

Consumer confidence climbs to a six-year high

WASHINGTON – July 31, 2007 – Have U.S. consumers turned a corner? Consumer confidence for July surged 7.3 points over June numbers to reach its highest level in six years.

The Conference Board Consumer Confidence Index, which had dipped in June, now stands at 112.6 (1985=100), up from 105.3 in June. The Present Situation Index, a component that gauges attitudes about conditions today, increased to 139.2 from 129.9 in June. The Expectations Index, which gauges attitudes about the future, rose to 94.8 from 88.8.

“The rebound in consumer confidence has catapulted the index to its highest reading in nearly six years (August 2001, 114.0),” says Lynn Franco, director of The Conference Board Consumer Research Center. “An improvement in business conditions and the job market has lifted consumers’ spirits in July. The Present Situation Index is also at a near six-year high (August 2001 144.5). Looking ahead, consumers are more upbeat about short-term economic prospects, mainly the result of a decline in the number of pessimists, not an increase in the number of optimists. This rebound in confidence suggests economic activity may gather a little momentum in the coming months.”

Consumers were considerably more positive about current-day conditions in July than they were in June. Those claiming conditions are “good” increased to 28.1 percent from 27.3 percent. Those saying conditions are “bad” decreased to 14.4 percent from 16.1 percent. Consumers were also more upbeat about the job market. Those saying jobs are “hard to get” declined to 18.4 percent from 20.5 percent. Those claiming jobs are “plentiful” improved to 30.5 percent from 27.6 percent in June.

Consumers were also less pessimistic about the short-term outlook. Those expecting business conditions to worsen in the next six months declined to 8.0 percent from 10.8 percent. However, those expecting business conditions to improve dipped to 15.4 percent from 16.2 percent.

The outlook for the labor market was mixed. The percent of consumers expecting more jobs in the months ahead was virtually unchanged at 14.1 percent, while those anticipating fewer jobs decreased to 15.1 percent from 17.0 percent. The proportion of consumers expecting their incomes to increase in the months ahead declined to 18.8 percent from 19.4 percent in June.

The Consumer Confidence Survey is based on a representative sample of 5,000 U.S. households. The monthly survey is conducted for The Conference Board by TNS.

© 2007 FLORIDA ASSOCIATION OF REALTORS®