



AP Poll Shows Drop in Consumer Confidence

WASHINGTON DC (AP)- Consumer confidence took a hit over the past month as Americans were less enthusiastic about the economy's prospects and their own financial situations in the months ahead.

The Associated Press Poll is conducted by Ipsos-Public Affairs. Between February 2-4, 2004, the AP/Ipsos poll interviewed a representative sample of 1,000 adults nationwide, including 774 registered voters. The margin of error is +/- 3.1 for all adults, +/- 3.6 for registered voters.

Public Release Date Posted on Mon, Feb. 09, 2004

By JEANNINE AVERSA
Associated Press

The AP-Ipsos consumer confidence index dropped to 91.7 this week, from a revised reading of 106.3 in early January, which had been the best showing since mid-May in 2002.

Consumers now are especially less confident about economic conditions over the next six months. A measure of consumers' expectations about such things as the economy's direction and their personal finances down the road showed the sharpest over-the-month decline of four sub-indexes. That "expectations" gauge dipped to 89.2 in early February, compared with 111.2 in early January.

A sub-index measuring consumers feelings about current economic conditions and another looking at attitudes toward the investment climate also dipped in February from January, while a sub-index tracking consumers' feelings about job security showed little movement.

"The job market will be the dominant force driving consumer confidence and spending going forward," said Lynn Reaser, chief economist at Banc of America Capital Management.

Richard Yamarone, economist with Argus Research Corp., said the possibility that the Fed might boost borrowing costs later this year - something economists have mixed opinions on - might be a factor in the confidence dip in February. "That might be making people a little uneasy," he said.

Even with the decline in the overall consumer confidence index in February to 91.7, that was still significantly higher than the reading of 65.9 for the same month last year as the U.S. economy was still struggling to get back on firm footing and consumers were jittery about going to war with Iraq.

The drop in consumer confidence occurred at the same time that President Bush's approval rating was sinking to 47 percent, according to a separate AP-Ipsos poll taken this week. That was down from a 56 percent approval rating just a month ago.

The economy has been a major theme for Democratic contenders who want to take the White House from Bush this fall. Since Bush took office in January 2001, the economy has lost millions of jobs. Democrats blame that on what they believe is Bush's bad economic policies. The president's tax cuts, Democrats contend, haven't resulted in steady and significant job creation and have dug the nation's budget hole deeper.

The economy grew at a healthy 4 percent annual rate in the final quarter of 2003, a slowdown from the scorching 8.2 percent pace as the stimulative impact of the tax cuts faded. Economists believe the economy grew at a rate of more than 4 percent in the current quarter.

Reaser and other economists predict consumers - the lifeblood of the economy - will keep their pocketbooks and wallets sufficiently open in the months ahead to help keep the economic recovery moving ahead. "Actual consumer behavior at this point - in terms of retail sales and other spending - seems relatively positive," she said.

The AP-Ipsos confidence index is benchmarked to a 100 reading on January 2002, the month the index was started by Ipsos.

February's index reading was based on interviews with 1,000 adults and had a margin of error of plus or minus 3 percentage points. The January reading of 106.3 was based on the results of a single survey taken early in the month. A previous report put the figure at 100.1 based on a compilation of two surveys, one taken in mid-December and the other in early January.