

# AMERICA'S M

## What to watch

### Will shaken consumers regain confidence?

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The summer swoon and first 10% correction for stocks in four years put a dent in consumer confidence last month.

Wall Street is hoping the U.S. market's nearly 8% rally off of its August lows was good enough news to get consumers feeling good about the future again.

The latest data point on consumer confidence will be released Friday at 9:55 a.m. ET, when the University of Michigan goes public with its preliminary reading of its October consumer sentiment index.

Wall Street is expecting a slight rebound in confidence to 88.5, up from the final September reading of 87.2. That small increase puts consumer sentiment back on the

right track but well below the 98.1 final level in January, when the mood of consumers measured by the school was at its highest since 2004.

Confidence is a key ingredient needed to keep the economy in growth mode and stock prices in rally mode. When consumers feel good about the future, it tends to be a positive reinforcing trend. A confident consumer is more likely to dip into his wallet and buy things such as a new car or refrigerator or a coveted dream vacation.

Confidence also puts stock investors in a risk-taking mood and prompts more buying rather than selling in financial markets.

With the key upcoming holiday shopping season almost here, Wall Street will be watching to see if consumers feel good enough about their financial position to shop 'til they drop.