Consumers at their giddiest on the economy since 2009



MICHAEL NAGLE/BLOOMBERG

Shoppers walk through the Menlo Park Mall in Edison, New Jersey, on Nov. 25.

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The U.S. presidential election was only a month ago, but President-elect Donald Trump is already having a massive impact on consumers' confidence and outlook for the future.

In the preliminary reading of the University of Michigan's December index of sentiment, consumer confidence jumped by more than expected amid a rosier outlook for their own personal finances and their best opinion on the government's economic policies in seven years, with unprompted mentions of an improving policy backdrop reaching an all-time high.

"When asked what news they had heard of recent economic developments, more consumers spontaneously mentioned the expected positive impact of new economic policies than ever before recorded in the long history of the surveys," the statement from Richard Curtin, director of the survey, reads.

In the December preliminary release, the index that tracks' respondents opinion of the government's economic policies rose to its highest level since 2009.

"Bottom line, this is all about Trump enthusiasm," Peter Boockvar, chief market analyst at the Lindsey Group, wrote in a note following the report. "With the rise in optimism, we'll soon see to what extent this translates into a change in economic behavior."

Due to a strengthening job market and optimism about better economic policies laying ahead, 40 percent of those surveyed also said they are expecting to be in a better financial situation a year from now, the most in a decade.

This uptick has not occurred for all demographics across the country, however. "There were a few exceptions to the early December surge in optimism," the University of Michigan says. "Mainly among those with a college degree and among residents of the Northeast, although no group has adopted a pessimistic outlook for the economy."

The share of Republicans expecting the nation's economy to get better in a year has spiked since the election -- with the assumption being that the implementation of their preferred policies under the new administration will buoy growth.

However, the jump in this UofM opinion of government's economic policy index -- along with a similar move in a poll from Gallup -- demonstrate the extent to which partisanship can influence readings of consumer sentiment.

Both of these cases reflect instances in which households' evaluations of current conditions changed markedly. Trump has yet to take office, though he's directly inserting himself into business decisions made by Corporate America.

If confidence is to stay elevated, Trump will need to quickly make good on pledges to boost the nation's economic performance after Jan. 20.

"President-elect Trump must provide early evidence of positive economic growth as well as act to keep positive consumer expectations aligned with performance," writes Curtin. "Either too slow growth or too high expectations represent barriers to maintaining high levels of consumer confidence."