US consumers more confident in economy in July

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NEW YORK — Americans breathed a bit easier about the economy in July, as a better outlook on short-term hiring and lower gas prices offset lingering worries about poor income growth.

The Conference Board said Tuesday that its Consumer Confidence Index increased to 65.9, from 62.7 in June, the first increase in five months. That's the highest reading since April and better than the reading of 62 that economists had forecast.

"Consumers had a much improved view of job prospects, not immediately, but six months from now," said John Lonski, chief economist at Moody's Capital. "They're extrapolating from the dip in energy prices and recent firming of equity prices."

Still, the index remains well below 90, which indicates a healthy economy. It hasn't been near that level since the Great Recession began in December 2007. The index fell to an all-time low of 25.3 in February 2009 — four months before the recession officially ended.

Consumer confidence is widely watched because consumer spending drives 70 percent of U.S. economic activity. A separate Commerce Department report Tuesday showed Americans spent no more in June than May, even though their income grew by 0.5 percent.

The consumer confidence report is based on a poll conducted from July 1 through July 19 of about 500 randomly selected people nationwide.

Lynn Franco, director of economic indicators at The Conference Board, said consumers attitudes toward current conditions were little changed in July, and the overall index remains at historically low levels.

"While consumers expressed greater optimism about short-term business and employment prospects, they have grown more pessimistic about their earnings," she said in a statement. "Given the current environment — in particular the weak labor market — consumer confidence is not likely to gain any significant momentum in the coming months."

The amount of consumers expecting business conditions to improve over the next six months rose slightly, according to the survey. Those expecting more jobs in the months ahead increased as well. But fewer people in July expected that their incomes would increase.

"People are not only fearful of losing their jobs; they think that if you do lose your job, your next position may indeed be at a lower salary," said Lonski.