# The State of the Economy for November 2026

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Fergus McCormick: We know for sure that consumers' biggest concern, and has been for many years, has been inflation-

And the price level. And we know that the price level has increased by 31% since just before the pandemic, since 2019. In addition to that, you've got inflation on a monthly basis coming in- Yeah ... on a year-over-year basis of 3 1/2 to 4%.

That's really onerous for the consumer. Yeah. It's really tough. Welcome to C-Suite Perspectives, a signature series by The Conference Board. I'm Fergus McCormick, senior economist, global indicators for The Conference Board Economy, Strategy, and Finance Center, and host of today's episode. Today, we're going to talk about what the latest Consumer Confidence Index reveal about the US economy, what consumers are thinking after the midterms and before the holidays, and what their expectations suggest for growth, spending, hiring, and investment heading into 2027.

Joining me today is Allan Li, manager in economic indicators at The Conference Board. Allan, thanks for being with me today.

Allen Li: Thank you, Fergus, for the intro. Glad to be here

Fergus McCormick: So the key question, I think, with this index is what is the headline story? This is the November Consumer Confidence Index and we saw quite a jump.

Any initial thoughts?

Allen Li: Yeah big jump, but I really feel like it's a shifting of consumer moods, right? So it was actually in the chart I see this big spike, it's really two months October and November, for different reasons, right? So October, consumers were relieved that gas

prices weren't going any higher than the, than it was, and in November, it was really a lifting of uncertainty or a more certain future picture there.

So when- whenever I think uncertainty is lifted we do see a really positive initial reaction there, and I think that's what happened after the midterm election results were in.

Fergus McCormick: Yeah, the midterm elections happened on, what, November 3rd, and this is a survey that was conducted from, what, November 1st through- To the 17th

17th. So it captured some of the sentiment just before the election and then mainly after the election.

Allen Li: Correct.

Fergus McCormick: So people call this a blue nami. There was a huge sweeping change toward a Democratic vote in the United States, and similarly in the index there was an 11.4-point gain-

From from October to November. That's quite a big jump, isn't it?

Allen Li: Yeah, but I would place it in when- whenever we have a results of election, we we do see about a 10 to 12-point jump, which is what happened this time.

I guess more recently it was in with the presi- presidential election where once the results were as good as known, I think in October and November, we had 10, 10 points or more of an increase there.

So every time definitive results are known with any of these elections we do have that reaction. And I think it's within historical numbers.

Fergus McCormick: Okay.

Allen Li: Yeah.

Fergus McCormick: So nothing out of the ordinary in terms of the level jump. But what struck me about this report in particular was the broad-based nature-

Allen Li: Yeah

Fergus McCormick: improvement almost across the board. Every single question that we asked in the survey came out with very positive results. Now the one exception was a slight dip in the Republican respondents. But a big increase in the Democratic and Independent respondents. Now, we're a nonpartisan institution, right?

So we don't come out politically one way or the other, but the survey results are pretty clear.

Allen Li: Yeah, likewise. I'm just reading the data here. I guess the, the increase was

limited to, Democrat and Independent results, which I like to note that our survey's pretty balanced between- political affiliation. So typically, we have 35% of the respondents being Democrat, another 35 being Republican, and about a quarter are Independent. So I'm happy to see that because we don't explicitly balance for political affiliation. We balance the survey in terms of census numbers by gender, income, geography by way of the nine census divisions and age the census portions of that.

So the... We're just collecting the results, and we're happy to see that we have that balance to, cuts of political affiliation. So I think, that's really half the survey are vote, voted blue. And one other aspect when we're looking at demographics, just looking at the data Gen Z and Millennials, they had a great increase.

They were drive the increase was across the board- ... across all, all ages and incomes, but mo- mostly Gen Z, Millennial, and then also higher-income groups had large increases in the November reading.

Fergus McCormick: So stepping back for a second, so the, there was a big surge in consumer confidence overall, and the survey asks two questions, right?

It asks, what are your perception of the current situation?" And then expectations for the future. And in the current- ... in the current portion, there are two questions, right? One is- Business conditions and the other is labor market conditions.

Both came out very positive. Also positive are the expectations.

I found that very interesting. And that, that includes labor market conditions, incomes-

Allen Li: Yeah ...

Fergus McCormick: and then also business conditions as well. Yeah. That-- again, that-- it's just the broad-based nature of the shift which brings the index back up to the January 2025 level.

Allen Li: Yes. That was notable.

And w- and it's interesting because we're only asking about really two concepts plus household income: business, labor market, current and unexpected-

...

Allen Li: And household income. But it-- we're capturing all this positivity i-in the top, in these five questions- ... which is really only two plus one three concepts.

So yes the headline is back to January '25 levels. I'm also looking at their-- what they're seeing in their own situation. We also have two series in the premium and so household income and two series in the premium, which is the current f- and expected financial situation.

Those are around-- they wiped out the negativity of 2026. So they're back to around January '26 levels, not quite two-year highs, but th-they have wiped out the negativity of '26.

Fergus McCormick: So that question is, what is your perception of your household financial situation? Is that what it is?

Allen Li: Yeah. More on that.

So- ... these questions, they're, one is in the headline, which is do you expect your household income to increase or decrease? And that's still at-- that's around pretty high- ... positive still. January around 2026 levels highs. And the other two, which is in our premium series, is what are your ex- how do you rate your current household financial situation- and how do you expect that- ... in the future to-- is it gonna get better or worse?

Fergus McCormick: So I don't really follow this. So h- so we have midterm elections, Democrats sweep, we have a big jump in the Consumer Confidence Index, and yet people think that their financial situation is gonna improve. What's the link there?

What is the link between the elections- A more mixed Congress- ... and an improvement in household finances.

Allen Li: Sure, yeah. So in finding that answer, I had to dig deeper into the survey. We have questions, and it's an open-ended question on what's driving your main view of the economy, right?

So consumers get to write in anything they want.

What we've seen in the past they're very worried about, the, obviously, the sticker prices that they see at the store-

...

Allen Li: Are higher. They're worried about the rate of that increase, the, which is inflation, fuel prices which comes from conflicts and supply issues and things like that.

So I th- I believe that with the results of the midterm election, they feel like there's possibility of some of these issues to be relieved. What do you think Fergus?

Fergus McCormick: We know for sure that consumers' biggest concern, and has been for many years, has been inflation-

And the price level. And we know that the price level has increased by 31% since just before the pandemic, since 2019. Yeah. So 30, almost a, prices have gone up by almost one-third. In addition to that, you've got inflation on a monthly basis coming in- Yeah ... on a year-over-year basis of 3 1/2 to 4%.

That's really onerous for the consumer. Yeah. It's really tough. Everything is more con- is much more expensive. So that's the number-one concern. So the question I still have, though, is how can more Democrats in the Senate and the House and in certain governorships across the country improve the inflation outlook?

So that's the question.

Allen Li: Yeah. Just looking at the data we do see some signs of hope. So in the write-ins, it was a little bit less negative than in previous months. And the signs of hope are, I guess they're hoping for a material change in, in, in all the situations, which translates into the prices that they see this, on the sticker.

Fergus McCormick: The American consumer, I think, is very unlikely to know about or be concerned about the independence of the central bank. The independence of the Federal Reserve to allow it to raise interest rates to quell inflation. I- I'm still struggling to try to understand what the connection is between...

And maybe it's just psychology. That, yeah. Adam Smith talked about this. That psychology in the market, confidence in other words, is a very important element. It's, it, y- it's less tangible than- ... than consumer, real consumer spending, but at the same time it's essential. So this is what we're grappling with in th- in this podcast.

No,

Allen Li: I think I'd agree with that. It's a shift in feeling. So I think people went out and voted, especially even the younger voters. They went out to the polls- ... and they voted and they saw that their vote did something. And everyone is very happy about that.

And so I think in the November results we see that reaction and it's to be, in the months to follow we- we'll see whether or not that can be sustained. Because that, these two months of increases, it really does is the first step to coming out of the slump that, that consumers were in.

Their confidence, right? Whi- which will drive consumer spending, and the, at least the momentum will shift to a positive trajectory. This is the first step.

Fergus McCormick: Yeah the vibe session has been with us for many years, and that is the disconnect, seeming disconnect between very, very low confidence, and it, this is by the way, not only in the United States, it's global.

Yeah. The sort of confidence around the world we know from other surveys is extremely low. And then a relatively resilient level of real consumer spending.

So consumer spending has been, pretty good. It's, this year it's averaged 2.3%.

That's directly in line with our projection for GDP growth this year, 2.3%.

Yeah. Softening to 2.1% next year. And yet consumer confidence has been very low until now. And the question I have, and this is- Yeah ... the main question I have from this survey, is this sustainable? Is this- ... the beginning of a turnaround in consumer sentiment, or is this just a one-off associated with the election?

Any thoughts on that?

Allen Li: I think this is the first step that has to happen in a turnaround. I can't imagine a turnaround happening any any differently, right? With the jump, the across the board things going, we need to see more things going the consumer's way- ... in the coming months.

There are some headwinds, since the jump was with younger and higher earning. We do have some headwinds like volatility in the stock market, that, that could be an issue. However I do think we are in the early signs of positivity.

Fergus McCormick: And so for next year, so the real question is, with greater consumer confidence, let's say it, it continues to improve over the- coming months. Would we then expect higher consumer spending? That, I'm not sure we have the answer there.

Allen Li: That is the question.

That's

Fergus McCormick: a good question ... especially with our expectations of persistent inflation, along with higher interest rates, which I think are coming. We're projecting- ... a 25 basis point hike in the federal funds rate next month in December, and also one in March.

And then that has also an effect on long-term bond yields.

Allen Li: Yeah. A, a lot of this is still we have to see in the few, in the next few months. So we're definitely tuning in, but we do have some good news that we we had another survey, which is with the October cohort on holiday spending, right?

And that, that is some positivity to go into '27, you think?

Fergus McCormick: Absolutely. Yeah, that survey showed that consumer intentions were to increase their holiday spending by 5.9%. Wow. And in real terms by 2.3%. I'm sorry, 3.2%. 3 point... Wow. 3.2%. Yeah. So it's a fairly decent increase in holiday spending. A couple of caveats though.

One, it's not as high as in 2024.

Allen Li: And I think the main, one of the drivers were the higher income households, right? With the, those earning combined 200,000 and over, they were driving a, a lot of

that.

Fergus McCormick: That's right. They're the main impetus for that increase in spending, whereas other household income levels actually plan a small- decline. So it's the K-shaped economy in this survey seems to be alive and well. It's sort of a microcosm of the overall perception of a K-shaped economy across the United States.

Allen Li: Yeah. I thought it was interesting in that report also that not only gifts were higher, so o- obviously higher income would, households spent more on gifts.

O- overall, we asked about non-gift items. So everything else regarding the, the holidays. And that was up, I think, almost 8%, 7.8 or 8%. So a- and that was seen by everyone, right?

Fergus McCormick: Yeah.

Allen Li: So they do plan on higher expenses there.

Fergus McCormick: Yeah, and the overall level of intentions among that 200,000 income level or more is to increase by their spending this holiday season by 14%.

Wow. So really high.

Allen Li: Okay.

Fergus McCormick: Yeah. Really high. So it seems that the, the wealthier segments of the population are doing just fine- ... carrying the rest of the country along.

Allen Li: Okay.

Fergus McCormick: So that's where your point about the stock market is really interesting. Yeah. As we know, almost two-thirds of Americans own stock.

And among those in that bracket of 200,000 income level or higher-

Allen Li: Yeah ...

Fergus McCormick: 93% own stocks.

So if there's a correction in the stock... we've already seen last week a correction in the stock market.

And then that was reversed somewhat this week with the Nvidia story. If there's a, a bigger correction or another correction, that, that could influence consumer-

Allen Li: I think so

spending, don't you think? That's one of the things I'm watching. Because our survey

dates were November, 17th was the cutoff for the released results. So I think if we, a lot has happened since then. But it's a little more unclear. It went down, went up, so I guess it's to be seen.

It's very interesting. That's the main thing I'm watching- ... because that's really driving the higher-income households there.

Fergus McCormick: Wow, it's fascinating.

Allen Li: Yeah.

Fergus McCormick: I also wonder whether if there is a shift in tariff policy or if there is a shift in the Middle East conflict, in other words, an ending to the war in the Middle East-

A retraction of some of the tariffs, whether that might lead to a lower pass-through of higher prices to inflation-

...

Fergus McCormick: In the United States, and then, a continuation of this relatively positive- Yes ... consumer sentiment.

Allen Li: Yeah.

Fergus McCormick: Consumer confidence.

Allen Li: I agree. I think the consumer understands this o- on some level.

I mean- ... everyone's plugged into the news- ... and they know that these have second or third order implications- ... which translate to finally how much goes out of their wallet. So I think the consumer does understand this, and they're waiting for some resolutions- that'll help them.

Fergus McCormick: In terms of the overall survey and the write-ins in other words, respondents have the ability to write in what concerns them, did anything else strike you about the-

About this month's-

Allen Li: Yeah ...

Fergus McCormick: index?

Allen Li: Besides being less negative, I actually had the pleasure of reading-- I read through all the write-ins.

A lot of them were still, complaining about those issues, exact issues that we were talking about. We do see some sh- beginning signs of hope. They also talked about, job, the

labor market, but a little less worry there. I think they're really waiting for some material change to some of the issues that were bothering them in 2026, which is why and they believe that it will get better.

Which is why the, the confidence levels did rise above the negativity in '26.

Fergus McCormick: Another thing that interests me about this index is the difference in confidence in different age groups and generations. Were there any trends there that you saw that stuck out?

Allen Li: Along with the watching the, the stock market indicator, I think this is, has nuances there.

And so we're actually planning on releasing in the short term, maybe coming soon cuts by, demographic like the financial cuts. So who are the people thinking stocks are increase or decrease, or who's positive about it? What's w- who are they affecting? And I think it, the story is different for the Gen Z and millennials compared to older generations.

Now, like the stock market, if you have a crash, it's really a sale for Gen Z. They're not really worried about that. They actually want to see h- lower prices go- right now. They have all to gain. But for higher for older folks, they would be more affected. Obviously, you'll see the hurting in their portfolios there.

Fergus McCormick: What does this signal? I know we've touched on this already, but what, what does the, what does this the results of the November Consumer Confidence Index really signal for 2027? Just summing up. It seems to be incredibly propitious for consumer spending going into the new year.

We know that consumers plan to spend more over this holiday season.

They're going to be looking at sales. They're going to be looking at rebates. They're going to be using AI to compare prices. They're going to be shopping online. We know all this. They're going to be trading down to cheaper goods and to cheaper stores. These are the results of our earlier survey. But what does it mean for 2027?

That's the key question, the one that we keep getting asked. And I suspect that if you have people shift their confidence around an election, it takes time for po- to put policies into place, doesn't it? Yes. So that suggests that some of that confidence will lag over into next year. Or am I completely off base?

Allen Li: No, I think you're right. I agree with your assessment on the trajectory. And yes, consumers are economizing. Some of the spending trends we, we were seeing, we, that we asked in the survey, they were economizing on highly discretionary activities. But in the November results, they it's come back a little bit.

And they're traveling a little bit more. There's plan on spending a little more on hotels and airfare. And vacations- And also

Fergus McCormick: durable goods ...

Allen Li: durable goods. Oh, yes.

Fergus McCormick: Vacations, durable goods. And that's not something you do overnight. It's something- No ... if you need a refrigerator, you're waiting for the right price.

It's a long-term structural purchase in most homes. Plus I noticed used cars, intentions are up for used cars.

Allen Li: Yeah. And that's- So these spending trends are, I'm gonna watch whether they continue to go in a positive direction. So less economizing, and just more they're just going out and s- spending a little more freely.

Fergus McCormick: Thanks, Allan. This has been a great conversation. It's, I know we talk all the time in the office, but it's also great to do it in a more formal setting. Thanks for joining me today.

Allen Li: Oh, thank you, Fergus. I totally agree.

Fergus McCormick: And thanks to all of you for listening to C-Suite Perspectives. I'm Fergus McCormick, and this series has been brought to you by The Conference Board.

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