BUSINESS

Consumer confidence rises

Index swells to 81.5 after low of 25.3 in Feb. 2009

By Paul Wiseman
Associated Press

WASHINGTON — Americans' confidence in the economy inched closer to a 5½-year high on growing optimism that hiring and wages could pick up in coming months.

The Conference Board, a New York-based private research group, said Tuesday that its consumer confidence index rose to 81.5 in August. That's up from a revised reading of 81 in July. And it's just below the 82.1 reading in June, which was the highest since January 2008.

Consumers' income expectations, which fell earlier this year after a January tax hike, rebounded to the highest level in 2½ years, said Lynn Franco, director of the Conference Board's economic indicators.

Although consumers were more confident about the future, their assessment of the current economy dipped slightly in August.

"Consumer sentiment is holding steady, supported by advances in stocks, solid job creation and a broad-based recovery in the housing market," Jim Baird, chief investment officer at Plante Moran Financial Advisors, wrote in a research note.

Consumers' confidence is watched closely because their spending accounts for about 70 percent of U.S. economic activity.

After hitting bottom at 25.3 at the depths of the Great Recession in February 2009, the index has bounced back.