Consumer-spending picture mixed in US

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By one measure, American consumers are the most confident since before the last recession. The question is whether that translates into a boost to spending.

An index from the Conference Board, a New York-based research group, rose to the highest level in nine years, mainly because of increased optimism about the job market, according to survey results released Tuesday. At the same time, consumers wavered on expectations for their incomes and business conditions, as well as plans to buy autos, homes and major appliances, the report showed.

The data reflect a more mixed picture of labor, purchasing and confidence amid a contentious U.S. election campaign: While job openings are at a record and wages are rising, retail sales fell in August and a separate gauge of consumer sentiment dropped to a five-month low. A report due at the end of this week will provide a more definitive picture of how much consumer spending, the biggest part of the economy, is aiding growth in the third quarter, said Stephen Stanley, chief economist at Amherst Pierpont Securities LLC in New York.

"The general outlook for the consumer is good and the labor market is going well — we're starting to see wage increases — so I think that's a big positive for households as they see paychecks getting bigger," Stanley said. "At the same time, I don't think much has changed radically from three or six months ago. I'm happy to see it but I'm not rushing to change my economic forecast."

The Conference Board's measure exceeded the University of Michigan consumer sentiment gauge by 14.3 points, the widest gap in a year.

Another gauge, the Bloomberg Consumer Comfort Index, fell in the week ended Sept. 18 to the lowest point since mid-December as Americans' views of their personal finances and the buying climate deteriorated.

Even so, the survey underscores Federal Reserve policy makers' assessment of employment, giving the central bank another reason to raise interest rates. The poll showed the share of Americans who said jobs were plentiful climbed to the highest level since July 2007, while fewer indicated that employment was hard to get.

The so-called labor differential index — jobs plentiful minus jobs difficult to get — reached a nine-year high. That indicates companies are still very much active in their search for help, a development that can push up wages as employers battle it out for skilled and experienced workers.

The Fed, at its meeting last week, left interest rates unchanged for a sixth straight time. Odds remained Tuesday at about 50 percent for a rate hike at or before the December meeting, little changed from Monday, based on trading in federal funds futures.

Any increase in interest rates by the Fed probably wouldn't come as a shock to consumers. The Conference Board reported that 60.2 percent of respondents said borrowing costs would be higher a year from now, the largest share in four months.

Household spending may have cooled in August to a 0.1 percent gain after climbing 0.3 percent in July from the previous month, according to the median estimate of economists surveyed by Bloomberg ahead of a Commerce Department report on Sept. 30. Incomes grew 0.2 percent, half the increase of the prior month, they predict.