

April 25, 2014

Consumer Confidence Improves

Index of Consumer Sentiment				
Apr' 14	Mar' 14	Apr' 13	M-M Chng	Y-Y Chng
84.1	80.0	76.4	+5.1%	+10.1%

Index of Consumer Expectations				
Apr' 14	Mar' 14	Apr' 13	M-M Chng	Y-Y Chng
74.7	70.0	67.8	+6.7%	+10.2%

Current Conditions Index				
Apr' 14	Mar' 14	Apr' 13	M-M Chng	Y-Y Chng
98.7	95.7	89.9	+3.1%	+9.8%

Surveys of Consumers chief economist, Richard Curtin



“The most important issue is whether consumers will show greater resistance to the backslides that have repeatedly occurred in the past few years. Resilience among consumers is dependent on positive long term economic expectations. While near term expectations have improved substantially, longer term expectations for personal finances as well as the overall economy have remained unchanged from a year ago. Hopefully, as the pace of economic growth springs ahead in the coming months, the main beneficiary will be an improvement in long term economic expectations for personal finances as well as the overall economy.”

ANN ARBOR. Consumer confidence has rebounded to near its highest level since 2007. The April level of consumer confidence was just one index-point below the post recession peak. The recent gain was due to much more positive assessment of consumers’ current financial situation as well as renewed optimism about the outlook for the national economy during the year ahead. Importantly, consumers were slightly more optimistic about future job gains, although most consumers expect only minor improvements in the national unemployment rate during the year ahead. The main attraction of home buying conditions has shifted in the past few months toward a greater reliance on low mortgage rates and less emphasis on low prices. This has made the continued expansion of home purchases more responsive to changes in the availability of mortgage credit to potential home buyers.

Personal Finances

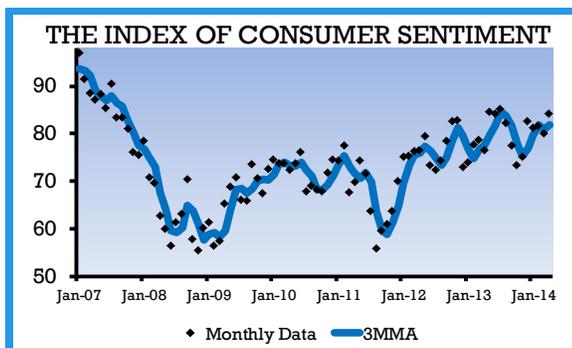
The current finances of consumers have improved, but those gains did not make consumers any more optimistic about the future. The proportion who reported worsening finances dropped to 28% in April from 37% one month and one year ago; this was the lowest level since the April 2007 survey. Unfortunately, the strong gains did not encourage more optimism for the year ahead, expressed by 32% in April, down from 33% last month.

Buying Plans

Buying attitudes toward durables, vehicles and homes improved among households in the top third of the income distribution, but recorded slight declines among lower income households. The availability of price discounts on household durables were mentioned by just 31% in the April survey, the lowest proportion since October 2008, with the decline primarily recorded among lower income households.

Consumer Sentiment Index

The Sentiment Index was 84.1 in the April 2014 survey, up from 80.0 in March and 76.4 in last April’s survey. There have only been two months that recorded a higher level since 2007: 85.1 in July 2013 and 84.5 in May 2013. Compared with a year ago, nearly equal gains were recorded by the Current Conditions Index (98.7 in April, up 9.8%) and the Index of Consumer Expectations (74.7, up 10.2%).



About the survey

The Survey of Consumers is a rotating panel survey based on a nationally representative sample that gives each household in the coterminous U.S. an equal probability of being selected. Interviews are conducted throughout the month by telephone. The minimum monthly change required for significance at the 95% level in the Sentiment Index is 4.8 points; for Current and Expectations Index the minimum is 6.0 points.

About Thomson Reuters

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial and risk, legal, tax and accounting, intellectual property and science and media markets, powered by the world's most trusted news organization. With headquarters in New York and major operations in London and Eagan, Minnesota, Thomson Reuters employs approximately 60,000 people and operates in over 100 countries. Thomson Reuters shares are listed on the Toronto and New York Stock Exchanges. For more information, go to www.thomsonreuters.com.

About ISR

Established in 1948, the Institute for Social Research (ISR) at the University of Michigan is among the world's oldest social science research organizations, and a world leader in the development and application of social science methodology. The ISR conducts some of the most widely-cited surveys and studies in the nation, including the Thomson Reuters/University of Michigan Surveys of Consumers, the American National Election Studies, the Monitoring the Future Study, the Panel Study of Income Dynamics, the Health and Retirement Study, and the National Survey of Black Americans and the World Values Surveys. ISR is also home to the Inter-University Consortium for Political and Social Research (ICPSR), the world's largest computerized social science data archive.