

Does US Consumer Confidence Portend Another Weak March Payrolls Print?

Conference Board's consumer confidence index, March:

Actual: 124.1

Scotia: 133.0

Consensus: 132.5

Prior: 131.4

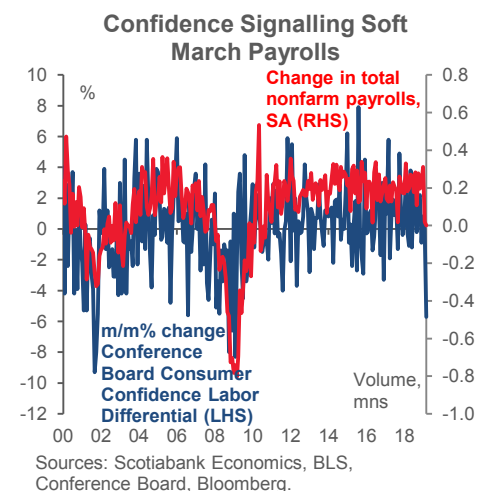
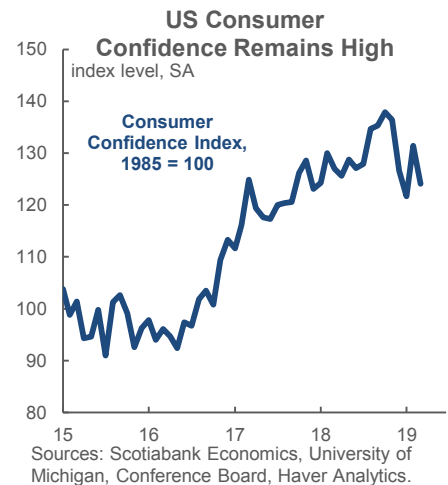
- **US consumer confidence unexpectedly dipped but remains toward cycle highs.** Both the present situation and expectations components deteriorated and drove the headline reading down by about seven points.
- The present situation component fell by 12 points and the expectations component declined by four points.
- Confidence remains cyclically elevated but March's disappointment reinforces the decline since October's reading which was a high point since all the way back in the year 2000. See the accompanying chart.
- Among the drivers of the deterioration was a softer reading for the availability and ease of getting new jobs. The jobs plentiful minus jobs hard to get reading fell in March over February by the most for a single month since February 2009.
- **This is important because it may portend another weak nonfarm payrolls report for March.** When the jobs availability reading slipped in February, nonfarm payrolls rose by only 20k. The March decline in the jobs availability reading was bigger which might reflect partial hangover of what consumers observed following the February reading, might reflect sentiment driven by reports of job growth in February, and might also reflect actual conditions this month. Observe the accompanying chart which depicts the correlations between the payroll changes (red line) and changes in the job availability reading (blue line). It is hardly an iron clad relationship and there are many exceptions to the correlations, but on balance a decline like this time is hard to ignore.

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