



The Daily Dish

Mixed Feelings

DOUGLAS HOLTZ-EAKIN | OCTOBER 28, 2026

AAF prides itself on centering its policy analysis on the magnitudes of problems. Numbers are the currency of the D.C. realm, and getting the numbers is a high priority. So naturally, Eakinomics' eye was drawn to the headline, [US Consumer Confidence Rises for First Time in Four Months](#). Surely this would put a sharp empirical point on the amorphous issue of voter anxiety over affordability. It did:

US consumer confidence unexpectedly rose in October for the first time in four months on brighter views about the job market and business conditions.

The Conference Board's gauge increased 7.5 points to 91.7, the highest since June, data released Tuesday showed. The figure topped all projections in a Bloomberg survey of economists. A measure of expectations for the next six months rose nearly 7 points in October to 72.6, while a gauge of present conditions increased to the highest since April.

This sounds like promising news about the health of the household sector. The only problem is that Eakinomics recalled that another survey of consumer feelings – the University of Michigan [survey](#) of consumer sentiment – had shown a drop over the same period to its second-lowest reading. So, which is it? Up or down?

Granted, the two surveys are not identical. As the Bloomberg article notes:

The Conference Board's confidence index generally focuses on labor market conditions, whereas a separate metric of consumer sentiment from the University of Michigan emphasizes views about personal finances and the cost of living.

This raises the question: Do these capture the same feelings? Fred Ashton came to the rescue, analyzing the past 10 years of month-to-month changes shown in this [picture](#). The finding is that the correlation between the month-to-month change in the consumer sentiment index and month-to-month change in consumer confidence is 0.55.

That is evidence – but really evidence of somewhat mixed feelings. When one goes up, the other tends to go up as well (that’s the significance of a positive number). Keep in mind a perfect positive correlation is 1.0; when one index rises, so does the other. If the correlation is zero, then knowing one index when up provides no clue about the other. In this case, knowing one index went up is a noisy indicator of the likely upward movement in the other.

One would think that feelings about personal finances would be closely related to feelings about the labor market that is the source of most people’s income. But a frustrating reality is that people are messy things, and data on their behavior are messier yet. The numbers almost never line up and tell a simple, coherent story, so there is always the need for additional data to flesh out the picture.

So, we wait for the next month to get greater clarity. Alas.