
Consumer confidence in Florida fell sharply in May

From:
UF Survey Research Center
Bureau of Economic and Business Research
Warrington College of Business Administration
University of Florida
P. O. Box 117145, Gainesville, Florida 32611-7145

Contact:
Chris McCarty, Survey Director
Office: (352) 392-2908 ext. 100

Consumer Confidence

Consumer confidence in Florida fell sharply in May, down four points from 96 in April to 92 in May. The source of the decline was in four of the five components that make up the index. The largest drop occurred in the component measuring whether it is a good time to buy big ticket consumer items, such as appliances, cars and furniture. That component fell by eight points to 107, the same level as in December. Perceptions of personal finances now compared to a year ago fell five points to 81 and is now four points below where it was at the same time a year ago. Expectations about personal finances a year from now fell two points. Perceptions of US business conditions in the short term fell five points to 85 and are now at the same level as a year ago. The only component to rise was expectations of US economic conditions over the next five years which rose three points to 90.

“The effect of the tax cuts have now passed,” said Chris McCarty, the Survey Director. “Those consumers who received rebates have now factored them in. The recent drops in the stock market and soaring gas prices are certainly contributing to growing pessimism over personal finances. The fall in this component is particularly sobering as it is closely linked with consumer spending. The fall in perceptions of US business conditions over the next year is largely affected by the recent troubles in Iraq and perceptions that the war may not be going as well as initially planned.”

Other economic indicators show the recovery is definitely occurring, but as most economists predicted, it will be a long and slow recovery, in contrast to the recovery of the early 1990s. Jobless claims are still below the benchmark level of 350,000, although they have been edging up in recent weeks. Mortgage applications are reacting to rises in interest rates and will fall sharply when the Federal Reserve actually does raise interest rates. The consumer reaction to rising interest rates will be a key factor in the long term character of the recovery.

“Given the recent declines in consumer confidence we would expect an eventual slowing in retail sales,” said McCarty. “Retail sales for April were down, particularly auto sales, as pent up demand has softened that market. Chain store sales were also down in the survey released last week. If the war in Iraq continues to be problematic, this will definitely affect the upcoming election this November. Despite the recent rise in net jobs, pessimism about personal finances will be a drag on consumer optimism.”

Survey Method

The consumer confidence index and its five component indexes are not percentages. The minimum value these indexes can take is 2 if all respondents answered pessimistically on all five questions, and 150 if all respondents answered optimistically on all five questions. The index is benchmarked to 1966, so that a value of 100 represents the same level of confidence for that year. The value of the index is in comparing changes over time rather than looking at an isolated month.

Consumer confidence is designed to measure the mood of consumers towards buying, and thus help to predict buying patterns. Although other economic indicators are also predictors of buying patterns, consumer confidence tends to be available sooner than these indicators. Consumer confidence is also designed to capture the effect of events that may affect buying patterns, but are not immediately reflected in other economic indicators.

The Florida Consumer Attitude Survey is conducted monthly by the UF Survey Research Center of the Bureau of Economic and Business Research at the University of Florida. This 70-station computerized lab surveys Floridians throughout the state through random-digit dialing. Responses are weighted to account for variable response rates across counties.

FLORIDA ECONOMIC AND CONSUMER SURVEY
May 21, 2004
Bureau of Economic and Business Research
University of Florida

May-03 Jun-03 Jul-03 Aug-03 Sep-03 Oct-03 Nov-03 Dec-03 Jan-04 Feb-04 Mar-04 Apr-04* May-04†

Consumer Confidence Index

FLORIDA	91	93	92	90	91	95	94	96	97	97	94	96	92
Men	96	100	96	100	96	99	103	105	102	100	101	102	96
Women	87	87	88	83	86	91	84	89	91	95	88	90	90
Under age 60	92	94	94	93	93	98	97	98	99	100	96	98	94
Aged 60 and over	90	89	86	84	84	87	86	91	93	91	88	91	89
Income under \$30,000	81	82	82	75	80	84	80	83	86	83	81	84	81
Income \$30,000 and over	96	100	97	100	96	101	101	105	102	103	101	102	101

Personal financial situation now compared to a year ago

FLORIDA	85	83	81	82	84	82	81	85	85	88	84	86	81
Men	90	90	81	90	83	84	88	94	90	90	89	93	87
Women	80	77	80	75	84	79	74	78	80	86	81	80	76
Under age 60	91	90	86	88	91	86	87	91	89	93	88	94	89
Aged 60 and over	71	62	68	65	64	72	67	71	77	75	75	71	63
Income under \$30,000	72	70	70	58	74	63	57	74	61	64	63	62	62
Income \$30,000 and over	95	92	87	95	90	91	93	95	96	100	96	98	95

Personal financial situation expected one year from now

FLORIDA	99	102	105	100	101	101	100	100	102	100	101	102	100
Men	106	103	106	104	104	103	106	101	101	98	113	108	98
Women	93	100	103	96	98	99	95	100	103	102	92	96	101
Under age 60	106	108	110	106	109	108	110	108	112	107	110	111	108
Aged 60 and over	81	80	89	82	77	81	80	83	78	84	81	82	83
Income under \$30,000	88	89	98	86	91	96	91	91	90	90	91	96	94
Income \$30,000 and over	107	109	110	109	108	106	106	109	110	105	107	106	108

Expected national economic conditions over the next year

FLORIDA	85	89	88	83	85	91	92	97	97	97	87	90	85
Men	90	97	94	97	95	94	106	110	105	101	96	96	89
Women	81	82	84	72	77	88	79	86	90	94	81	84	81
Under age 60	82	87	92	83	85	95	94	96	98	100	88	91	82
Aged 60 and over	95	95	78	85	86	83	88	96	98	92	85	88	92
Income under \$30,000	72	80	82	74	75	74	84	83	87	86	79	74	76
Income \$30,000 and over	88	95	92	89	89	100	96	106	101	102	93	98	90

Expected national economic conditions over the next 5 years

FLORIDA	88	84	79	82	84	85	88	89	92	84	88	87	90
Men	95	96	87	99	100	93	103	105	101	91	96	94	99
Women	83	75	71	69	72	79	74	78	81	79	82	80	84
Under age 60	83	82	77	82	83	90	91	87	89	84	87	84	90
Aged 60 and over	105	93	85	83	87	77	84	94	97	85	87	93	91
Income under \$30,000	74	70	64	66	74	75	76	76	85	70	78	83	76
Income \$30,000 and over	93	93	86	93	88	92	94	98	93	90	93	89	101

Is this a good time to buy major household items?

FLORIDA	100	106	106	106	100	114	106	107	109	117	108	115	107
Men	100	112	110	110	100	119	114	114	116	118	111	119	107
Women	99	102	103	102	101	110	99	102	102	115	105	111	108
Under age 60	100	104	106	106	99	113	106	106	108	116	106	112	103
Aged 60 and over	99	117	107	106	106	120	111	110	113	118	112	121	116
Income under \$30,000	98	103	98	91	87	110	91	89	109	107	94	106	99
Income \$30,000 and over	100	111	110	114	106	117	114	116	109	121	116	119	114

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	412	Race		Gender	
		% Non-white	21	% Male	43
Average age	50	% White	79	% Female	57
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	22	% Yes	12	% North	22
% \$20,000 to \$29,999	13	% No	88	% Central	15
% \$30,000 to \$49,999	23			% Southeast	27
% over \$50,000	42			% Southwest	36