BUSINESS

Consumers' confidence rebounds

Index remains far below the level many economists consider healthy

By Anne D'Innocenzio
THE ASSOCIATED PRESS

NEW YORK — Americans' confidence in the economy rebounded in March after a February plunge but remains relatively weak amid a tough job market, according to a private research group's monthly survey released Tuesday.

The Conference Board's Consumer Confidence Index rose to 52.5 in March, recovering only about half of the nearly 11 points it lost in February. Analysts expected a reading of 50 for March. February's 46.4 marked the lowest level since April 2009 and also erased three consecutive months of improvement. In January, the reading was 56.5.

One of the index's barometers, which measures how shoppers feel about their economic situation now, rose to 26.0 from 21.7 in February. The other measurement, which gauges how shoppers feel about the economy over the next six months, ticked up to 70.2 from 62.9.

Economists watch the figures closely because consumer spending, including health care and other major items, accounts for about 70 percent of U.S. economic activity.

March's confidence report appeared to confirm that February's sharp decline may have been an aberration.

Still, March's reading, buoyed in part by a rally in the stock market, is still a long way from the 90 that is considered healthy, and consumers remain no more optimistic than when the economic recovery started nine months ago.

"The strong headwinds of high unemployment, weak income growth and tight credit are keeping consumer confidence at very low levels," said Paul Dales, U.S. economist with Capital Economics in a report released Tuesday. Against this background, he said, it's "hard to see households consistently spending with much vigour."

Confidence has been recovering fitfully since hitting a historic low of 25.3 in February 2009. But many economists believe it will remain well below healthy levels for at least another year or two.

"Despite the month's increase, consumers continue to express concern about current business and labor conditions," Lynn Franco, director of The Conference Board Consumer Research Center, said in a statement. "And their outlook for the next six months is still rather pessimistic."

Retailers have seen small signs since 2010 began that shoppers are spending more — trading back up to meat from pasta at the grocery store, for instance. But they have kept many of their frugal habits they adopted during the Great Recession.

The Conference Board survey — based on a random survey of consumers sent to 5,000 households with a cutoff date of March 23 — did show some easing of worry about the job market, but Americans are still far from optimistic.