

ECONOMICS ALERT

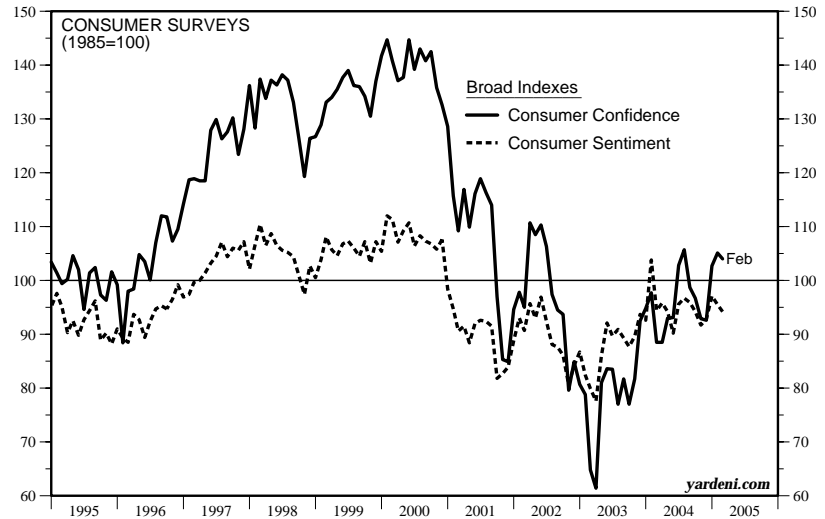
Debbie Johnson & Ed Yardeni
yardeni_requests@oakassociates.com

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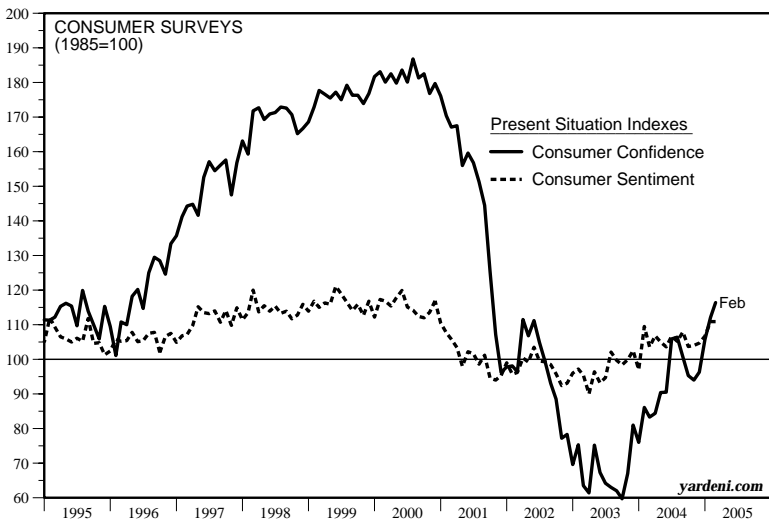
Will consumer confidence improve this year? We think so. Consumers are optimistic about the present situation and also about the availability of jobs. They are nervous about the future. Expectations are likely to pick up along with employment. The Conference Board's confidence survey tends to be more employment oriented, and the jobs outlook has improved considerably in recent months.

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Both the Conference Board's consumer confidence index (CCI) and the University of Michigan's consumer sentiment index (CSI) moved lower in February, reflecting a drop in expectations. Declines in both were minimal, however, as consumers' assessment of the present situation remains at high levels. The CCI edged down to 104 from 105.1 in January, while the CSI slipped from 95.5 to 94.2 in mid-February.



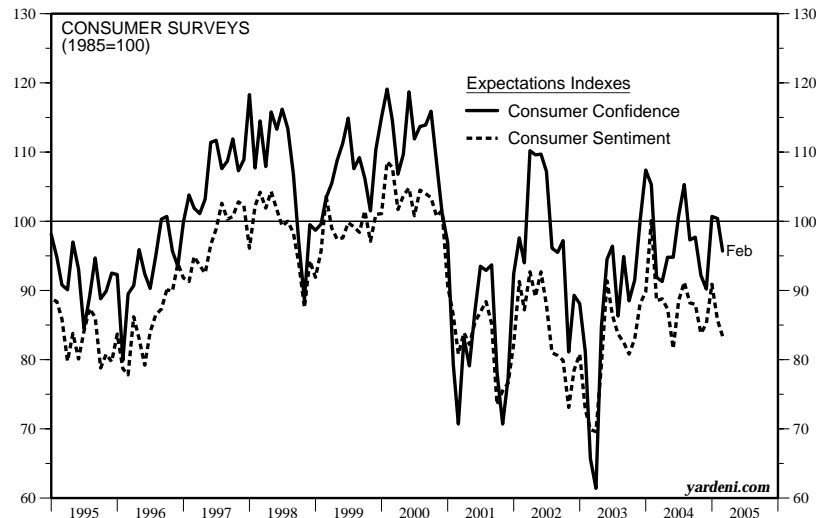
Source: The Conference Board and University of Michigan Survey Research Center.



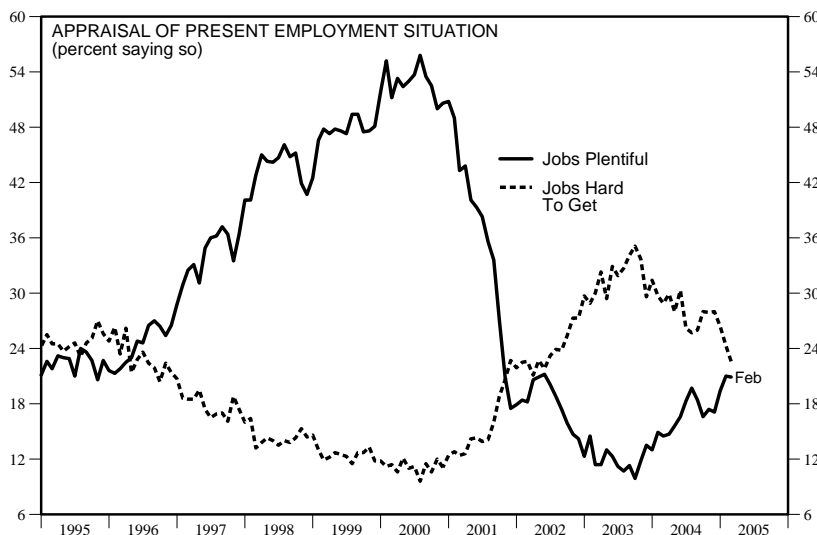
Source: The Conference Board and University of Michigan Survey Research Center

The Conference Board's present situation index jumped to 116.4 in February—the highest reading in 3½ years. The index was 94 just four months ago. The University of Michigan's present situation index held at January's four-year high of 110.9.

Consumer expectation indexes tend to be more volatile than present situation indexes. Expectations in both surveys are in volatile flat trends at relatively favorable levels. Improving jobs market suggests expectations will pick up along with employment.



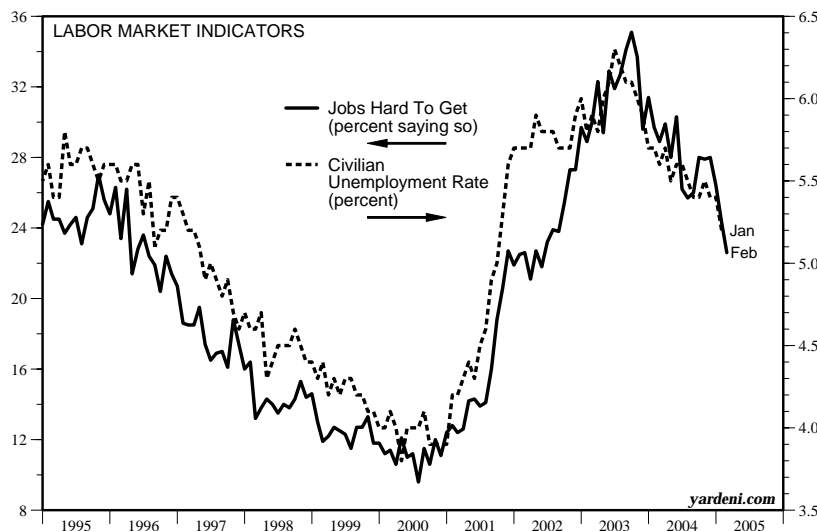
Source: The Conference Board and University of Michigan Survey Research Center.



Source: The Conference Board.

BIG improvement in the employment picture. Percentage of consumers saying jobs are hard to get dropped to 22.6% in February, the lowest reading since May 2002. Meanwhile, the percentage saying jobs are plentiful was little changed at 20.9%--near a three-year high. The gap between the two narrowed to 1.7 percentage points in February, from 25 percentage points back in September 2003.

The unemployment rate tracks the Conference Board's jobs hard to get series closely. Since peaking at 35.1% in June 2003, the percentage of respondents saying jobs are hard to get is down to 22.6%. The jobless rate has dropped to a three-year low of 5.2% from 6.3% over a similar time span. Steady downtrend in jobs hard to get data suggests jobless rate will head still lower.



Source: Conference Board and Bureau of Labor Statistics.

CONFERENCE BOARD'S CONSUMER SURVEY

	Oct	Nov	Dec	Jan	Feb
Consumer Confidence Index	92.9	92.6	102.7	105.1	104.0
Present Situation	94.0	96.3	105.7	112.1	116.4
Expectation	92.2	90.2	100.7	100.4	95.7
Jobs Plentiful (% saying so)	17.4	17.1	19.4	21.0	20.9
Jobs Available	54.7	54.9	54.2	54.7	56.5
Jobs Hard To Get	27.9	28.0	26.4	24.3	22.6

Confidence index remains near January's six-month high as consumers' assessment of the present situation continues to soar.

Jobs picture continues to brighten.