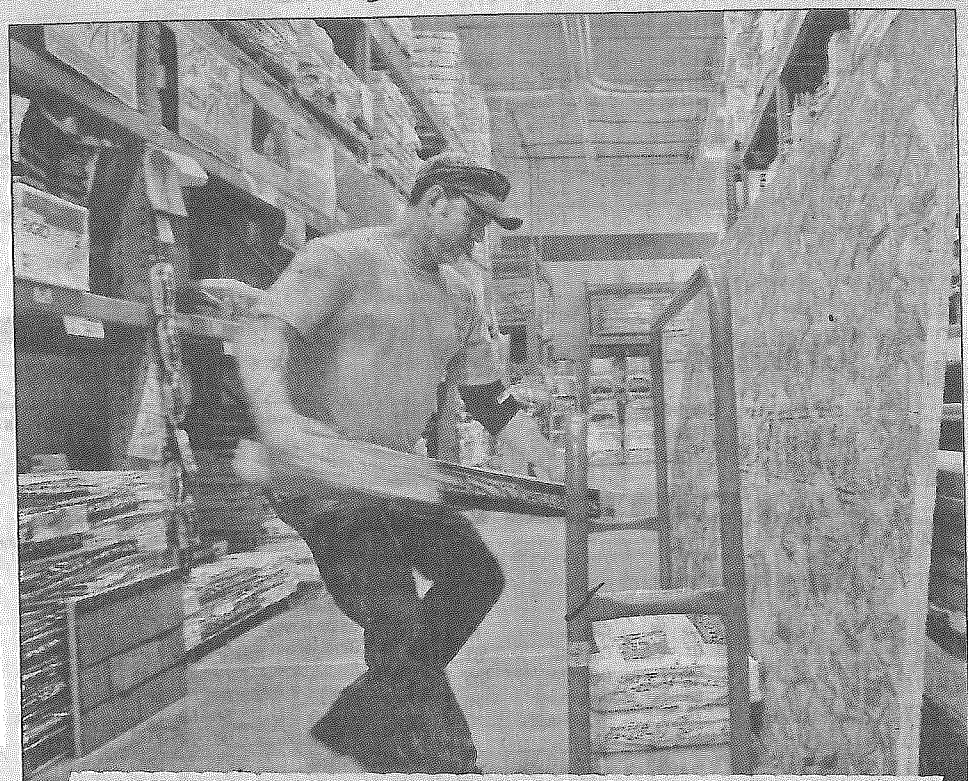
May levels rise



DANNY JOHNSTON / AP

Gary Lody picks up building materials for a home project from the Home Depot in Little Rock, Ark. Consumer confidence extended its rebound in May, soaring to the highest level since last September.

Consumer confidence soars

THE ASSOCIATED PRESS

NEW YORK — Consumer confidence extended its rebound in May, soaring to the highest level since last September as more shoppers are feeling the worst of the recession is behind them.

The Conference Board said Tuesday that its Consumer Confidence Index, which had dramatically increased in April, zoomed past economists' expectations to 54.9 from a revised 40.8 in April. Economists surveyed by Thomson Reuters were expecting 42.3. In February, confidence levels had hit a new historic low of 25.3.

The reading marks the highest in eight months when the level was 61.4.

The levels are also closer to the year-ago's 58.1, though the widely watched barometer is still below 100, which indicates a healthy economy.

The Present Situation Index, which measures how shoppers feel now about the economy, rose to 28.9 from 25.5 last month. But the Expectations Index, which measures shoppers' outlook over the next six months, climbed to 72.3 from 51.0 in April.

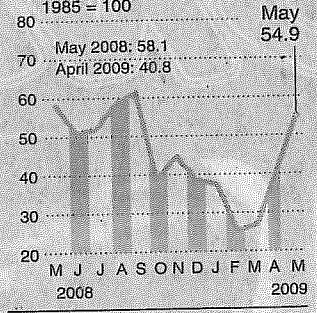
Investors focused on the upbeat sentiment reading, shaking off a mostly downbeat report on the housing market, also released Tuesday, and sent major stock averages soaring.

"Looking ahead, consumers are considerably less pessimistic than they were earlier this year, and expectations are that business conditions, the labor market and incomes will improve in the coming months," Lynn Franco, director of The Conference Board Consumer Research Center, said in a statement.

The report offered encouraging news to merchants, which are counting on consumers to be in the mood to spend after confidence plummeted to historic lows last year.

Confidence lifts

The consumer confidence index from a survey of 5,000 U.S. households:



SOURCE: The Conference Board AP