

Consumer Confidence (March)

- Consumer confidence was much weaker than expected, plunging to 64.5 in March from 75.0 in February. The present situations index plunged to 89.2 in March from 104.0 in February, while expectations dropped to 47.9 from 58.0.
- Consumers' assessment of labor market conditions deteriorated sharply again in March. The percentage of consumers judging jobs as being "plentiful" fell to 18.8% in March from 21.5% in February, while those viewing jobs as being "hard to get" rose to 25.1% from 23.4%. Thus, the net "plentiful" less "hard to get" index fell to -6.3% in March from -1.9% in February. During the technical recession period of March 2001 to November 2001, the net jobs reading did not get as weak as this (although as jobs continued to decline in the recovery of 2002, this index continued to deteriorate).
- The 12-month expected inflation rate jumped to 6.1% in March from 5.4% in February.

	<i>Mar</i>	<i>Feb</i>	<i>Jan</i>	<i>Mar-07</i>
Confidence index	64.5	76.4	87.3	108.2
Present situations	89.2	104.0	114.3	138.5
Expectations	47.9	58.0	69.3	87.9

Employment:

Jobs hard to get	25.1	23.4	20.6	18.9
Jobs plentiful	18.8	21.5	23.8	30.3

Expectations in 6 Months:

More Jobs	7.7	8.9	10.5	12.7
Increased Income	14.9	18.0	18.1	18.0

Expectations in 12 Months:

Inflation	6.1	5.4	5.3	4.9
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Consumer Buying Plans:

Homes	3.3	2.9	2.5	3.2
Major Appliances	28.2	32.1	30.6	32.7
Automobile	5.1	5.4	6.7	5.4

BOTTOM LINE: Consumers' assessment of the economy continued to move in the direction of our recession and inflation themes. The net jobs reading points to a rise in unemployment and a further fall in payrolls in March. In addition, the one-year inflation expectations index is higher than at any time since the 1990-91 recession (with the exception of the post-Katrina energy-related spike).

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