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Consumer Sentiment

Consumer sentiment among Floridians declined by one point in April to 79. Among the five components that make up the index three decreased and two increased. Perceptions of personal finances now compared to a year ago fell three points from a post-recession high to 69, while expectations of personal finances a year from now fell six points to 77. Expectations of U.S. economic conditions over the next year fell five points to 77 while expectations of U.S. economic conditions over the next five years rose five points to 82. Perceptions as to whether it is a good time to buy big ticket items such as an appliance or a car rose three points to 89.

“Much as we expected the overall consumer sentiment index is remaining relatively flat given the lack of significant economic news,” said Chris McCarty, the Survey Director. “This continues to be good news for the Federal Reserve as it allows them to focus on the true effects of their withdraw of economic support from the economy by tapering purchases of treasuries and mortgage backed securities and to signal a possible increase in short term interest rates before 2015. Here in Florida the economy remains on a steady path without any big changes either negative or positive. The year 2014 both at the state and national level will likely be dominated by the politics surrounding the gubernatorial and mid-term elections. Consumer sentiment in April at the national level actually went up to 84, now five points higher than for Florida.”

Last month the unemployment rate in Florida ticked up .1 percent to 6.3 percent while U.S. unemployment for March was 6.7 percent. An increase in unemployment in the current economic context is not necessarily a bad thing. A typical pattern after most recessions is for unemployment to temporarily increase as previously discouraged workers see more job availability and come back into the labor force. There is no doubt that Florida, like many states, lost workers from the labor force. The question is whether those workers permanently left, such as those taking early retirement, or whether they temporarily left for job training, or just biding time until the labor market improved. While unemployment went up last month so did the size of the labor force. While it is too early to tell this could signal improvements ahead in Florida jobs, at least in those having a job even if the wages for those jobs are lower than they were prior to the recession. Housing continued to improve in March with the median price for a single family home rising to \$173,000, a level not achieved since last August. However a recent report on national new home sales for March was surprisingly down 14.5% indicating there may be a slowdown in housing this year compared to last year. Some slowing of gains was expected due to Fed tapering and changes to policies at Fannie Mae, Freddie Mac and the FHA that helped support the housing market. While the bottom will not fall out of housing and current prices will be mostly maintained, housing will not be the driver of the economy it had been in 2013. The stock market has continued to weather the Fed's tapering and continues to remain near record highs despite some recent volatility. Economic news increasingly raises the strong possibility that we are in a bubble, particularly in certain areas of technology. The problem is that we don't know where we are in that bubble, somewhere in the middle or near where it bursts. Many economists expect a correction in the

stock market, perhaps as early as this fall. Inflation continues to remain low which is good for consumers in the short run but of great concern to economists who fear the long term effects, such as the potential for deflation which leads to decreased economic activity through weaker demand.

“Looking forward we expect consumer sentiment among Floridians to remain in the upper 70s to low 80s given the dearth of significant economic news,” said McCarty. “The greatest threats to confidence among consumers are potential international stores. The conflict between Ukraine and Russia has the potential to draw in Europe and ultimately the U.S. There is concern over a decline in the growth of the Chinese economy which is now so large those declines affect other economies, including the U.S.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
April 29, 2014
Bureau of Economic and Business Research
University of Florida

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Consumer Sentiment Index													
FLORIDA	79	81	81	77	77	78	70	77	77	78	78	80	79
Men	78	82	85	79	77	82	69	82	79	80	80	83	81
Women	80	79	79	74	77	74	71	72	74	75	75	77	76
Under age 60	86	85	90	80	82	82	78	79	86	79	82	85	84
Aged 60 and over	74	78	74	75	73	74	63	77	71	77	75	77	75
Income under \$30,000	62	73	74	69	70	69	62	65	71	75	61	68	61
Income \$30,000 and over	84	88	86	82	81	82	73	83	79	81	86	86	88
Personal financial situation now compared to a year ago													
FLORIDA	71	67	69	63	63	65	61	69	69	66	63	72	69
Men	70	72	76	67	67	71	63	80	75	71	68	77	72
Women	71	62	63	60	58	61	59	58	63	62	58	66	65
Under age 60	78	73	82	72	68	75	68	69	80	67	69	74	80
Aged 60 and over	63	63	58	57	57	59	54	68	61	65	59	69	64
Income under \$30,000	47	56	54	50	52	49	43	45	50	56	39	49	44
Income \$30,000 and over	77	75	77	69	66	73	70	79	75	70	74	81	84
Personal financial situation expected one year from now													
FLORIDA	79	82	82	75	81	80	74	74	78	80	76	83	77
Men	77	82	82	77	80	81	71	77	79	83	78	86	80
Women	82	82	82	72	83	79	76	70	77	76	74	79	73
Under age 60	95	94	101	85	94	96	93	82	96	96	91	98	93
Aged 60 and over	66	72	66	68	69	66	58	68	67	71	66	72	68
Income under \$30,000	64	71	82	68	76	71	66	65	77	77	68	80	67
Income \$30,000 and over	84	90	86	79	86	86	77	78	81	84	84	88	86
Expected national economic conditions over the next year													
FLORIDA	79	81	82	79	76	76	66	76	73	76	79	82	77
Men	77	79	82	78	70	79	62	77	76	73	82	85	80
Women	82	83	82	79	82	74	69	75	70	78	77	79	73
Under age 60	86	84	88	79	83	76	73	76	77	75	82	86	80
Aged 60 and over	75	80	79	79	71	76	60	77	69	77	77	80	75
Income under \$30,000	62	75	78	76	73	76	64	66	72	77	58	69	61
Income \$30,000 and over	84	88	85	83	78	77	66	81	73	78	89	87	86
Expected national economic conditions over the next 5 years													
FLORIDA	77	82	82	75	78	75	71	76	74	81	79	77	82
Men	78	82	83	77	77	80	69	74	76	80	82	78	82
Women	76	82	81	73	79	71	73	78	71	82	77	75	81
Under age 60	82	82	89	77	81	81	77	74	75	80	79	81	80
Aged 60 and over	73	83	77	75	76	71	67	78	72	82	80	75	81
Income under \$30,000	65	83	69	77	73	75	70	73	67	86	58	73	66
Income \$30,000 and over	81	86	86	80	81	77	70	78	75	82	89	83	88
Is this a good time to buy major household items?													
FLORIDA	90	91	92	92	87	91	78	92	91	86	90	86	89
Men	89	94	100	96	91	100	81	105	90	93	89	87	89
Women	91	88	85	88	83	83	75	80	91	80	92	84	88
Under age 60	87	90	92	87	82	82	79	93	101	78	87	85	85
Aged 60 and over	93	93	92	96	92	99	77	93	83	91	93	87	90
Income under \$30,000	72	81	88	76	76	73	67	78	86	80	81	71	66
Income \$30,000 and over	94	100	95	100	91	96	83	100	93	92	95	90	94

*Revised. †Preliminary.

Apr-13 May-13 Jun-13 Jul-13 Aug-13 Sep-13 Oct-13 Nov-13 Dec-13 Jan-14 Feb-14 Mar-14 Apr-14

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	402	Race		Gender	
		% Non-white	17	% Male	52
Average age	63	% White	83	% Female	48
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	17	% Yes	8	% North	21
% \$20,000 to \$29,999	17	% No	92	% Central	19
% \$30,000 to \$49,999	14			% Southeast	23
% over \$50,000	52			% Southwest	37

Data Collection Dates: April 1 to 24, 2014