

US consumer confidence up

Consumers' confidence in the state of the US economy is at its highest for five months and they are optimistic about 2005, an influential survey says.

The feel-good factor among US consumers rose in December for the first time since July according to new data. The Conference Board survey of 5,000 households pointed to renewed optimism about job creation and economic growth. US retailers have reported strong sales over the past 10 days after a slow start to the crucial festive season.

According to figures also released on Tuesday, sales in shopping malls in the week to 25 December were 4.3% higher than in 2003 following a last minute rush. Wal-Mart, the largest US retailer, has said its December sales are expected to be better than previously forecast because of strong post-Christmas sales.

It is expecting annual sales growth of between 1% and 3% for the month. Consumer confidence figures are considered a key economic indicator because consumer spending accounts for about two thirds of all economic activity in the United States. "The continuing economic expansion, combined with job growth, has consumers ending this year on a high note," said Lynn Franco, director of the Conference Board's consumer research centre. "And consumers' outlook suggests that the economy will continue to expand in the first half of next year." The overall US economy has performed strongly in recent months, prompting the Federal Reserve to increase interest rates five times since June.