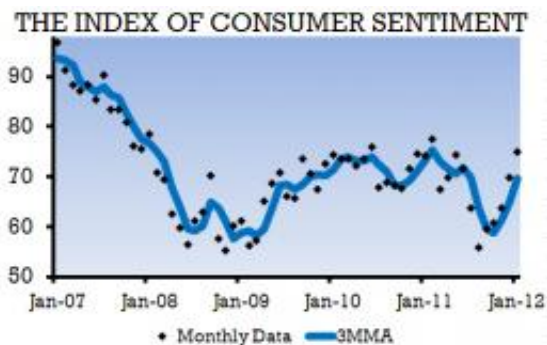


Consumer confidence improves in January due to job gains: U-M economist

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(PhysOrg.com) -- Consumer confidence continued to improve in January due to positive news about potential job gains, according to University of Michigan economist Richard Curtin, director of the Thomson Reuters/University of Michigan Surveys of Consumers. The Surveys, conducted by the U-M Institute for Social Research (ISR), have been monitoring consumer attitudes and expectations for over 60 years.

The increase in confidence over the past five months has been substantial, with the Sentiment Index rising by one-third over the depressed August low caused by the Congressional debt debate debacle. "Despite this nascent trend toward optimism, the majority of consumers remain deeply skeptical about the prospective strength of the economy," said Curtin. "Although twice as many anticipated an improved near-term

[economic outlook](#) compared with five months ago, consumers were no more likely to expect their [financial situation](#) to improve. Moreover, confidence in government polices remains near an all-time low. Every sustained recovery in the past half century has been foreshadowed by rising confidence in government economic policies."

News of Job Gains at Record Levels

Record numbers of consumers spontaneously reported hearing about recent employment gains, tying the 1983 record. When asked about prospective changes in unemployment, consumers were not as optimistic. Half expected an unchanged rate of unemployment, and the other half were equally divided between expecting increases and expecting declines. These expectations reflect a realism that can be met by modest future job gains.

Jan' 12	Dec' 11	Jan' 11	M-M Chng	Y-Y Chng
Index of Consumer Sentiment				
75	69.9	74.2	7.3%	1.1%
Index of Consumer Expectations				
69.1	63.6	69.3	8.6%	-0.3%
Current Conditions Index				
84.2	79.6	81.8	5.8%	2.9%

Personal Finances Still Dismal

Personal [financial prospects](#) remained troublesome for most [consumers](#). More households reported recent income declines than increases, for the 40th consecutive month. Just one in four households anticipated

financial gains in the year ahead, but only half as many expected their inflation-adjusted income to increase during 2012.

Consumer Sentiment Index

The Sentiment Index rose to 75.0 in the January 2012 survey, up from 69.9 in December and last January's 74.2. This marked the fifth consecutive month that the Sentiment Index increased from its August low of 55.8. It remained below last year's peak of 77.5 in the February 2011 survey. The Expectations Index rose to 69.1 in January from 63.6 in December but was just below last January's 69.3. The Current Conditions Index was 84.2 in January, up from 79.6 in December and last year's 81.8.

Provided by University of Michigan

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