Consumer confidence leaps to 16-year high

Economy, labor market have Americans feeling a 'renewed optimism'

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Consumer confidence surged to a 16-year high in March, fueled by strong job and wage growth, lofty stock prices and cheap gasoline.

An index of Americans' perceptions of the economy and labor market jumped to 125.6 — highest since December 2000 — from an upwardly revised 116.1 in February, the Conference Board said Tuesday. Economists expected a dip to 114, according to a Bloomberg survey.

"Consumers feel current economic conditions have improved over the recent period, and their renewed optimism suggests the possibility of some upside to the prospects for economic growth in the coming months," said Lynn Franco, the Conference Board's director of economic indicators.


LYNNE SLADKY, AP
Strong job and wage growth sparked consumer confidence to its highest level since 2000.

Consumer confidence is closely watched because it can foreshadow household spending, which makes up about 70% of economic activity.

Americans' perceptions of both current conditions and their outlook over the next six months improved substantially. The share of people saying business conditions are "good" increased to 32.2% from 28.3% in February. And 31.7% said jobs are "plentiful," up from 26.9%. Just 19.5% said jobs are "hard to get."

Meanwhile, 27.1% of those surveyed expect business conditions to improve in the next six months, up from 23.9%. Just 8.4% expect them to worsen. And the share expecting more jobs in the months ahead rose to 24.8% from 20.9%, while the portion anticipating fewer jobs dropped to 12.2% from 13.6%.

Employers added a healthy 235,000 jobs in February, which followed 238,000 gains in January. Stock prices are still near their all-time highs despite a recent pullback. And regular unleaded gasoline averages $2.29 a gallon across the country, roughly unchanged from a month ago.