

New York Daily News
Consumers Strut Their Confidence
by Nancy Dillon
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A surprise surge in consumer confidence along with reports Americans are buying more homes and staying away from unemployment lines gave a little lift to the stock market yesterday and helped bolster optimism the economy may be on the verge of snapping back.

"I think the economy is regaining its footing and getting ready for a resumption of growth next year," said John Carey, a fund manager at Pioneer Investments with \$7 billion under management.

Volume was light and trading floors sparsely staffed as the Dow rose 5.68 to 10,136.99, its fifth day above 10,000. The Nasdaq gained 10.84 to close at 1987.26. The Conference Board said its Consumer Confidence Index rose to 93.7 this month from 84.9 in November, the largest increase since February 1998. Analysts were expecting a slight decrease.

Signaling the heaviest job cuts related to the terrorist attacks could be tapering off, new jobless claims rose less-than-expected in the week ended Saturday, the Labor Department said.

First-time unemployment claims climbed 7,000 to 392,000 last week, below the 401,000 claims analysts expected.

"Most of the layoffs have probably already taken place," said Howard Alter, president of Alter Asset Management.

Alter argued that U.S. businesses "tend to get all their job cuts over with quickly - to the point it looks like the sky is falling - but then all of a sudden the clouds part and the economy finds its way back on track."

In another indication the economy may be bottoming, orders for durable goods like computers, cars and industrial machinery were higher in November, though a big drop in demand for military aircraft caused overall orders to fall 4.8%, the Commerce Department said.

"I'm not sure things have turned yet, but I'd expect them to in the near future, once this year's Fed cuts really take hold in early 2002," said John McKenna, a portfolio manager at Aeltus Investment Management, which has \$600 million under management.

Striking a cautionary note, Alter said investors should also be aware the first two weeks of January could bring some remaining earnings warnings from companies "that didn't want to take the holiday punch bowl away from investors."

