

Trader Gregory Rowe, center, works at the post of specialist Joseph Mastrolia, left, on the floor of the New York Stock Exchange. Global stocks were mostly lower Tuesday. RICHARD DREW/AP

Confidence, stocks drop

Consumers wary about outlook

By David Dykes
Staff Writer

Economists said U.S. consumer confidence slipped in February over concerns about the short-term outlook for business conditions and jobs, and investors took notice.

The Conference Board said Tuesday its confidence index dipped to 78.1 this month, down from 79.4 in January.

In the wake of that news, the Dow Jones industrial average lost 27.48 points, or 0.2 percent, to 16,179.66.

The Standard & Poor's 500 index fell 2.49 points, or 0.1 percent, to 1,845.12 and the Nasdaq composite fell 5.38 points, or 0.1 percent, to 4,287.59.

"Consumer confidence declined moderately in February on concern over the short-term outlook for business conditions, jobs and earnings," said Lynn Franco, the Conference Board's director of economic indicators.

Franco said consumers believe the economy has improved, "but they do not foresee it gaining considerable momentum in the months ahead."

Consumer sentiment is closely watched for indications about how it will impact consumer spending, which accounts for 70 percent of economic activity.

Sonny Scarfone, an analyst with TD Economics, said consumer confidence in February missed a turn with a mark of 78.1, which was below its previous reading, downwardly revised to 79.4, and market expectations of 80.

Scarfone said the aggregate decline in consumer confidence was "entirely attributable" to the expectations component, which declined 5.1 points to reach 75.7. While consumers recognize present conditions are better than they were, they don't see gains in momentum over the next six months, Scarfone said.

Those expecting business conditions to improve over the next six months decreased from 17 percent to 16.3 percent, and those expecting more jobs to be created declined from 15.1 percent to 13.3 percent, according to the Conference Board.

Two consecutive lackluster payroll reports seem to have crept into consumer sentiment, Scarfone said. After averaging 193,500 added jobs per month in 2013, the two latest readings have been of 75,000 and 113,000.

The S&P 500 spent time in record territory Monday, raising hopes on Wall Street that the scary early year pullback had run its course and a new uptrend was taking shape.

The market drifted between gains and losses throughout the day Tuesday, then headed steadily lower in the last hour of trading. Investors found some solace in strong results from Home Depot and Macy's.

The enthusiasm wasn't enough, however, to offset an unexpectedly steep decline in consumer confidence.

USA TODAY contributed.