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Consumer Confidence

Consumer confidence fell in March, down five points to 68. The source of the decline was in four of the five index components. Perceptions of personal finances now compared to a year ago fell by one point to 64, while perceptions of personal finances one year from now actually rose two points to 86. Perceptions about U.S. economic conditions over the next year fell sharply by twelve points to 53, while perceptions of U.S. economic conditions over the next five years fell nine points to 74. Perceptions of whether it is a good time to buy big ticket household items fell four points to 65.

“Consumer confidence is now the lowest it has been since December of 1991 when it hit a record low of 64,” said Chris McCarty, the Survey Director. “That followed the 1990-91 recession which was much worse than the recession of 2001. Given these levels and the retail sales data from the U.S. Census Bureau, it is clear that consumers are not in a position to revive an economy that is almost certainly in a recession. This level of confidence is lower than that following Hurricane Katrina, the four hurricanes in 2004 and the bombing of the World Trade Center. Florida consumers are extremely pessimistic.”

There is a combination of factors that are impacting Floridians as well as everyone else in the U.S. There is of course home sales and home prices, both which have fallen disproportionately in Florida for the past year. This led to a shakeup in financial markets as investors across the globe questioned the prudence of U.S. lending practices; they are now withholding the cash needed to fund ongoing lending efforts. This continues to hamper home sales and commercial lending as these transactions typically require loans. As a response, the Federal Reserve has engaged in a series of unprecedented interventions to restore confidence in financial markets. These include taking on mortgage debt from troubled firms such as Bear Stearns and lowering interest rates sharply. The latter has contributed to the falling dollar against other currencies, which makes goods from gasoline to cereal more expensive for consumers.

“Our economic problems are unlikely to turn around over the next several months,” said McCarty. “However, some of what needed to happen has already occurred. Home prices are falling to reasonable levels and in parts of Florida are now where they would have been without the run-up over the past few years. We expect housing prices in many Florida markets to bottom out by July, following another weak home buying season. Although it will be a long time before real estate returns to 2005 prices, it will be a reasonable time for Floridians waiting to buy a house to enter the market. With the passage of the property tax amendment, those Floridians with Save Our Homes equity will be in a good position to move within Florida.”

“Moving forward, we expect several more months of low confidence as the corrections in the financial and housing markets work themselves out. It is useful to keep in mind that there are investors out there with money to lend, an essential ingredient for a growing economy. When they are confident that their investments

will grow, they will return. It is clear from the international fallout that the U.S. economy is firmly integrated into the global markets and therefore will not fail. Many economists expect slow growth to return by the end of the year and solid growth to return by early next year.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†

March 31, 2008

Bureau of Economic and Business Research

University of Florida

	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
Consumer Confidence Index													
FLORIDA	86	85	81	82	81	78	77	79	76	74	70	73	68
Men	90	94	88	89	82	83	76	85	80	79	75	79	74
Women	83	78	76	77	81	75	76	75	74	70	66	68	64
Under age 60	91	89	83	86	83	81	81	79	77	75	72	73	69
Aged 60 and over	79	80	79	77	77	76	73	79	76	72	68	74	68
Income under \$30,000	70	70	68	70	67	67	66	73	69	64	58	66	61
Income \$30,000 and over	92	93	87	89	88	84	81	80	80	77	74	76	72
Personal financial situation now compared to a year ago													
FLORIDA	80	83	77	78	73	72	71	69	70	64	65	65	64
Men	83	93	79	86	71	79	75	76	73	69	75	71	67
Women	78	74	76	72	75	67	75	64	68	61	56	59	62
Under age 60	89	89	83	86	78	78	72	70	73	67	67	66	68
Aged 60 and over	67	75	69	66	64	65	70	69	68	58	62	64	56
Income under \$30,000	48	60	50	51	48	49	45	54	59	41	42	50	48
Income \$30,000 and over	91	94	89	88	83	83	80	74	74	70	73	71	71
Personal financial situation expected one year from now													
FLORIDA	90	93	89	88	89	88	86	90	86	87	82	84	86
Men	92	98	95	94	86	92	83	96	89	89	83	89	89
Women	89	88	84	83	91	85	83	86	84	85	82	80	84
Under age 60	101	106	98	98	99	99	97	100	93	96	92	91	99
Aged 60 and over	73	73	77	72	71	73	71	75	78	75	70	76	69
Income under \$30,000	79	80	80	76	81	83	74	83	72	77	77	75	71
Income \$30,000 and over	93	97	95	97	95	93	90	93	94	91	89	89	92
Expected national economic conditions over the next year													
FLORIDA	78	76	74	75	73	70	69	73	62	65	55	65	53
Men	86	85	86	80	72	75	66	76	63	72	56	72	56
Women	71	68	65	71	73	66	66	71	61	60	54	59	51
Under age 60	80	73	75	75	71	67	71	71	59	62	56	64	43
Aged 60 and over	75	79	74	75	74	76	69	77	65	68	54	66	65
Income under \$30,000	68	61	62	69	60	63	69	71	58	66	52	66	49
Income \$30,000 and over	83	83	79	78	77	71	68	73	64	66	56	64	54
Expected national economic conditions over the next 5 years													
FLORIDA	81	79	76	82	80	77	80	78	79	79	74	83	74
Men	86	89	88	88	83	79	78	82	85	83	79	86	84
Women	77	71	67	79	78	76	78	75	75	77	71	80	67
Under age 60	81	83	76	82	78	75	82	72	76	78	72	81	71
Aged 60 and over	82	74	78	84	83	81	78	87	83	81	79	86	80
Income under \$30,000	64	62	66	75	65	72	75	75	70	66	58	77	68
Income \$30,000 and over	89	85	80	86	88	79	81	77	83	84	78	84	78
Is this a good time to buy major household items?													
FLORIDA	99	97	90	87	91	85	81	84	84	75	74	69	65
Men	100	107	94	97	96	91	80	93	89	82	81	75	73
Women	98	87	87	76	88	80	80	78	81	70	68	64	58
Under age 60	101	96	85	90	90	85	83	80	82	73	72	62	61
Aged 60 and over	97	98	98	85	94	86	78	90	88	76	77	75	68
Income under \$30,000	89	86	81	79	79	68	68	81	84	71	63	64	68
Income \$30,000 and over	101	103	92	94	95	92	85	84	88	75	75	70	65

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	399	Race		Gender	
		% Non-white	14	% Male	47
Average age	57	% White	86	% Female	53
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	15	% Yes	7	% North	21
% \$20,000 to \$29,999	12	% No	93	% Central	19
% \$30,000 to \$49,999	17			% Southeast	23
% over \$50,000	56			% Southwest	37