Job growth boosts consumer confidence

ASSOCIATED PRESS

WASHINGTON — Strong job growth lifted U.S. consumer confidence this month, as Americans looked past the economy's dismal first quarter performance.

The University of Michigan said Friday that its index of consumer sentiment rose slightly to 82.5 in June from 81.9 in May. That is still below April's reading of 84.1, which had been the highest in almost a year.

Confidence "has remained largely unchanged for the past six months," said Richard Curtin, an economist at the University of Michigan and director of the survey. "This was remarkable" given that the economy shrank in the first quarter.

Still, the survey was mostly conducted when the government had estimated that the economy contracted at a 1 percent annual rate in the first quarter. On Wednesday, that estimate was revised much lower, to show a contraction of 2.9 percent.

And so far, steady confidence hasn't yet translated into more spending. Consumer spending rose just 0.2 percent in May after a flat reading in April. Weaker spending suggests growth won't rebound as strongly as many economists had hoped. Some marked down their forecasts for growth in the second quarter, to roughly 2.5 percent from 3 percent.

Still, there were other positive signs in the University of Michigan's report. Steady hiring is improving Americans' finances, the survey found. Forty percent of respondents said their finances had improved in June, the most in seven years.

And more Americans say it is a good time to sell a home, which can help fuel sales as most people need to sell their home before buying a new one.



ASSOCIATED PRESS

In this Nov. 23, 2012, photo, a cashier hands a customer his change and receipt during a transaction at a Sears store in Henderson, Nev. The University of Michigan issued its index of consumer sentiment for June on Friday.