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Confidence among consumers soaring

Third straight monthly rise

By Tim Mullaney
USA Today

Consumers aren't hitting the panic button despite Wall Street's downturn the past few weeks.

Consumer confidence is at a five-year high, even as markets recoiled over how soon the Federal Reserve plans to pull back on its massive bond buying program.

It has risen three straight months, reaching 81.4 in June on a 100-point scale set in 1985.

Investors watch confidence numbers for clues about how freely

consumers may spend in coming months, since consumer spending is more than 70 percent of the U.S. economy.

The Conference Board's confidence survey is one of 10 statistics built into its Index of Leading Economic Indicators, which is currently pointing to accelerating growth in the second half of the year.

"Consumers are considerably more positive about current business and labor market conditions than they were at the beginning of the year," said Lynn Franco, the board's director of economic indicators. "Expectations have also improved considerably over the past several

months, suggesting that the pace of growth is unlikely to slow in the short-term, and may even moderately pick up."

Consumers' perceptions of current conditions improved modestly, with about the same percentage saying conditions are as "good" as in May and a slightly smaller number saying conditions are bad, the Conference Board said. The percentage of consumers who think conditions will improve the next six months climbed to 20.3 percent from 18.7 percent.

Economists have credited much of the gain in confidence to rising house prices.