



UNITED STATES

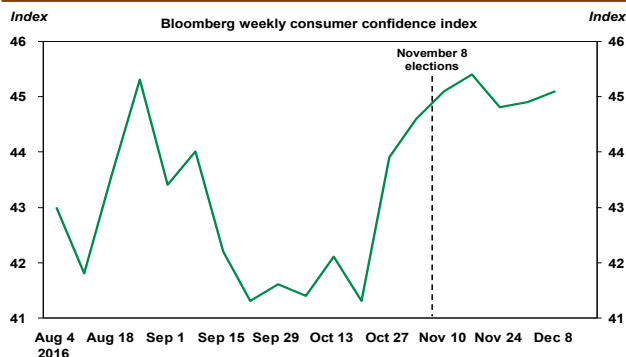
Did Donald Trump's election boost Americans' confidence?

Donald Trump's surprise victory on November 8 had the potential to fuel uncertainties and the degree of worry in households. Much like the stock market, which reacted positively to the news, most confidence indexes are currently showing a net improvement. The Conference Board index in November reached its highest reading since July 2007. In December, the TIPP index climbed to its highest level since November 2006. We only have to look back to January 2015 to see a higher threshold for the University of Michigan index. That said, the shortfall to reach this new peak is only 0.1 point. We would have to go back to January 2004 to see greater confidence.

Did Donald Trump's election jump-start this new confidence? The signals are mixed. On one hand, Bloomberg's weekly confidence index shows that most of the uptick occurred in the weeks before the election. The Conference Board, for its part, said that the gains in its November index were perceptible in the responses received before the election, and that the trend did not change after November 8. On the other, the University of Michigan justified the increase in the final version of its November index and in the preliminary version of its December index as a clear and direct result of the election: "The surge was largely due to consumers' initial reaction to Trump's surprise victory." The financial markets' positive response to this electoral surprise clearly helped boost the mood in households. This degree of optimism on the markets was, as we recall, far from certain.

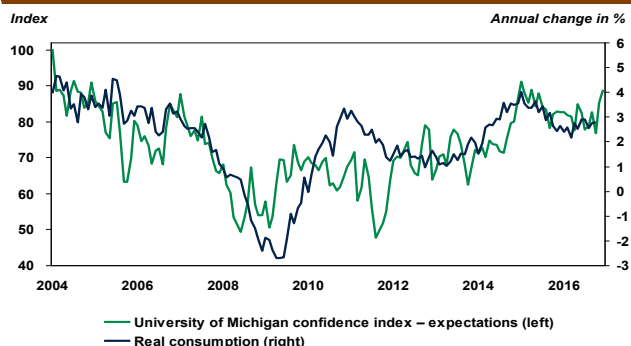
Implications: In the end, the election has not hindered household confidence—it may have even bolstered it. Regardless of the cause, the result is the same: stronger confidence can only be good for economic growth, starting with changes in household consumption.

Confidence started to rise before the elections and has stayed strong since then



Sources: Bloomberg and Desjardins, Economic Studies

The upturn in confidence signals a run-up in spending by U.S. households



Sources: University of Michigan, Bureau of Economic Analysis and Desjardins, Economic Studies

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