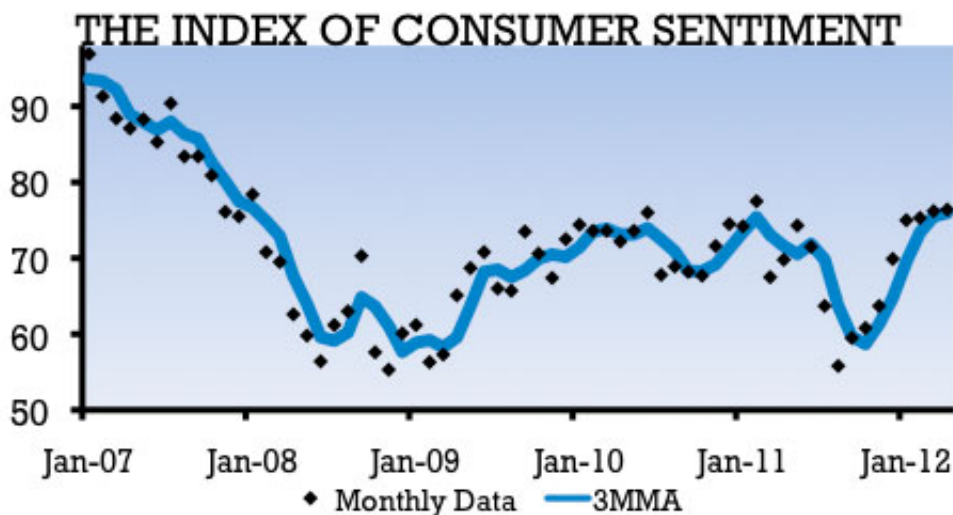


Gains in consumer confidence continue, depend on job growth

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(Phys.org) -- Consumer confidence improved in each of the past nine monthly surveys, rising to its highest level this month since October 2007, 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, have been monitoring consumer attitudes and expectations for over 60 years.

More favorable job and wage prospects were the main factors behind the improved outlook, according to Curtin.

Job Growth

Many more consumers reported hearing about recent job gains than [job losses](#)—the fewest consumers reported hearing of job losses in May than anytime since mid 2007. In each of the past three months, a majority of consumers reported an improved economy and twice as many expected further improvement rather than renewed declines in the year ahead. Most consumers, however, expected the gains to be modest. Confidence in the government's economic policies remained relatively low, with 41 percent holding negative views.

May' 12	Apr' 12	May' 11	M-M Chng	Y-Y Chng
Index of Consumer Sentiment				
79.3	76.4	74.3	3.8%	6.7%
Index of Consumer Expectations				
74.3	72.3	69.5	2.8%	6.9%
Current Conditions Index				
87.2	82.9	81.9	5.2%	6.5%

"[Consumer confidence](#) was nearly as high in the past two years before the gains were reversed," Curtin said. "While gas prices and economic policy debates played a role in the pull backs, changes in job expectations also had a critical impact."

"The upbeat consumer reports on [jobs](#) could mean that more positive numbers will soon be reported by the government, or

that [consumers](#) have yet again pushed their expectations beyond the likely performance of the economy. The most likely prospect is that job growth resumes at a modest pace and that confidence remains largely unchanged until after the November election and decisions about tax policy are made."

Buying Plans Improve

Favorable views on buying conditions for household durables were cited by 63 percent in May, the highest level in more than a year, driven up by the availability of price discounts. Vehicle buying conditions were judged more favorably in May by households with incomes over \$75,000, those most likely to purchase new vehicles. Favorable views of vehicle buying conditions were held by 72 percent, up from 67 percent one month ago and 57 percent one year ago.

Consumer Sentiment Index

The Sentiment Index was 79.3 in the May 2012 survey, up from 76.4 in April and 74.3 in last May's survey. Although the largest gain from last month was in consumers' assessments of current economic conditions, compared with a year ago, both the current and expected components of the Sentiment Index posted nearly equal increases. The May Expectations Index reached its highest level since July 2007, and the Current Conditions Index reached its highest level since January 2008.

Provided by University of Michigan

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