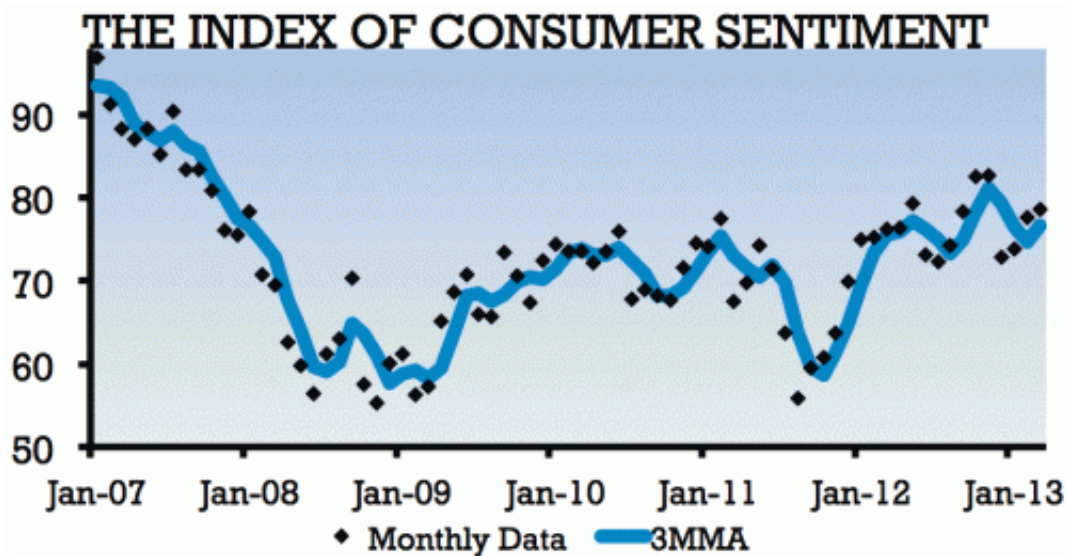


# Consumer confidence continues to improve in March

April 1 2013



Consumer confidence continued to improve in March due to more positive signs of expanding employment, 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 more than 60 years.

Rising home prices also had a positive impact on consumer balance sheets and their willingness to purchase homes and vehicles, according to Curtin. The major problem now facing consumers is meager income increases, with half of all consumers expecting price increases to exceed income gains during the year ahead. While the cuts in [federal spending](#) and the hike in [payroll taxes](#) will be a drag on economic growth, consumers now anticipate that accelerated job gains will provide an improved [financial situation](#) and enable moderate economic growth.

## Rising home prices expected to continue

Recent increases in home values were reported by the largest proportion of homeowners in more than five years, and continued gains in the value of their homes were expected by more homeowners than at any time since the March 2007 survey. The pace of [home purchases](#) has directly benefitted by making owners more willing to sell their current home as well as hastening the timing of buying another home before prices increase even more. Along with rising [stock prices](#), higher home prices have indirectly helped to boost other purchases due to the increase in household wealth.

Mar' 13	Feb' 13	Mar' 12	M-M Chng	Y-Y Chng
<b>Index of Consumer Sentiment</b>				
78.6	77.6	76.2	1.3%	3.1%
<b>Index of Consumer Expectations</b>				
70.8	70.2	69.8	0.9%	1.4%
<b>Current Conditions Index</b>				
90.7	89	86	1.9%	5.5%

## **Interest-sensitive purchases expected to improve**

Vehicle buying attitudes remained at very positive levels throughout the past six months due to favorable perceptions of prices and interest rates on vehicle loans. The data indicate light vehicle sales will reach 15.6 million units during 2013, up from 14.4 in 2012. Despite the recent rise in [gasoline prices](#), few consumers cited those increases in the past few months as a disruptive force when asked about their vehicle buying intentions.

## **Consumer sentiment index**

The Sentiment Index was 78.6 in the March 2013 survey, up from 77.6 in February and above last March's reading of 76.2. The Expectations Index was 70.8 in March, just ahead of the 70.2 in February and the 69.8 recorded last March. The Current Economic Conditions Index rose to 90.7 in March, just ahead of the 89.0 in February and 86.0 recorded last March.

## **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](http://press.sca.isr.umich.edu).

**More information:** Related Links:

- [Link](#) to related Excel chart
- [Link](#) to related Excel table
- [Surveys](#) of Consumers
- Video about the Surveys of Consumers is available at [youtu.be/JkQauI15hIE](https://youtu.be/JkQauI15hIE)

Provided by University of Michigan

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