

Consumer News & Views

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What Will Interest Rate Hikes Mean to Consumers. When the Federal Reserve Bank increased interest rates in March, it signaled the start of a series of modest rate hikes that will control the federal government's ability to tame inflation at 2% yearly and control US economic growth at a reasonable pace. Although the Fed is expected to raise interest rates slightly throughout 2018-2019 about two percentage points, all economic indicators point to continued growth and steady income and job increases for most consumers. This is good news for American consumers despite the continued chaos and frustration with Congress.



Here's how the non-profit Conference Board summarized its economic forecast for 2018.

2018 has started with a small slowdown in consumption and investment numbers, and our GDP forecast for the first quarter has been revised downward from 3.3 to 2.6 percent. But this pullback doesn't detract from a strong 2018 outlook. First quarter growth has been disappointing in recent years due to unexplained seasonal factors. The business environment for this year and next still looks bright, especially because the labor market created more than 200,000 jobs per month over the past six months.

Consumers are happy but spent less than expected in the first quarter. Durable goods sales have softened since the end of 2017. Nevertheless, shoppers still seem ready to open their wallets later in the year, as consumer confidence remains high and pay packets are getting a bit fatter thanks to individual tax cuts.

Wage growth is a boon to consumers but a concern for equity markets. With labor markets tight and continuing to produce jobs at a rapid clip, wage growth could increase and support more consumer spending, but at the same time cause firm profit margins to shrink.

Capital spending momentum has paused but may continue. After rapid growth through most of 2017, recent data on shipments of capital goods suggest last year's pick up may have halted in the first quarter. However, business confidence remains high and new tax incentives make it likely equipment investment will pick back up later in 2018.

Passage of a bipartisan budget deal authorizing 300 billion dollars in new federal spending will boost demand and employment—and increased demand will mean faster growth, especially in 2019 when the bulk of this spending will occur. More government borrowing though will drive interest rate for firms and homeowners higher, diminishing investment appetites for both.

Finally, the President's recent announcement that he intends to impose steel and aluminum tariffs on some trading partners could harm industries that use steel, like the auto industry. Retaliatory tariffs from other nations would harm other US industries as well. The possibility of further US action, especially on Chinese imports, increases the risk that supply chains will be disrupted. In this uncertain policy environment, updating contingency plans will be key for protecting profits.

Consumer Confidence continues Its Upward Climb in February and March. The Conference Board **Consumer Confidence Index**® increased in February, following a modest increase in January. The Index now stands at 130.8 (1985=100), up from 124.3 in January.

The monthly **Consumer Confidence Survey**®, based on a probability-design random sample, is conducted for The Conference Board by Nielsen, a leading global provider of information and analytics around what consumers buy and watch. The cutoff date for the preliminary results was February 15.

“Consumer confidence improved to its highest level since 2000 (Nov. 2000, 132.6) after a modest increase in January,” said Lynn Franco, Director of Economic Indicators at The Conference Board. “Consumers’ assessment of current conditions was more favorable this month, with the labor force the main driver. Despite the recent stock market volatility, consumers expressed greater optimism about short-term prospects for business and labor market conditions, as well as their financial prospects. Overall, consumers remain quite confident that the economy will continue expanding at a strong pace in the months ahead.”



ACC Releases New Videos to Help Millennials Buy Their Next Car. The American Consumer Council has released a new video to help Millennials buy their next car. Our latest video features author and certified financial planner, Kim Curtis in **Buying Your Next Car**.

Over the past two-years, ACC has co-produced a series of financial education videos targeting Millennials and Gen Z'ers to help young consumers better manage their money and plan for the future. These videos are available to ACC's credit union partners and may be used by others upon written permission from ACC.

Here are the YouTube.com links:

- [*Buying Your Next Car*](#)
- [*How to Create & Build Your Credit History*](#)
- [*How to Make the Right Choices During a Job Transition*](#)



ACC's Friend of the Consumer Award Recognizes Outstanding Businesses.

Is your business consumer-friendly? Does your business deserve greater recognition for its service to consumers? If so, you should apply for the American Consumer Council's Friend of the Consumer Award. Now is the time to apply!

Throughout the year, ACC presents its "Friend of the Consumer" Awards. This prestigious award recognizes manufacturers, retailers, and other businesses that produce or sell products in the United States that meet or exceed federally-mandated standards and are touted by consumers as "consumer friendly."

Each year, ACC awards numerous "Friend of the Consumer" Awards to deserving companies and organizations because they have "demonstrated a commitment to American consumers by providing a specific product or service that fosters consumer confidence and market acceptance."



To apply for the "Friend of the Consumer" Award, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 20 days of receipt of your award application.

For more information, visit: <http://www.americanconsumercouncil.org/awards.asp>

Green CSM Certification Accepting Applications for 2018 Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green CSM Certification**. Applications for the 2018 cycle are now being accepted through April 30, 2018.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green CSM Certification** criteria can be viewed at ACC's website located at: <http://americanconsumercouncil.org/greenc.asp>

