



Associated Press



Consumer confidence rebounds in May with brighter economic outlook

Washington, DC (AP) -- Consumer confidence, which has been on a roller coaster ride this year, rebounded over the past month as Americans took heart from a gusher of brighter economic news, especially in the area of jobs.

The Associated Press Poll is conducted by Ipsos-Public Affairs. Between May 3-5, 2004, the AP/Ipsos poll interviewed a representative sample of 1,000 adults nationwide, including 778 registered voters. The margin of error is +/- 3.1 for all adults, +/- 3.5 for registered voters. Margin of error for subgroups may be higher.

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Contact: Thomas Riehle
202-463-7300
thomas.riehle@ipsos-na.com

By MARTIN CRUTSINGER
AP Economics Writer

Washington, DC (AP) -- Consumer confidence, which has been on a roller coaster ride this year, rebounded over the past month as Americans took heart from a gusher of brighter economic news, especially in the area of jobs.

The AP-Ipsos consumer confidence index climbed to 87.4 in early May, up from a reading of 84.8 in April.

The index started the year strongly in January, only to dip in February, rise again in March and then plummet in April as Americans' attitudes have been tugged in different directions depending on the latest news out of Iraq or on the economy.

Recent upbeat news of strong economic growth running at a healthy clip of 4.2 percent in the first three months of this year and the biggest jump in payroll jobs in four years helped offset a stream of bad news out of Iraq in April.

The 87.4 confidence reading still left the gauge of consumer sentiment well below the 106.3 level of January, which has been the high point so far this year.

The strength in the May confidence figure came from better feelings about current conditions, an uptick in Americans' job outlook and more satisfaction with their investment situation.

Economists said it was no surprise that the index was up this month, given the brightening picture on employment. The Labor Department reported Friday that unemployment in April dipped to 5.6 percent as the economy created 288,000 new jobs, the second straight month of jumbo gains after a prolonged period of anemic job growth.

"The dam has broken. After refusing to hire people for what seemed like forever, businesses have reversed direction and are now pumping up their payrolls," said economist Joel Naroff of Naroff Economic Advisers.

Energy prices have been surging recently, with the nationwide average for all gasoline grades hitting a record of \$1.86, according to the most recent Lundberg Survey. That is almost a 35-cent increase since Dec. 19.

Analysts said that the brightening jobs picture would loom larger in Americans' minds than the rising gasoline prices.

"Jobs tend to predominate," said David Wyss, chief economist at Standard & Poor's in New York. "If people have a job, they feel a bit more secure about paying \$1.86 per gallon for gas."

The improving jobs picture and rising consumer confidence would normally be a plus for an incumbent president in an election year, but analysts said developments in Iraq may overshadow the economy this year.

Americans' support for President Bush on the economy has dipped to 43 percent, the lowest number since Ipsos began tracking that question at the start of 2002.

The AP-Ipsos consumer confidence index is benchmarked to a 100 reading on January 2002, the month the index, formally known as the Consumer Attitudes and Spending by Household or CASH index, was started by Ipsos.

A measure of consumers' feelings about current conditions showed the biggest gain of four subindexes in May, rising by 3.8 percent to a reading of 97.9.

An index that measures people's feelings about the job market, including whether those surveyed are worried about layoffs, showed a 2.4 percent gain to a reading of 102.7.

Americans also felt better about their investment positions, with this subindex rising by 1.8 percent to 97.4.

The only component of the overall index to suffer a setback in May was the expectations index. It dropped by 2.9 percent to a reading of 87.9.

The May index was based on interviews with 1,000 adults about the economy. The interviews were conducted from Monday through Wednesday. The survey has a margin of error of plus or minus 3 percentage points.

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