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Consumer Confidence

Consumer confidence among Floridians fell two points in March to 74. Among the five components making up the index two increased and three decreased. Personal finances now compared to a year ago increased three points to 62, a post-recession high. Expectations of personal finances a year from now increased one point to 82. Expectations of U.S. economic conditions over the next year declined one point to 73 while expectations of U.S. economic conditions over the next five years fell six points to 75. Perceptions as to whether it is a good time to buy big ticket items fell four points to 79.

“The patten of consumer confidence from December to February was exactly the same as last year,” said Chris McCarty, the Survey Director. “In March 2011 confidence among Floridians fell four points to 72, then kept falling through August coinciding with a pullback in spending among Floridians. This month the decline was only two points, but still down. While the context this month is different than last year with the absence of the Japanese earthquake and Arab Spring, other factors are increasingly likely to lead to a similar result.”

The employment situation continues to be positive here in Florida with unemployment for January down .3 percent from December to 9.6 percent. There is debate about whether the decline is due to job creation, particularly well-paying jobs, or a decline in the labor force at least part of which are seniors who have reached retirement age. The latter will increasingly be the case leading to further declines in unemployment, but increased burdens on Medicare and Social Security. Continuing declines in the level of unemployment, and particularly increasing labor participation, would signal a sustained recovery in the job market, which along with housing prices were the biggest casualties resulting from the Great Recession. The February preliminary employment report from the Florida Department of Economic Opportunity due for release on March 30th should give a much clearer picture of the direction employment will take in Florida for the remainder of the year.

The stock market has, so far, held onto recent gains with the Dow still above 13,000. This is likely a boost for those invested in the stock market. However higher income respondents are pessimistic about their future finances, and recently trading volume on the New York Stock Exchange has been quite low, despite stocks maintaining their price levels. Housing prices are not declining as the median price of a single family home for February was \$134,000, close to the December 2011 level of \$134,300 and higher than January’s \$129,000. The Florida Legislature did not pass legislation this spring to speed up the overhang of approximately 368,000 potential foreclosures in Florida, and a federal deal with the nation’s largest banks may provide some relief to those homeowners and stall further price declines, at least for the remainder of the year. Increased sales, particularly short sales, may indicate another way out of the over-supply of housing in Florida other than processing of foreclosures.

“The big drag on consumers will increasingly be gas prices which have increased more than 15 cents a gallon in the past month,” said McCarty. “Prior to the housing market unraveling and the beginning of the past recession there was a period of more than two years where gas prices were driving consumer confidence. With increases in gas prices likely over the next few months, consumers, particularly those with lower incomes, will feel the impact. This will lead to lower confidence and perhaps lower spending than that associated with the higher January and February confidence results.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
March 27, 2012
Bureau of Economic and Business Research
University of Florida

	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Consumer Confidence Index													
FLORIDA	72	68	68	66	67	61	64	65	66	70	77	76	74
Men	74	71	72	63	66	64	63	67	67	72	78	78	73
Women	69	66	65	70	67	58	65	63	66	67	76	73	75
Under age 60	75	73	72	74	69	65	68	67	70	77	81	80	74
Aged 60 and over	69	64	65	61	66	57	59	63	62	66	73	71	74
Income under \$30,000	61	59	58	61	59	54	58	51	62	65	73	67	67
Income \$30,000 and over	76	72	73	69	72	65	66	71	71	75	82	81	78
Personal financial situation now compared to a year ago													
FLORIDA	58	56	52	54	58	53	49	54	52	56	61	59	62
Men	61	62	53	53	57	54	52	60	55	60	65	61	61
Women	54	51	51	56	58	51	45	48	49	50	57	57	63
Under age 60	59	63	57	63	62	60	51	64	54	63	66	67	68
Aged 60 and over	56	50	49	47	53	46	47	45	49	51	57	53	57
Income under \$30,000	41	43	38	35	40	43	36	35	46	47	45	38	49
Income \$30,000 and over	62	62	55	62	67	60	54	65	57	61	70	69	69
Personal financial situation expected one year from now													
FLORIDA	80	73	75	74	75	73	74	76	80	78	84	81	82
Men	82	76	80	69	76	75	71	76	80	79	82	82	79
Women	77	69	70	80	74	71	78	76	80	78	87	80	84
Under age 60	97	84	88	92	87	85	87	84	89	89	95	95	92
Aged 60 and over	65	59	65	60	63	61	62	68	70	70	73	69	74
Income under \$30,000	76	68	64	73	60	67	70	57	74	75	78	78	78
Income \$30,000 and over	82	76	82	77	85	78	75	85	85	82	90	87	84
Expected national economic conditions over the next year													
FLORIDA	67	66	68	60	57	51	53	55	53	60	75	74	73
Men	69	66	69	55	53	52	51	55	52	61	73	76	71
Women	66	65	66	67	61	50	56	55	54	59	77	71	74
Under age 60	70	70	74	70	57	51	59	55	59	67	78	76	67
Aged 60 and over	64	62	63	54	58	50	47	57	47	55	73	70	77
Income under \$30,000	57	53	54	64	52	46	51	51	57	64	81	69	70
Income \$30,000 and over	72	69	75	59	60	53	52	57	53	60	75	78	75
Expected national economic conditions over the next 5 years													
FLORIDA	74	72	73	70	69	62	68	67	68	73	83	81	75
Men	76	74	77	61	65	65	63	65	64	73	83	82	74
Women	71	70	68	81	72	59	74	69	72	72	82	81	77
Under age 60	73	74	75	72	66	64	71	64	68	79	85	84	65
Aged 60 and over	73	72	70	69	74	58	63	70	67	68	81	78	85
Income under \$30,000	64	67	71	72	69	57	63	57	66	69	84	78	78
Income \$30,000 and over	78	75	77	69	70	64	69	71	70	75	85	84	76
Is this a good time to buy major household items?													
FLORIDA	80	75	74	72	75	68	74	71	78	85	82	83	79
Men	82	78	79	75	78	75	79	77	82	90	86	87	80
Women	78	72	68	68	72	61	70	66	75	77	78	78	77
Under age 60	74	73	67	71	72	67	71	66	78	87	82	78	77
Aged 60 and over	84	79	79	72	80	70	79	77	80	85	82	87	79
Income under \$30,000	63	66	64	63	72	56	68	57	65	72	76	72	60
Income \$30,000 and over	84	76	76	77	78	71	81	78	88	96	90	87	86
										Dec-			
	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	11	Jan-12	Feb-12	Mar-12

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	415	Race		Gender	
		% Non-white	12	% Male	54
Average age	60	% White	88	% Female	46
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	18	% Yes	8	% North	23
% \$20,000 to \$29,999	14	% No	92	% Central	16
% \$30,000 to \$49,999	26			% Southeast	26
% over \$50,000	42			% Southwest	35