

Consumer Confidence - 25 August 2009

The Conference Board Consumer Confidence Index bounces back

NEW YORK – Aug. 25, 2009 – The Conference Board Consumer Confidence Index®, which had retreated in July, rebounded in August. The Index now stands at 54.1 (1985=100), up from 47.4 in July. The Present Situation Index increased slightly to 24.9 from 23.3 last month. The Expectations Index improved to 73.5 from 63.4 in July.

“Consumer confidence, which had posted back-to-back monthly declines, appears to be back on the mend,” says Lynn Franco, director of The Conference Board Consumer Research Center. “The Present Situation Index increased slightly, mainly the result of an improvement in consumers’ assessment of the job market. The Expectations Index improved considerably and is now at its highest level since December 2007 (Index, 75.8). Consumers were more upbeat in their short-term outlook for both the economy and the job market in August, but only slightly more upbeat in their income expectations. And, as long as earnings continue to weigh heavily on consumers’ minds, spending is likely to remain constrained.”

Consumers’ assessment of current conditions improved slightly in August. Those claiming business conditions are “bad” decreased to 45.6 percent from 46.5 percent; however, those claiming conditions are “good” decreased to 8.6 percent from 8.9 percent. Consumers’ appraisal of the job market was more favorable this month. Those saying jobs are “hard to get” decreased to 45.1 percent from 48.5 percent, while those claiming jobs are “plentiful” increased to 4.2 percent from 3.7 percent.

Consumers’ short-term outlook was much improved from last month. Those expecting an improvement in business conditions over the next six months increased to 22.4 percent from 18.4 percent. Those anticipating conditions to worsen decreased to 15.8 percent from 19.0 percent.

The labor market outlook was also more upbeat. The percentage of consumers expecting more jobs in the months ahead increased to 18.4 percent from 15.5 percent, while those expecting fewer jobs decreased to 23.3 percent from 26.1 percent. The proportion of consumers expecting an increase in their incomes increased slightly to 10.6 percent from 10.1 percent.

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, one of the world’s largest custom research companies. The cutoff date for August’s preliminary results was Aug. 18.

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