# Mixed Views on U.S. Economy Amid Positive Indicators and Lingering Pessimism



**U.S. Economic Sentiment: A Paradox**

Despite positive economic indicators, many Americans remain unconvinced about the state of the U.S. economy. This sentiment persists even though the job market is strong, and consumer spending is robust. Various factors contribute to this discrepancy.

A term gaining traction to describe this phenomenon is "vibecession." One primary reason for economic pessimism is the lasting impact of high inflation from 2021-2022, which has led to elevated prices for essentials like rent and groceries. Kyla Scanlon, who coined "vibecession," attributes this to the slow adjustment of people's perceptions to stabilizing prices. Knowledge gaps also play a role, with many Americans incorrectly believing the country is in a recession.

Federal Reserve officials, like Raphael Bostic and Loretta Mester, acknowledge that people's memories of lower prices contribute to current dissatisfaction. Interest rate hikes aimed at controlling inflation have also affected sentiment. Jared Bernstein from the White House suggests that as wages catch up with inflation, optimism might improve, though this recovery is slow.

Moreover, media coverage has become more negative, which may amplify public pessimism, as noted by Aaron Sojourner of the W.E. Upjohn Institute. This negativity could have implications for the 2024 presidential election, with many voters critical of President Biden's economic policies.

**FTSE 100 Recovers Amid Economic Uncertainty**

London's FTSE 100 index rose by 47.98 points (0.59%) to 8,231.05 on May 30, 2024, recovering some losses from a downbeat week. Auto Trader led the gains, with a 15% rise in shares following positive profit reports. Other companies like Frasers Group, JD Sports, and Burberry also helped lift the index.

European markets showed moderate gains, with Germany's Dax up 0.13% and France's Cac up 0.55%. However, U.S. markets saw declines, with the S&P 500 down 0.4% and the Dow Jones down 0.9%.

Investors are closely watching U.S. inflation data, set for release on Friday. The Federal Reserve has maintained that interest rate cuts will not occur until inflation significantly decreases. The pound rose 0.3% against the U.S. dollar but remained flat against the euro. Brent crude oil prices fell by 1.5%, reaching $82.35 per barrel.

Other company news included National World and Dr Martens announcing varying financial outcomes, affecting their stock performances. The biggest risers on the FTSE 100 were Auto Trader, Ocado, Frasers, JD Sports, and St James’s Place, while the largest fallers included Sage Group, CocaCola HBC, Antofagasta, Severn Trent, and Intertek.