

Job Worries Drag Down Consumer Confidence

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Growing fears about job security dragged down consumer confidence in October, compounding concerns about limited spending during the holiday season.

Following a drop last month, The Conference Board's Consumer Confidence Index fell unexpectedly in October, to 47.7 from 53.4 in September. The latest reading is the lowest since July. Analysts and economists were expecting a slight dip to 53.1.

The Present Situation Index fell to 20.7 from 23 last month and the Expectations Index decreased to 65.7 from 73.7.

The confidence shortage spread to investors Tuesday as well. The S&P Retail Index slid 6.27 points, or 1.6 percent, to close at 390.19. The measure of retail stock performance topped 400 for the first time in more than a year on Monday.

Lynn Franco, director of The Conference Board Consumer Research Center, said, "Consumers' assessment of present-day conditions has grown less favorable, with labor market conditions playing a major role in this grimmer assessment."

She noted the Present Situation component is at its lowest reading in 26 years.

"The short-term outlook has also grown more negative, as a greater proportion of consumers anticipate business and labor market conditions will worsen in the months ahead," Franco said.

In the Conference Board's October survey, consumers who claimed business conditions are "bad" rose to 47.1 percent from 46.3 percent. Their appraisal of the labor market also fell, with respondents who said jobs are "hard to get" increasing to 49.6 percent from 47 percent. In addition, those who expect business conditions to worsen also rose to 18.3 percent from 14.6 percent.

On the jobs front, those who expected fewer jobs rose to 26.6 percent from 22.9 percent.

Jack Hender, president of Net Worth Solutions Inc., said, "Vendors knew it would be a tough holiday season this year and have been working with their suppliers in the Pacific Rim for opportunities. We'll see more promotions in November. No one is waiting for Black Friday for the door breakers. Stores have been preparing themselves with buying a fair amount of promotional product."