CONSUMER CONFIDENCE SURGES IN U.S.

Index of optimism hits a 7-year high, beating experts' forecast

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Consumer confidence surged to a seven-year high this month despite the volatile stock market and global economic weakness, providing further support for U.S. growth.

A closely watched index of consumers' outlook rose to 94.5 from 89 in September, the Conference Board said Tuesday, beating economists' predictions.

Falling gasoline prices and strong job growth are expected to continue to bolster consumers' perceptions. Although slowing growth in the eurozone and China sent markets reeling earlier this month, stocks have recovered much of the losses.

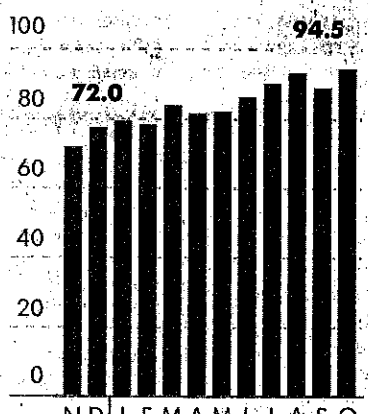
"Consumers have regained confidence in the short-term outlook for the economy and labor market and are more optimistic about their future earnings potential," said Lynn Franco, the Conference Board's director of economic indicators.

The surprisingly strong reading bodes well for U.S. consumer spending and the economy. Retail sales fell unexpectedly last month, but economists expect low gas prices to leave Americans with more discretionary income, lifting sales this month.

Meanwhile, monthly job gains have continued to average more than 200,000 and factory output rose last month at the fastest pace since March.

CONFIDENCE SURGES

The Consumer Confidence Index hit a seven-year high in October. Changes over past 12 months:



Source The Conference Board
GEORGE PETRAS, USA TODAY

"The rise in consumer confidence supports our belief that the economy remains on a firm footing," said Gregory Daco, lead U.S. economist of Oxford Economics.

The encouraging report gives the Federal Reserve further proof the U.S. economy is largely shrugging off the sluggishness overseas. At a meeting that ends today, the Fed is expected to end a two-year bond-buying program that has held down long-term interest rates.

The confidence index was especially bolstered by consumers' improving near-term outlook.

The share expecting more jobs in the next six months increased to 16.8% from 16%, while those anticipating fewer jobs fell to 13.9% from 16.9%. Also, 17.7% expect their incomes to grow, up from 16.9%.

Americans had a more mixed review of the current economy. The portion saying business conditions are "good" ticked up to 24.5% from 24.2%.

But those saying conditions are "bad" also increased, to 21.7% from 21.2%.