reuters U.S. consumer sentiment dips in Oct: survey

On 10:46 am EDT, Friday October 30, 2009

By Steven C. Johnson

NEW YORK (Reuters) - U.S. consumer sentiment slipped this month as Americans fretted about personal finances and focused on paying down debt, a survey showed on Friday.

The Reuters/University of Michigan Surveys of Consumers said its final index of sentiment for October slipped to 70.6 from 73.5 in September.

In spite of the decline, sentiment remained well above where it was a year ago. In November 2008, the index had collapsed its worst reading since mid-1980 at 55.3. This month's reading was also a touch above the median expectation of 70.0, according to a Reuters poll.

But while recovery expectations have improved over the last year, "consumers continued to voice very dismal assessments of their personal financial situation," the report said.

"These grim financial evaluations, coupled with (consumers') intentions to increase savings and decrease their indebtedness, will limit any rebound in consumer spending."

The majority of consumers reported their finances had worsened in October for the 13th straight month, the report showed, "the longest and deepest decline in the 60-year history of the surveys."

"Confidence still strikes me as shockingly low," said Jeff Kleintop, chief market strategist at LPL Financial in Boston. "Consumers are still very pessimistic."

The index of consumer expectations fell to 68.6 from 73.5, with half of those surveyed expecting the unemployment rate to remain around its current level of 9.8 percent, a 26-year high. The current conditions index edged up to 73.7 from 73.4, its highest level since September 2008, when it stood at 75.

Inflation expectations picked up, with the 1-year inflation outlook rising to 2.9 percent from 2.2 percent in September. Consumers' five-year inflation expectations edged up to 2.9 percent in October from 2.8 percent the prior month.

http://finance.yahoo.com/news/Consumer-sentiment-slips-in-rb-660245976.html;_ylt=Akqu7adoN3.7xo1uAZoCv9e7YWsA;_ylu=X3oDMTE1cjhibWk0BHBvcwMzBHNlYwN0b3BTdG9yaWVzBHNsawNjb25zd' ?x=0&sec=topStories&pos=1&asset=&ccode=