

# LAT: Consumer confidence is highest in six years

The Conference Board's consumer confidence index jumps to its best level since January 2008. "An improvement in weather may be lifting consumers' spirits," a chief economist says.

<http://www.latimes.com/business/la-fi-consumer-confidence-20140326,0,806105.story#ixzz2x5VmZXrR>

By Jim Puzzanghera  
*March 25, 2014, 7:40 p.m.*

Consumers are more optimistic about the economy than they've been in years, and that could help heat up the recovery after a deep winter chill.

A closely watched barometer of consumer confidence surged this month to its highest level in more than six years. The report by the Conference Board on Tuesday added to indications that some weak economic data in recent months were caused by unusually bad weather and were not a harbinger of a more protracted slowdown.

"Consumer confidence made significant progress in March, indicating that the winter economic blues ... are somewhat behind us," said Chris Christopher, director of consumer economics at IHS Global Insight.

Over the last few weeks, government and private reports have shown economic activity accelerating. Retail sales and factory growth were up in February, and the labor market also rebounded after lackluster job creation in December and January.

The improving economic picture led [Federal Reserve](#) policymakers last week to continue reducing a key stimulus program and signal that short-term interest rates could start rising next year from the near-zero level they've been set at since late 2008.

Consumer spending accounts for about 70% of all economic activity. And when people are feeling confident, they spend more in supermarkets, restaurants and shopping malls and are more willing to write big checks for new cars and homes.

Housing and auto sales were weak this winter, probably affected by the weather, economists said. There was more evidence of that Tuesday.

New-home sales dropped 3.3% in February from the previous month, the Commerce Department said. And the Case-Shiller index, which tracks housing prices in 20 major cities, was down slightly in January for the third straight month.

More optimism among consumers could help reverse those trends. And the end of a long winter appears to be boosting their mood.

The Conference Board, a New York business and economics group, said its consumer confidence index shot up to 82.3 this month from 78.3 in February. Economists had expected a slight increase after a drop last month.

Instead, they got a big jump to the best reading since January 2008, in the early days of the Great Recession.

"An improvement in weather may be lifting consumers' spirits," said Lindsey Piegza, chief economist at brokerage Sterne Agee.

Bitter cold and snow in much of the country had been blamed for some weak economic data during the winter, so it made sense that warmer weather would lead to some improvement, she said.

The jump in consumer confidence came because of a significant improvement in views about the short-term outlook for the economy, the Conference Board said.

"Overall, consumers expect the economy to continue improving and believe it may even pick up a little steam in the months ahead," said Lynn Franco, the group's director of economic indicators.

Consumers were more optimistic that business conditions and the labor market would improve in the next six months. Their view of current economic conditions was about the same.

Consumer confidence had been increasing last year until it took a hit in October when a budget stalemate in Washington led to a partial government shutdown.

The index, which began in 1967, has ranged from a high of 144.7 in 2000 to an all-time low of 25.3 in early 2009. In March 2013 it was 61.9.

"There had been sort of this upward trend in consumer confidence leading into the fall, then we had the government shutdown, which sent a bit of a shock wave to consumers and since then we've been sort of fighting our way back," Franco said.

When the index is 90 or better, it generally indicates a confident consumer. So there still is a ways to go, Franco said.

"It's been a very long haul, but it was a very severe recession," she said. "I think there's more positive momentum and we'd expect to see continued improvement in confidence unless there's some kind of shock" in the economy.

[jim.puzzanghera@latimes.com](mailto:jim.puzzanghera@latimes.com)