BUSINESS

Consumers feel more confident

Cautious yet optimistic, many see some improvements in 2010

By Anne D'Innocenzio
THE ASSOCIATED PRESS

Americans are ending 2009 feeling better about the economy than when the year began, buoyed by optimism that job prospects will improve in the first half of 2010.

Consumer expectations for the job market reached their highest level in two years, but most people remain downbeat about their current prospects, according to a monthly survey released Tuesday. The survey also showed fewer people plan to buy automobiles and homes in the next six months compared with November.

"This doesn't mean that the economy isn't getting better, but it does raise doubts on how much actual improvement in the economy we've actually seen," said Mark Vitner, senior economist for Wells Fargo Securities in Charlotte, N.C.

If past recoveries from recession are a guide, the rebound of confidence will take many more months.

The Conference Board's Consumer Confidence Index rose in December for the second month in a row, to 52.9, from a revised 50.6 in November.

That's slightly higher than the 52.0 prediction of economists surveyed by Thomson Reuters, but still far short of the 90 that would signify a solid economy.

Economists watch the confidence numbers closely because consumer spending on goods and services accounts for about 70 percent of U.S. economic activity as measured by the federal government.

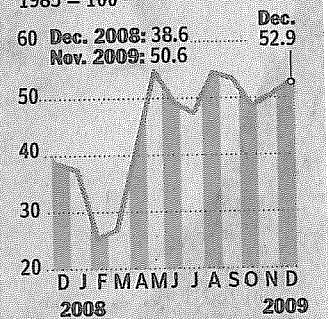
Without a marked turnaround in the job market, consumers will continue to "hunker down" and confidence will remain low, Vitner said.

The unemployment rate dipped in November to 10 percent, from a 26-year high of 10.2 percent in October. Some analysts worry it will start climbing again in coming months.

An uneven housing market is unlikely to help. The closely watched Case-Shiller home price index released Tuesday showed that a national index of home prices rose for the fifth month in a row in October, but only 11 of the 20 metro areas tracked showed gains.

Confidence rises

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



SOURCE: The Conference Board AP