

THE CONSUMERS' OUTLOOK BRIGHTENS TO FOUR-MONTH HIGH



In November, consumer's views on the U.S. outlook improved, showing concern is dissipating that the world's largest economy will tip back into a recession. The Bloomberg Consumer Comfort Index's monthly expectations gauge climbed up to minus 32, the best reading they have had since July, from minus 45 from the previous month. The weekly measure of current conditions was minus 50 for the period ended Nov. 13, climbing up for a second week in a row after sinking to an almost three-year low. Household spending, which counts for around 70 percent of the economy, has picked up in the second half of the year even as stocks and confidence sank. According to economists like Joseph Brusuelas, the recovery may mean that Americans are going shopping to relieve the pessimism brought on by a jobless rate that has been around 9 percent or more since mid 2009. "After a long period of modest consumption, some pent-up demand is being released," says Brusuelas, who is a senior economist at Bloomberg L.P. in New York. At the same time, "it is likely too early to conclude that consumer sentiment has bottomed out," he said. The report showed that the improvement in the economic outlook this month was led by declining pessimism among homeowners, older adults and those living in the South. Anyway, the index is at the lowest level of any past November since 2008. A Labor Department report showed today that fewer Americans than forecast filed first-time claims for unemployment insurance payments last week, and indication the job market may be gaining traction. In the week ended Nov. 12, applications for jobless benefits decreased 5,000 to 388,000, the lowest its been since April. According to the median estimate in a Bloomberg News survey, the economists forecast 395,000 claims. Also, the number of people on the unemployment benefit rolls dropped to a three-year low. The Commerce Department figures showed today that the builders broke ground on more homes than forecast in October and construction permits climbed to the highest level since March 2010. Starts decreased 0.3 percent to a 628,000 continual rate from September's 630,000 pace that was slower than had previously been reported. The median estimate of the economists that were surveyed by Bloomberg called for a drop to 610,000. The building permits, a proxy for future construction, increased 10.9 percent. Last week, all three of its components improved. The measure of American's views of the current state of the economy rose up to minus 88 from minus 88.9 in the prior period. The gauge of personal finances climbed upward to minus 14.6 from minus 17.4. The buying climate index moved up to minus 47.4, the highest its been since the month of July, to 48.6. For a third straight week, the political party members diverged in their assessments, with the Democrats less downbeat than Republicans for a third straight week. Among the Democrats, the gauge climbed to minus 41, while confidence among Republicans rose to minus 51.2.

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