



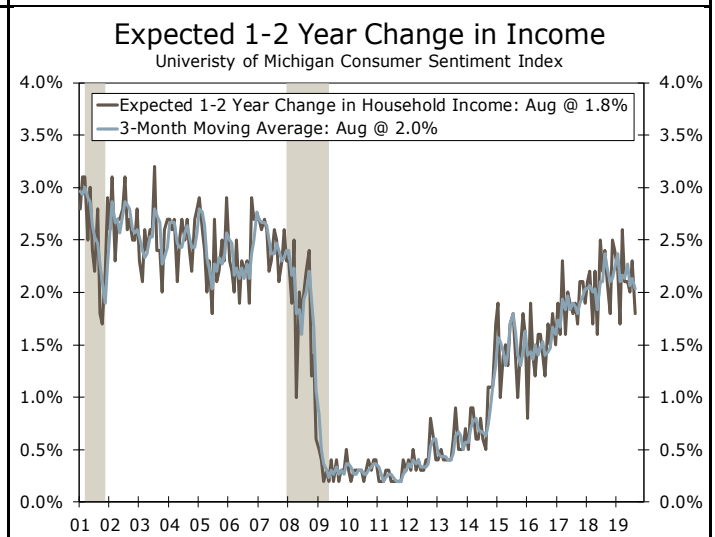
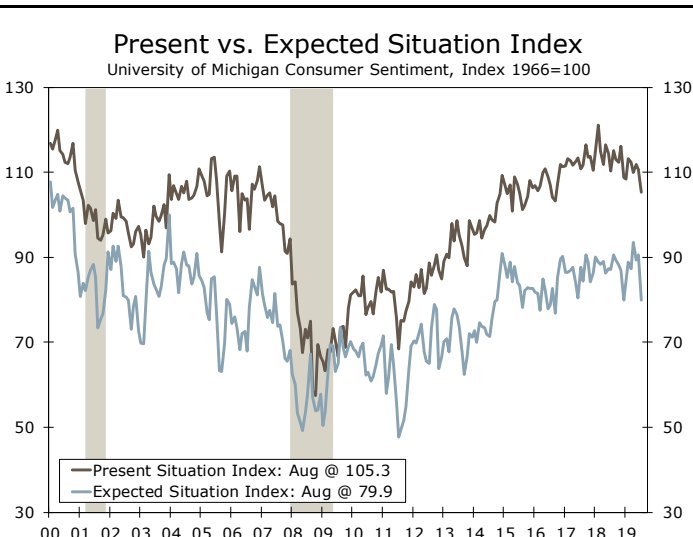
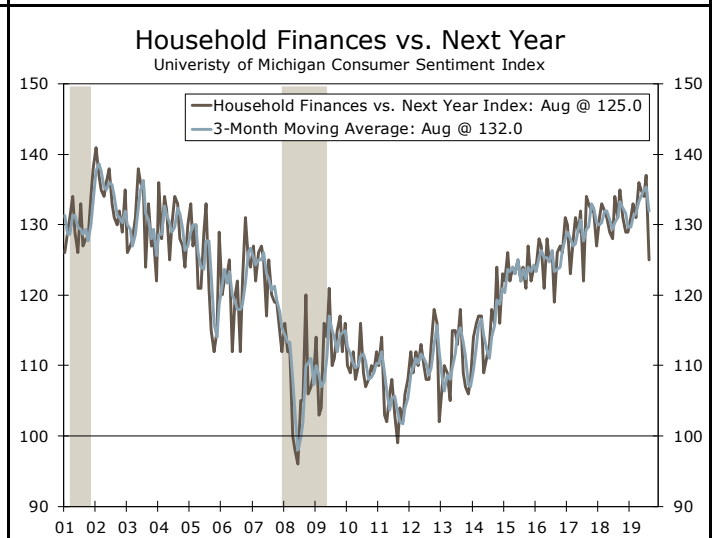
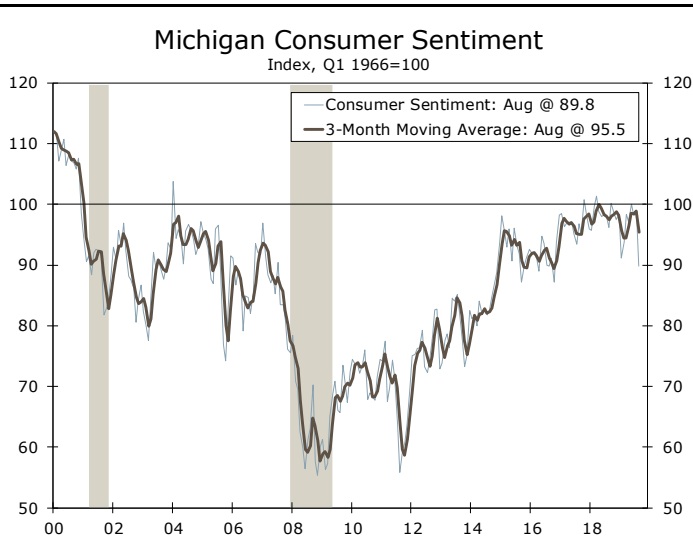
# Economics Group

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## Wilting Sentiment as 1 in 3 Spontaneously Mentioned Trade

*Consumer spending may be coming off the fastest quarterly growth rate in years, but the sharp decline in August consumer sentiment tells us trade tensions are finally getting in consumers' heads.*

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| <p><b>Trade Tensions to Blame</b></p> <ul style="list-style-type: none"> <li>Consumer sentiment, current conditions and expectations all fell to their lowest levels since the 2016 election. There was not a specific question about trade in the survey, but the accompanying note says that “negative references to tariffs...were spontaneously mentioned by one-in-three consumers.” The survey breaks out responses by party, and even among Republicans sentiment is at a post-2016 election low.</li> </ul> | <p><b>Less Confidence about Finances</b></p> <ul style="list-style-type: none"> <li>Higher prices on consumer goods have not yet been a feature of the trade war, though that could be changing as the list of Chinese goods subject to tariffs continues to grow. But even before higher prices are a factor, households are suddenly much less confident about their finances for next year.</li> <li>Similarly, when asked about income prospects for the next couple of years, consumers expect to see earnings grow more slowly.</li> </ul> |
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Source: The University of Michigan and Wells Fargo Securities

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