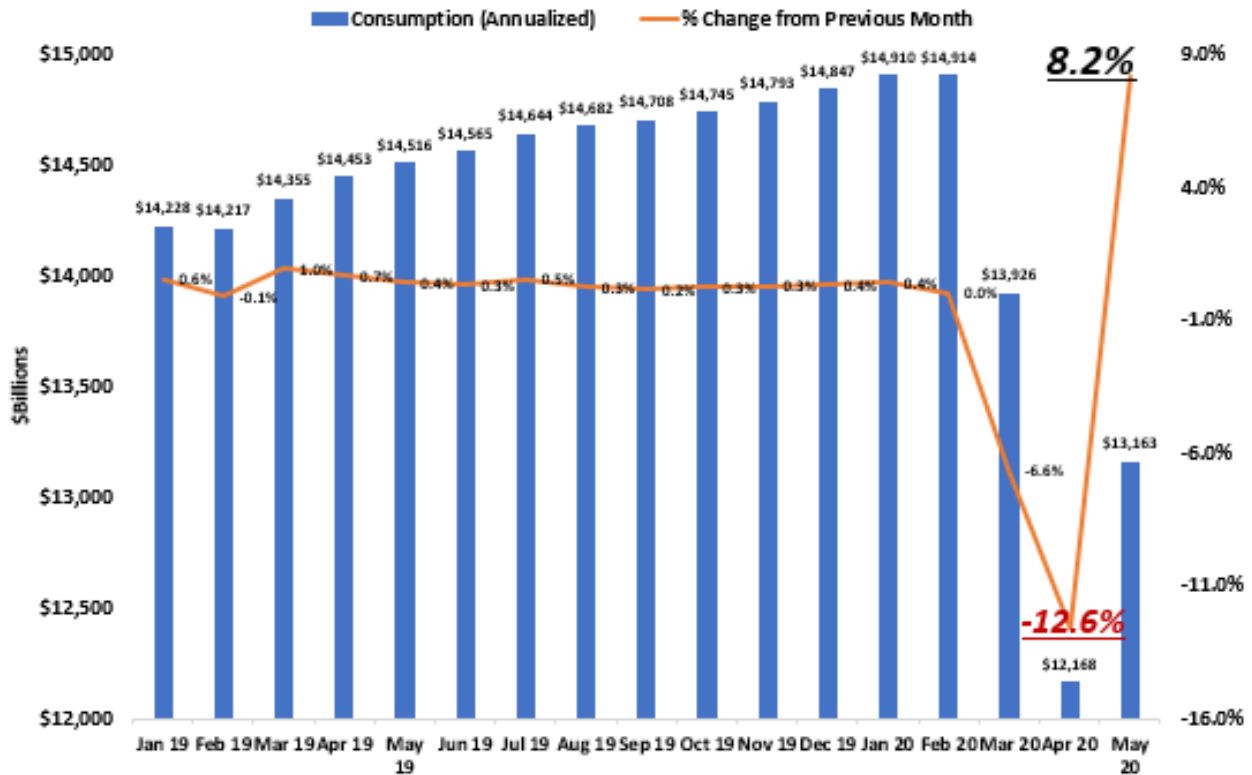
Consumer Sentiment vs. Future Expectations



The [Bureau of Economic Analysis](#) reported income and spending for May. Incomes fell 4.2%, but that was after a large 10.8% increase in April. A pullback was expected after the big jump in April, which was driven by increased unemployment benefits and pandemic relief payments to families.

In contrast, spending jumped 8.2% for the month after falling 12.6% in April. Despite that large increase, consumption is still well below where it was just in February.

Consumption Rebounded in May, But is Still Down



We are not going to go right back to where we were in the early part of this year. We will get back there eventually, but even if we do get that “V-shaped” recovery we all want, meaning we get back to normal at the fastest possible pace, there will still be bumps in the road and conflicting data on the way.

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