

US consumer confidence soars to 17-year record

27 February 2018



Busy restaurants like this one in Washington are a reflection of the positive US consumer confidence index, which has jumped to its highest level since November of 2000

US consumer confidence leapt to a 17-year record in February, driven higher by strong expectations that jobs will remain plentiful in the near-term, according to a survey released Tuesday.

Consumers' outlook about the future was also rosier, with more expecting their incomes to rise in the coming months, according to the Conference Board.

The results could point to strong consumer spending in the early months of 2018, helping support continued GDP expansion.

The [consumer confidence](#) index jumped more than six points to 130.8, its highest level since November of 2000, well beyond analyst expectations, which called for only a 2.2 percentage point gain.

"Despite the recent stock market volatility, consumers expressed greater optimism about

short-term prospects for business and labor market conditions, as well as their financial prospects," Lynn Franco, the Conference Board's head of economic indicators, said in a statement.

"Overall, consumers remain quite confident that the economy will continue expanding at a strong pace in the months ahead."

The share of survey respondents saying business conditions were "bad" fell 2.2 percentage points to 10.8 percent, while those saying jobs were "plentiful" jumped 2.2 points to 39.4 percent.

Consumers expecting business conditions to improve over the next six months gained 4.3 points to reach 25.8 percent and those expecting [higher incomes](#) in the months ahead rose to 23.8 percent, up 3.2 percentage points.

With US unemployment at historic lows and expected to fall further, employers are struggling to fill open positions and some are beginning to increase wages.

Corporations have also attracted publicity by announcing employee bonuses tied to December's sweeping corporate tax cuts. Economists however warn this does not mean workers will primarily benefit.

Ian Shepherdson of Pantheon Macroeconomics said changes in consumer confidence often lagged behind movements on Wall Street, meaning this month's selloff on stock markets may not yet be reflected in the index.

Still, the readings "appear consistent with rocketing consumers' spending," he said in a research note.

Shepherdson however noted that, with incomes growing only two percent on an annual basis and savings at record lows, "the 4.5 percent growth in spending apparently signaled by the confidence

numbers just can't happen."

© 2018 AFP

APA citation: US consumer confidence soars to 17-year record (2018, February 27) retrieved 19 September 2020 from <https://phys.org/news/2018-02-consumer-confidence-soars-year.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.