Greater confidence hinges on more jobs, experts say

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Consumer confidence blipped upward in March, halting three months of declining confidence, but it was nothing to shout about.

"I would read almost nothing in it," said Donald Schunk, research economist with Coastal Carolina University.

Until the economy stops hemorrhaging jobs, confidence isn't likely to improve greatly, said Adam G. York, economist with Wachovia Economics Group.

Still, not all retail outlets are affected the same.

"My business is fine," said Mary Nase, general manager of Mast General Store in downtown Greenville.

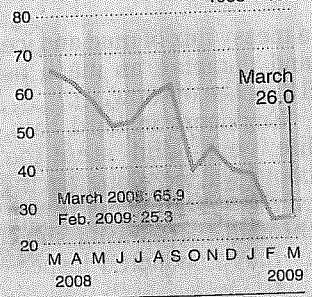
Other downtown merchants have said consumers are buying, but they are spending less money.

"Downtown is growing so fast," Nase said, citing residents, tourists and family visitors who visit and shop downtown.

"I see it getting stronger for summer," she said. "The whole thing about retail is the right stuff and the right price."

Confidence lifts

The consumer confidence index from a survey of 5,000 U.S. households: Seasonally adjusted 1985 = 100



SOURCE: The Conference Board AP

Analysts said Americans are still feeling gloomy about their economic future, especially as layoffs continue to mount.

The New York-based Conference Board's Consumer Confidence Index rose to 26.0 in March, up from 25.3 in February but a big drop from 37.4 in January. The confidence reading is less than half what it was a year ago — 65.9.

"It's better than going down," Schunk said. "Essentially, consumer confidence rates track the labor market. It's the rise in the unemployment rate that's pushing down consumer confidence."

The national unemployment rate is 8.1 percent and expected to climb in March, with many expecting the rate to reach 10 percent by the end of the year.

However, consumers need to realize that the national unemployment rate also means that 92 percent of those who want to work are working, said Bruce Yandle, dean emeritus of Clemson University's College of Business and Behavioral Science.

"That's a pretty big economy," he said. And "when you see improvement in unemployment rates, you'll see improvement in consumer confidence."

He said he actually sees a bit of "optimism about the formation of the bottom of the recession. I sort of think we're getting pretty close to the bottom. I think we will be moving along the bottom as this year ends" and could see some growth in the first half of next year."

When the recovery comes, "It's probably going to be a pretty sluggish one," Schunk said. "When people start spending, they're not going to spend substantially more."

Consumers stay wary of future



GEORGE GARDNER / Staff

Julie Kuebler shops at Mast General Store on Tuesday. While consumers are showing more confidence, economists warn that the slight gains are fragile.