

Eroding expectations cause downturn in consumer confidence index

by *Bend_Weekly_News_Sources*

The Conference Board Consumer Confidence Index, which had increased in February, retreated in March. The Index now stands at 107.2 (1985=100), down from 111.2 in February. The Expectations Index declined to 86.9 from 93.8. The Present Situation Index increased slightly to 137.6 from 137.1 in February.

The Consumer Confidence Survey is based on a representative sample of 5,000 U.S. households. The monthly survey is conducted for The Conference Board by TNS. TNS is the world's largest custom research company. The cutoff date for March's preliminary results was March 21st.

"Apprehension about the short-term future has suddenly cast a cloud over consumers' confidence," says Lynn Franco, Director of The Conference Board Consumer Research Center. "Despite diminishing expectations, consumers' assessment of present-day conditions remains steady and does not suggest a weakening in economic conditions. The recent turmoil in financial markets coupled with the run-up in gasoline prices may have contributed to consumers' heightened sense of uncertainty and concern. The direction of both components over the next few months bears watching to determine whether this decline is just a bump in the road or something more substantial."

Consumers' overall assessment of present-day conditions was little changed in March. Those claiming conditions are "good" dipped to 28.3 percent from 28.7 percent. Those saying conditions are "bad" was virtually unchanged at 14.9 percent.

Labor market conditions remain mixed. Consumers saying jobs are "hard to get" increased to 19.1 percent from 17.9 percent. Those claiming jobs are "plentiful," however, increased to 30.5 percent from 27.8 percent in February. This series now stands at a five-and-a-half year high (August 2001, 33.6 percent).

Consumers' short-term outlook turned more cautious in March. Those anticipating business conditions to worsen rose to 9.8 percent from 8.2 percent. Those expecting business conditions to improve decreased to 14.5 percent from 15.9 percent.

The outlook for the labor market was also more pessimistic. Consumers expecting fewer jobs in the months ahead increased to 16.5 percent from 14.2 percent. Those anticipating more jobs to become available declined to 12.7 percent from 13.3 percent. The proportion of consumers expecting their incomes to increase in the months ahead fell to 17.5 percent from 19.2 percent in February.