Outlook is on the upswing

But many expect small raises in 2014

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USA TODAY

Consumers' mood brightened this month, despite other evidence that their spending is still cautious.

The Thomson Reuters/University of Michigan survey's consumer sentiment index for June rose to 82.5 from 81.9 in May.

That's below the survey's most recent high in April and last June — 84.1 for both months. Its 12-month high was 85.1 in July.

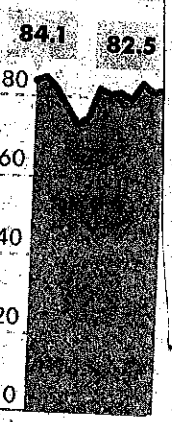
But Richard Curtin, director of the University of Michigan's consumer surveys, said it was significant that the sentiment index reading had stayed largely unchanged for six months despite the economy's sharp contraction early this year.

Consumers blame the decline on the harsh winter weather and instead have focused on the labor market's string of strong gains, he said. The U.S. gained more than 200,000 jobs a month in February through May.

June's consumer sentiment survey found a 40% share of households reporting financial gains the past year. That was the highest in nearly seven years, he said. But only a quarter of households expected their finances to improve in the year ahead.

BRIGHTER OUTLOOK

How the Thomson Reuters/University of Michigan's consumer sentiment index has changed over the past 13 months:



Source USA TODAY research
BOB LAIRD, USA TODAY

"The biggest concerns were focused on expected wage growth, which most households expected would not exceed the inflation rate, meaning that nearly half of all households anticipated declining living standards," Curtain said in a statement.

Another survey this week also indicated consumers are feeling better about the economy.

The Conference Board's consumer confidence index reached its highest level in six years this month.

The Commerce Department reported Thursday that consumer spending rose 0.2% in May after no gain in April. Income rose 0.4% after a 0.3% gain in April.

The spending numbers were below some economists' forecasts, which in turn has raised doubts about the prospects for stronger growth in consumer spending in the current quarter.