



Layoffs, Shutdown Fallout, and a Softer Job Market Hit November Consumer Confidence Hard

Confidence Breaks Lower

- ▲ **The Consumer Confidence Index® fell sharply to 88.7** from 95.5, its lowest level since April.
- ▲ **Both the Present Situation Index and Expectations Index declined**, with expectations sinking to **63.2**, well below the recession-signaling threshold of 80.
- ▲ **Confidence deteriorated across nearly all age and income groups**, with the steepest pullback among consumers **35 and older** and among **independent voters**.
- ▲ Inflation concerns, tariffs, political tensions, and the **federal government shutdown** dominated write-in responses.
- ▲ Household financial assessments weakened materially, and recession perceptions continued to drift higher.
- ▲ **Layoff announcements surged in October**, and the earlier **equity-market sell-off** weighed on wealth perceptions—both contributing to November’s sharp decline.
- ▲ Big-ticket buying plans slipped across cars, appliances, electronics, and homes, though homebuying intentions held relatively stable near their recent trend.

Households Turn More Cautious

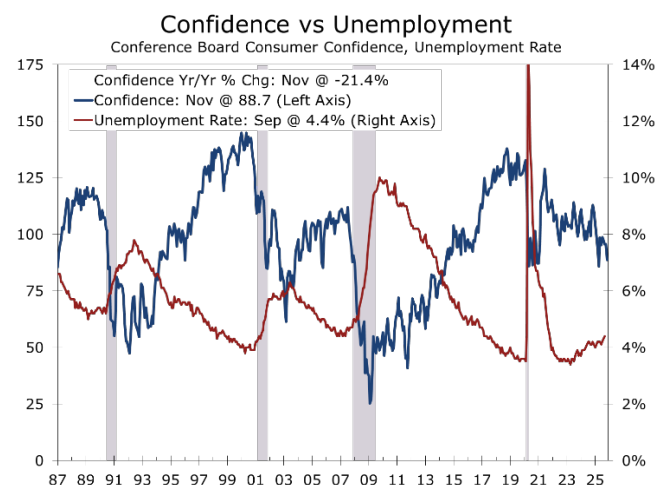
U.S. consumer confidence tumbled in November, with the Conference Board’s Consumer Confidence Index® falling **6.8 points** to **88.7**, the weakest reading since April. The decline marks a clear break from the sideways pattern of recent months and reflects broad softening across perceptions of the labor market, household finances, and the economic outlook. Importantly, November’s pullback did not occur in a

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vacuum. The survey period captured the **spreading effects of the 43-day federal shutdown**, a **wave of layoff announcements through October**, and an **earlier sell-off in the stock market**—a combination that weighed heavily on household confidence and future expectations. Shutdown-related disruptions featured prominently in consumer write-ins, joining persistent concerns about inflation, tariffs, and political tensions.

Shutdown fallout and rising layoffs drove confidence to its weakest since April.

The **Present Situation Index** fell to **126.9**, reflecting less favorable assessments of both current business conditions and the labor market. Fewer consumers reported that jobs were plentiful, and while the share calling jobs “hard to get” edged down, the net labor-market differential weakened again after a brief improvement in October. This deterioration aligns with recent labor-market data showing slower hiring, rising unemployment—now **4.4%**, a four-year high.



Source: The Conference Board and Bureau of Labor Statistics (BLS)

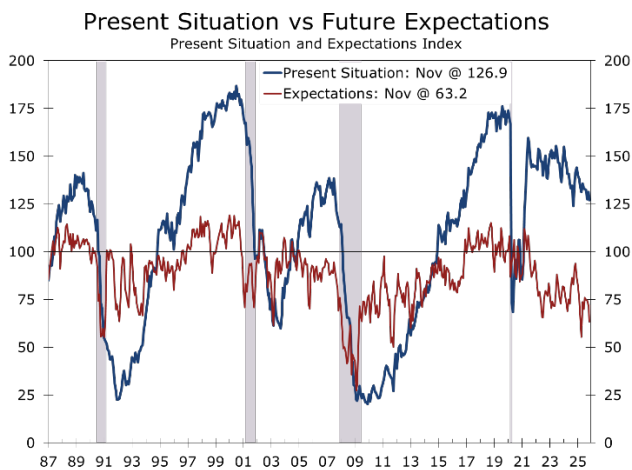


The larger story lies in the forward-looking **Expectations Index**, which dropped to **63.2**, its tenth straight month below the recession-signaling threshold of 80. All components weakened: consumers grew more pessimistic about business conditions, expected job prospects softened further, and expectations for higher household income—steady for six months—fell sharply. With wage growth still positive, this downturn in income expectations raises concern about the durability of the expansion, the drag from elevated prices and tariffs, and the impact of recent layoffs and market volatility on future earnings.

The Expectations Index marked its tenth month below the recession threshold of 80.

Sentiment weakened across nearly all demographic groups. The steepest declines occurred among those **35 and older**, with respondents **55+** again the most downbeat. Confidence also fell across political affiliations, led by independents, signaling a **broad national shift** rather than weakness in any one group.

Views of both current and expected family finances deteriorated sharply. Current financial assessments fell to their lowest level since **August 2024**, and expectations for future finances softened as recession concerns increased. Inflation expectations edged up to **4.8%**, while expectations for stock gains eased slightly, in line with the equity-market volatility during the survey period.

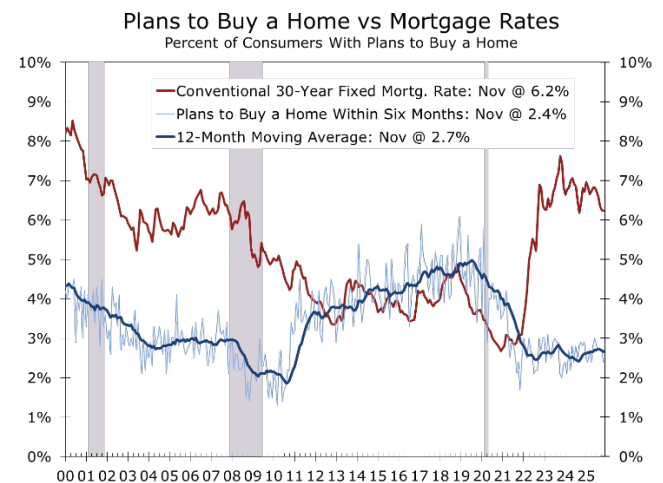


Source: The Conference Board

Big-ticket buying plans softened in November after holding steady through much of the fall. Intentions to purchase new and used vehicles slipped, reversing their modest rebound earlier in the year. Plans to buy appliances, furniture, and electronics also declined, though TVs, smartphones, and used cars remain comparatively favored. The recent dip in mortgage rates has done little to lift homebuying intentions. **Affordability remains strained, and rising concerns about job security are increasingly keeping would-be buyers on the sidelines.**

Plans for big-ticket purchases and discretionary services slipped across nearly all categories.

Service-spending plans also weakened across nearly every category. Consumers signaled reduced plans for **travel, lodging, entertainment, and personal recreation**, with only small increases in planned visits to **museums, libraries, and historic sites**. Healthcare spending intentions moved sharply higher—rising to the second-most-cited spending category—likely reflecting heightened awareness of insurance costs and subsidies during the shutdown. Overall, service-sector plans continue to shift toward lower-cost, necessary activities, consistent with a late-cycle consumer prioritizing essential rather than discretionary spending.



Source: The Conference Board & Bureau of Census Bureau

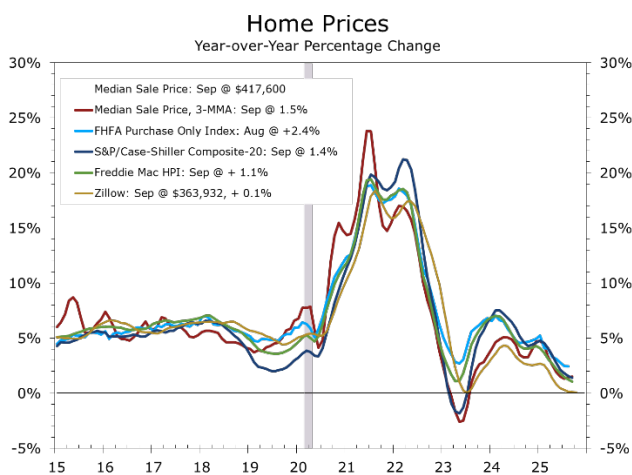


Vacation intentions fell back in November after October’s surprising surge. Both domestic and international travel expectations edged lower, consistent with reduced plans for hotels, motels, and airfare. This pullback reinforces the broader narrative of a more cautious consumer—particularly around commitment-heavy expenditures such as travel.

Taken together, November’s confidence report portrays a consumer who remains resilient but increasingly guarded. Labor-market softening, rising layoff announcements, the broadening impact of the shutdown, and recent equity volatility all contributed to a broad-based deterioration in sentiment. While confidence has not collapsed, the tenth consecutive month with expectations below 80 underscores a higher-risk environment heading into 2026. The consumer is still spending, but the foundation beneath sentiment is clearly thinning as the cycle matures.

Home Prices: Slower Appreciation and Broadening Monthly Declines

The latest S&P Cotality Case-Shiller release confirms a decisive loss of momentum in housing. **National home prices rose just 1.3% year over year in September, down from 1.4% in August and marking the slowest pace since mid-2023.** Price growth is now running **well below inflation**, widening the real-price adjustment underway in many markets.



On a month-to-month basis, **national home prices fell 0.3% before seasonal adjustment**, the third consecutive monthly decline. Even after seasonal adjustment, the national index managed only a **0.2% gain**, reinforcing the steady downshift in momentum. **All 20 major metros posted negative NSA monthly readings**, a rare and unambiguous sign of broad cooling as affordability pressures and higher rates cut deeper.

Home price growth slowed to its weakest pace since mid-2023 and is running below inflation.

Regional performance continues to invert the pandemic narrative. **Chicago (+5.5% YoY), New York (+5.2%), and Boston (+4.1%)** led annual gains, supported by tighter inventories and steadier labor markets. At the other extreme, **several metros that experienced the largest pandemic-era surges are now retrenching**: including **Tampa (-4.1% YoY)** posted its eleventh straight annual decline, while Phoenix (-2.0%), Dallas (-1.3%), and Miami (-1.3%) also fell year over year.

Month-to-month weakness was widespread, with **Tampa (-0.95% NSA), San Diego (-0.92%), Seattle (-0.91%), and Las Vegas (-0.85%)** seeing the sharpest drops. *Even previously resilient markets—Atlanta (-0.59%), Charlotte (-0.77%), and Denver (-0.70%)—registered meaningful monthly price deterioration.*

With the national index still 78% above its 2006 peak, even modest pullbacks carry substantial affordability implications. The combination of slowing appreciation, real-price declines, and broad regional softening provides an important backdrop to the recent stabilization in homebuying intentions amidst declines in consumer confidence in general: rates eased during much of the survey period, supply is gradually improving, and buyers appear increasingly attuned to the shift in pricing power. **We remain optimistic about 2026.**

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