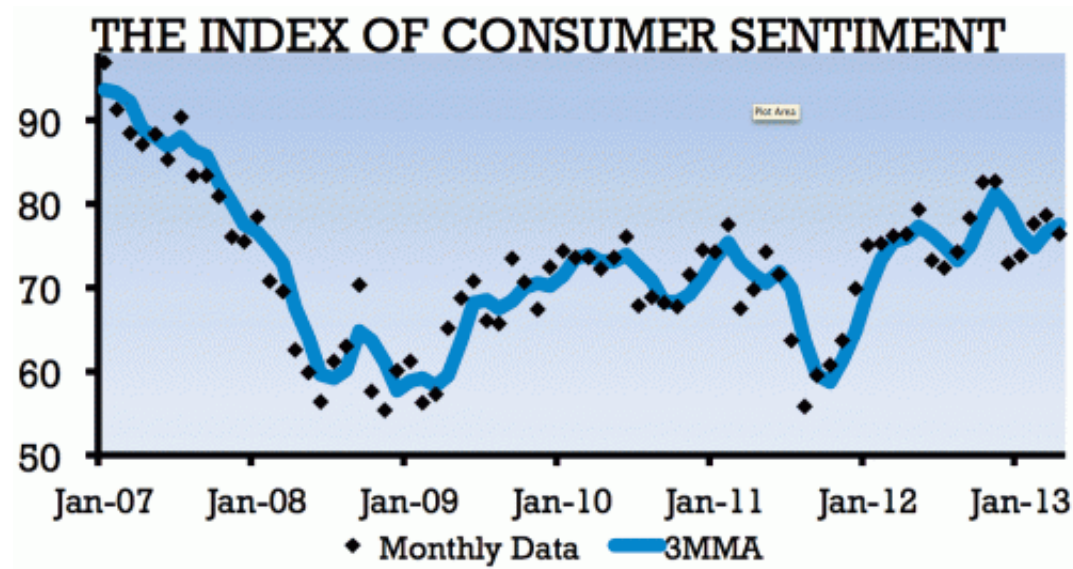


Consumer confidence withstands Boston bombing

April 29 2013



The overall level of consumer confidence declined in April from March, but was identical to last April's reading, 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) since 1946, monitor consumer attitudes and expectations.

Most of the April loss was in how [consumers](#) viewed future economic prospects, according to Curtin. In particular, consumers were less

optimistic about the ability of the economy to continue to expand without a renewed [downturn](#) sometime in the next five years. The strengths in [consumer spending](#) are now attributable to gains in household wealth, including rising home values and [stock prices](#) as well as reduced debts. Indeed, favorable attitudes toward vehicle and home buying conditions continued to point toward improved sales of homes and vehicles during the year ahead. These improved trends have been particularly strong among upper-income households.

Rising home prices expected to continue

Rising home values were reported by the highest number of homeowners since late 2007, although it was still less than half of the 2005 peak of 76%. The recent rise in home values as well as expected gains during the years ahead were heavily concentrated among households in the upper third of the income distribution. During the past three months, the upper income households expected an annual gain of 2.8 percent in the value of their home over the next five years, compared with just 0.3 percent by households in the lower third of the income distribution.

Income and jobs still top concern

Just one-in-four consumers in the April survey anticipated a decline in the [unemployment rate](#) during the year ahead. When asked about anticipated income gains, half expected no gain in their household incomes during the year ahead, and half of all consumers thought there was less than a 25 percent chance of an increase in their inflation-adjusted income gain during the next five years.

Consumer Sentiment Index

The Sentiment Index was 76.4 in the April 2013 survey, down from 78.6

in March and equal to last April's reading. The Expectations Index recorded the largest decline, falling to 67.8 in April from 70.8 in March and 72.3 recorded in the April 2012 survey. The Current Economic Conditions Index was 89.9 in April, slightly below the 90.7 in March but well above the 82.9 recorded last April.

About the survey

The Surveys of Consumers is a rotating panel survey based on a nationally representative sample that gives each household in the coterminous U.S. an equal probability of being selected. Interviews are conducted throughout the month by telephone. The minimum monthly change required for significance at the 95-percent level in the Sentiment Index is 4.8 points; for Current and Expectations Index the minimum is 6.0 points. For more information, visit the Surveys of Consumers website at press.sca.isr.umich.edu.

More information: [Link to related Excel chart](#)
[Link to related Excel table](#)
[Surveys of Consumers](#)

Provided by University of Michigan

Citation: Consumer confidence withstands Boston bombing (2013, April 29) retrieved 17 July 2024 from <https://phys.org/news/2013-04-consumer-confidence-boston.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.