

Consumer News & Views

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In this Issue...

- **Consumer Confidence Slides in October as Election Nears.**
- **How Will the Next U.S. President Affect Our Nation's Economy?**
- **U.S. Economic Growth Strongest in Two Years.**
- **ACC's Friend of the Consumer Award Recognizes Consumer-Friendly Companies.**
- **Apply for the 2016 Green CSM Certification Program.**

Consumer Confidence Slides in October as Election Nears. Consumers expressed some concern in the short-term economic forecast in the latest Consumer Confidence Index poll conducted by The Conference Board. The October results indicated that most consumers feel the American economy will continue to expand but at a moderate pace.

The Consumer Confidence Index hit 98.6 in October, down from 104.1 in September, according to data from The Conference Board on Tuesday. Economists expected the index to hit 101.5 in October, according to a Thomson Reuters consensus estimate.

The survey, a closely followed barometer of consumer attitudes, measures confidence toward business conditions, short-term outlook, personal finances and jobs.

Despite a robust report just released by the Federal Reserve Bank that shows the U.S. economy hitting a positive growth rate of 3.1% for the year, consumers are somewhat uncertain according to Thomas Hinton, president of the American Consumer Council, a non-profit consumer education organization.

Hinton said, "Historically, consumers get the jitters around presidential election season. This year is no different. The economic indicators might slide a bit, but overall, we anticipate a very positive holiday season for retailers. We also think consumers will continue to make modest gains in terms of job growth and wage increases."



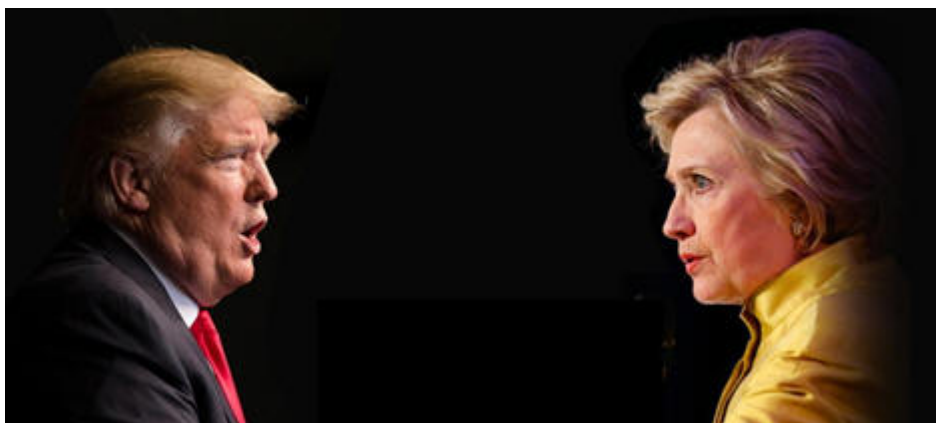
"Consumer confidence retreated in October, after back-to-back monthly gains," said Lynn Franco, director of economic indicators at The Conference Board. "Consumers' assessment of current business and employment conditions softened, while optimism regarding the short-term outlook retreated somewhat. However, consumers' expectations regarding their income prospects in the coming months were relatively unchanged."

How Will the Next U.S. President Affect our Nation's Economy? The U.S. economy seems to be back on track for robust growth in Q3, as monthly indicators strengthened in September following August's overall cooldown. *FocusEconomics* reports the dynamics in private consumption are intact, as evidenced by September's rise in consumer confidence to a pre-crisis high and an uptick in retail sales.

The industrial sector also regained some traction, with the ISM Manufacturing Index rebounding and industrial production returning to tepid growth. Ahead of November's presidential elections, polls suggest that Hillary Clinton's lead over Donald Trump has increased modestly.

A Clinton presidency would broadly involve a continuation of current economic policy while a victory of Donald Trump would increase policy uncertainty and lead the U.S. into uncharted waters.

A national poll by the American Consumer Council in early October showed consumer favored Clinton over Trump 47-41%.



U.S. Economic Growth Strongest in Two Years. The U.S. economy grew at a 2.9 percent rate in the July-September quarter, the strongest pace in two years as the battered export sector rebounded and businesses finally began restocking their shelves at a faster clip.

According to an *Associated Press* report, the third-quarter gross domestic product, the broadest measure of economic health, was double the 1.4 percent pace in the second quarter, as reported by the Commerce Department. Economists said that the better-than-expected GDP reading put the Federal Reserve on track to boost interest rates next month.

"This report points to an economy that may be gaining traction-- at last," said Quincy Krosby, market strategist at Prudential Financial.

GDP growth went into a pronounced slowdown late last year. Exporters were constrained by a rising dollar, which made their products more expensive on overseas markets, and businesses cut back on their inventory rebuilding in the face of weaker sales.

With the dollar stabilizing, export sales rebounded in the summer and businesses picked up the pace of inventory building. Solid growth is also expected this quarter.

Paul Ashworth, chief U.S. economist at Capital Economics, said that the better than-expected GDP report "confirms that the economic recovery has regained some of the momentum lost within the last year. As such, this leaves the Fed firmly on track to raise interest rates in December."

The GDP report was one of the last major economic reports the government will issue before voters go to the polls on November 8. Republican presidential candidate Donald Trump has cited anemic GDP growth rates as evidence that Democratic economic policies have not worked.

Even with the acceleration in the third quarter, economists believe growth for the entire year will be a lackluster 1.6 percent, reflecting the weak start to the year. The economy grew 2.6 percent for all of 2015. This recovery from the deep 2007-2009 recession has been the weakest in the post-World War II period, with growth averaging just 2.1 percent over the past seven years.



The GDP growth rate in the third quarter was the economy's best showing since it expanded at a 5 percent rate in the third quarter of 2014. In the final three months of last year, growth slowed to a 0.9 percent rate, followed by weak gains of 0.8 percent in the first quarter this year and 1.4 percent in the second quarter.

Economists expect growth to remain solid in the current October-December quarter, but at a slightly slower pace of around 2 percent.

For the third quarter, much of the rebound reflected growth in exports, which rose at a 10 percent rate. That was the fastest pace since late 2013. A narrowing trade deficit added 0.8 percentage points to growth.

Another major contributor was stronger inventory building, which added 0.6 percentage point to growth after trimming it by 1.2 percentage points in the second quarter.

Consumer spending, which accounts for two-thirds of economic activity grew at a solid 2.1 percent rate, but slower than the 4.1 percent spending burst in the second quarter.

Thomas Hinton, president of the American Consumer Council, a non-profit consumer education organization, stated that he believes consumers will continue to support growth in the current quarter and into 2017. "We think it will be a strong finish for 2017 and consumers are eager to spend this holiday season," Hinton noted.

"Consumers should continue to power the economy. The job market is very strong, unemployment is low and wage growth is picking up," said Mark Zandi, chief economist at Moody's Analytics. "I don't see any constraints on the consumer."

The export rebound reflected in part a surge in soybean shipments during the summer to South America, where the local crop had been devastated by bad weather.

Business investment, which has been hurt by cutbacks in the energy industry, showed a 1.2 percent rise in the third quarter. But residential construction slumped for a second quarter, falling at a 6.2 percent rate after a drop of 7.7 percent in the first quarter.

ACC's Friend of the Consumer Award Recognizes Outstanding Businesses in 2016.

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 2016 Fall 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 2016 Fall cycle are now being accepted through December 2, 2016.

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>

