



Economics Group

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Without a Firm Grip on COVID, Confidence Slips in July

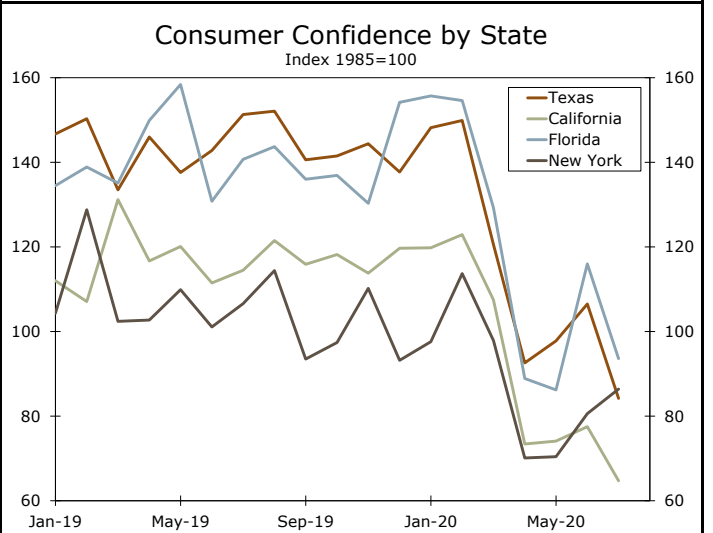
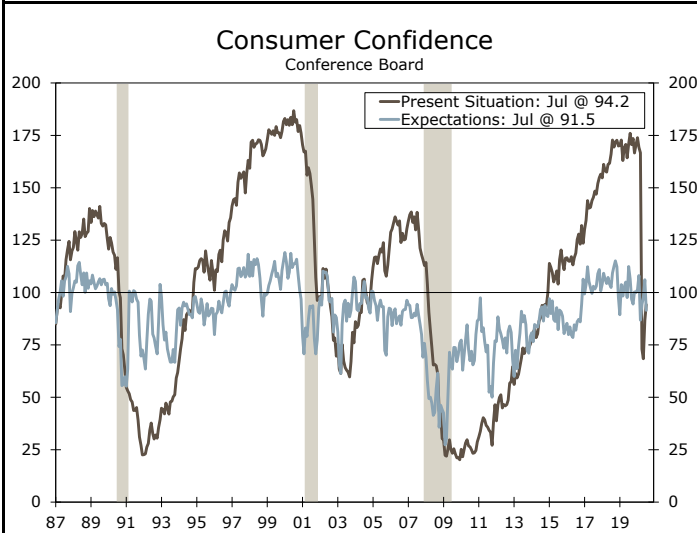
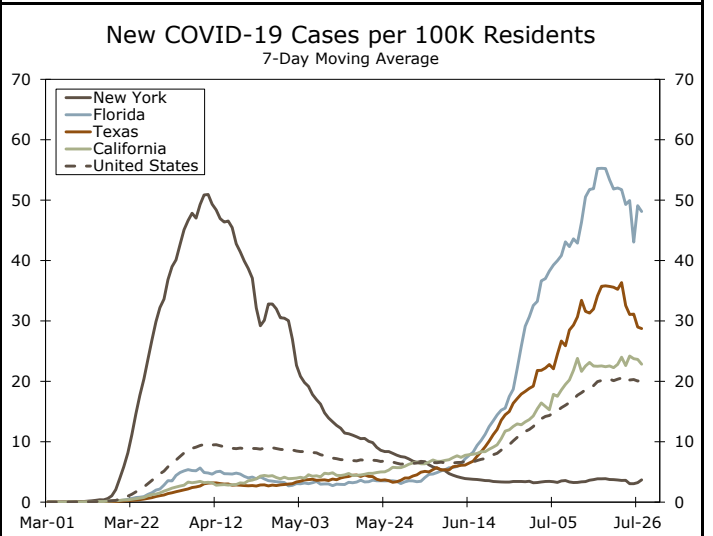
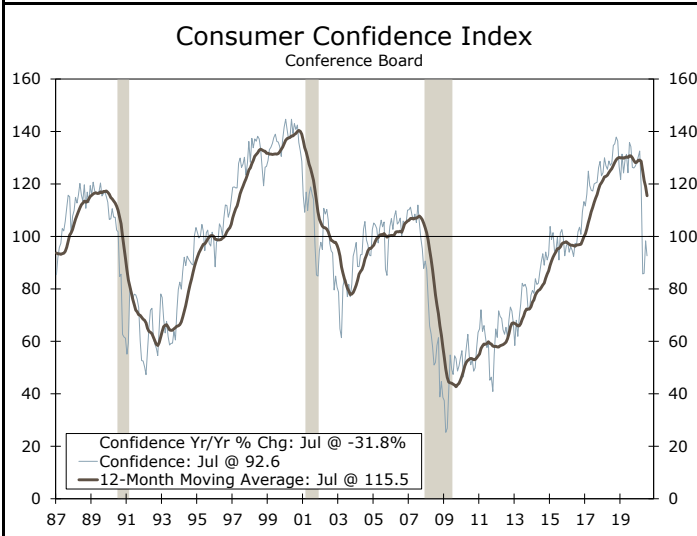
As the virus flared up again in July, consumer confidence fell. This is the inverse of June when confidence rose amid falling case counts early on. The present situation index improved, but expectations fell.

Slipping Confidence Amid a Loose Grip on COVID

- Early on in this crisis, Dr. Fauci told the country that we don't set the timeline, the virus sets the timeline. That axiom fits to what we are seeing in recent trends with the daily increase in case-counts moving inversely with confidence.
- Consumer confidence tumbled from 98.3 in June to 92.6 in July undoing some of the rebound we had seen off the lows in April and May. Present situations rose to 94.2, but expectations fell.

As Cases Go Up, Confidence Goes Down

- New cases of COVID-19 flared up during July particularly in a handful of southern and western states. When we look at confidence in those places we can see the same relationship holds.
- The top chart below shows new COVID cases per 100K residents in a select group of states where cases are rising and in NY where cases are falling. The lower chart plots confidence levels in those states. New cases and confidence move in opposite directions.



Source: Conference Board, Bloomberg LP and Wells Fargo Securities

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