

U.S. consumer sentiment surges to post-crisis record

WASHINGTON, Oct. 26 (Xinhua) -- U.S. consumer confidence in October rose to the highest level in more than five years, a hopeful sign that the U.S. economic recovery may remain on track, according to the Thomson Reuters/University of Michigan index of consumer sentiment revealed Friday.

The final reading of the consumer sentiment climbed to 82.6 in October, the highest since September 2007, from 78.3 in the previous month.

The index gauging consumer expectations for six months from now, which more closely projects the direction of consumer spending, edged up to 79 from 73.5 in September.

While the index of current conditions, reflecting Americans' perceptions of their financial situation and whether they consider it a good time to buy big-ticket items like cars, rose to 88.1 from 85.7 last month. The index averaged 64.2 during the last recession from December 2007 to June 2009, and 89 in the five years leading up to the recession.

"The surge in consumer optimism may be largely due to the implied election promises of both candidates that most of the Bush tax cuts and the payroll tax cuts will be promptly extended," said Richard Curtin, chief economist of the survey. He also noted that although the surge in confidence will act to bolster consumer spending during the upcoming holiday season, it also meant that this higher level of optimism was more vulnerable to reversal depending on how and when the fiscal cliff was bridged.

Growing confidence could stimulate consumer spending. It is widely believed that the U.S. economic recovery will heavily rely on the rebound of consumer spending, which accounts for about 70 percent of the overall economic activity.