

CONSUMER CONFIDENCE RISES MORE THAN WAS FORECASTED



In the month of December, confidence among consumers rose to an eight-month high as the improving job market helped Americans take back all of the ground that was lost following the mid-year government budget battle and credit-rating downgrade. Figures from the New York-based private research group showed yesterday that the Conference Board's index increased to 64.5, which exceeded all estimates in the recent Bloomberg survey and the highest since the month of April, 2011. Another report from Bloomberg showed that the home prices fell more than was projected in October. Unemployment rates dropped last month to its lowest in more than two years and the cheapest gasoline since February, are promoting households to take advantage of the discounts during the holiday shopping season. The improvement in sentiment may help to sustain the household purchases, which accounts for almost 70 percent of today's economy, into the next year. "A large part of the problem in the economy is one of confidence, and to the extent that sentiment begins improving it would be a positive for growth," says Dana Saporta, who is the director of U.S. economic research at Credit Suisse in New York, and who is also one of the three forecasters that projected a reading of 63, which is the highest in the Bloomberg survey. "There are still a lot of headwinds out there, including the continued decline in home prices." Stocks had changed very little after the reports of the improvement in confidence overshadowed the concern about Europe's debt crisis and the drop in home prices. The Standard & Poor's 500 Index closed at 1,265.443 in New York. Yesterday, the consumer group Codacons said that the Italian retailers had the worst Christmas in almost 10 years, as austerity measures to combat the sovereign debt crisis prompted all the households to cut spending. Italians spent 48 euros (\$62.75) less per households, and per person, this holiday season than the average of the past five years, the Rome-based Codacons said recently in a statement on their website. Over in China, the profit gains at the industrial companies cooled down. The net income increased 24.4 percent in the first 11 months of 2011 from a year earlier to 4.66 trillion yuan (\$737 billion), said the National Bureau of Statistic on their website yesterday. The pace, that was compared with a 25.3 percent gain from the first ten months, had a 27 percent rise in the first three quarters. The debt crisis that is hanging over Europe and the cooling domestic property markets are dimming growth prospects for the world's second-largest economy. The median forecast of 69 economists that were surveyed by Bloomberg forecasted the U.S. consumer confidence gauge would rise to 58.9. The estimates ranged from 52 to 63. The measure that averaged 53.7 during the recession that ended back in June of 2009, and 98 during the economic expansion that ended in December of 2007.

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