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Consumer Confidence

Consumer confidence among Floridians rose three points in May to 77, nine points higher than May of 2011. Three of the four index components rose, one declined and one stayed the same. Perceptions of personal finances now compared to a year ago fell one point to 62 while expectations of personal finances a year from now jumped eight points to 87. Expectations of U.S. economic conditions over the next year rose one point to 74 while expectations of the U.S. economy over the next five years rose five points to 81. Perceptions as to whether it is a good time to buy big ticket items remained unchanged at 80.

“This is a welcome turnaround in consumer confidence,” said Chris McCarty, the Survey Director. “The rise in confidence in May was particularly strong among, those under age 60 and those with household incomes above \$30,000. The largest component to rise was expectations about personal finances a year from now which rose eleven points for higher income households. While some aspects of the economy are showing improvement, this is a strange result given the potential ‘fiscal cliff’ due at the beginning of 2013 that is now being reported in the news.”

Several events will occur in January 2013 without intervention by Congress and the White House. These include the expiration of the Bush tax cuts that will result in higher taxes for most American households, automatic spending cuts for both domestic and military spending, also known as sequestration, and an impending battle over raising the debt ceiling again, which led to a decline in consumer confidence last year in August. These events are only now making their way into the news and are probably not factored into the growth in optimism among respondents.

Several trends are giving Floridians something to cheer about. Gas prices are falling quickly, almost 33 cents a gallon here in Florida over the past month. This reversal is due in large part to decreasing demand internationally as Europe struggles with a recession and China’s economy slows. Lower gas prices not only help Floridians at the pump, but should result in more Florida vacations this summer that will keep the tourist sector busy. Unemployment continues to fall in Florida and now stands at 8.7 percent, only .6 percent higher than the U.S. A particularly welcome part of the report was the rise in jobs in the professional and business services sector. Indeed, all sectors gained jobs except for construction, which has been a problem since the recession began, government, which has been consistently trimmed, and information which lost very few jobs. This is a welcome change from last year when job gains were concentrated in tourist related industries. Still problematic are the large numbers of people leaving the labor force meaning they are no longer looking for work. As the recovery takes hold some of those will come back into the labor force resulting in an increase in unemployment. This will actually be a sign of healing in the job market. It is unclear how many of those no longer looking for work have exited permanently. The median price of a single family home has increased for the third straight month and now stands at \$144,350, the highest since October 2009. Sales of existing homes have increased as has new homes. This is a combination of historically low interest rates and very low housing prices. The stock market

has declined nearly four percent in the past month which should contribute to pessimism for some respondents. However on balance the declines are not precipitous and some may interpret the market's resilience while Europe struggles as a sign that next year will be even better.

"The increase in confidence this month reversed the trend we were repeating from last year," said McCarty. "If we can continue this trend it will bode well for Florida's economy. Increased confidence typically means increased consumer spending that will result in more jobs. This may be a challenge however as news about the fiscal cliff moves outside beyond economic articles and talk shows and into the mainstream media."

FLORIDA ECONOMIC AND CONSUMER SURVEY†
May 24th, 2012
Bureau of Economic and Business Research
University of Florida

	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
Consumer Confidence Index													
FLORIDA	68	66	67	61	64	65	66	70	77	76	75	74	77
Men	72	63	66	64	63	67	67	72	78	78	74	78	78
Women	65	70	67	58	65	63	66	67	76	73	76	70	76
Under age 60	72	74	69	65	68	67	70	77	81	80	76	77	82
Aged 60 and over	65	61	66	57	59	63	62	66	73	71	74	71	72
Income under \$30,000	58	61	59	54	58	51	62	65	73	67	68	70	68
Income \$30,000 and over	73	69	72	65	66	71	71	75	82	81	79	78	82
Personal financial situation now compared to a year ago													
FLORIDA	52	54	58	53	49	54	52	56	61	59	62	63	62
Men	53	53	57	54	52	60	55	60	65	61	61	67	66
Women	51	56	58	51	45	48	49	50	57	57	64	58	58
Under age 60	57	63	62	60	51	64	54	63	66	67	67	71	69
Aged 60 and over	49	47	53	46	47	45	49	51	57	53	58	55	57
Income under \$30,000	38	35	40	43	36	35	46	47	45	38	49	48	47
Income \$30,000 and over	55	62	67	60	54	65	57	61	70	69	69	72	70
Personal financial situation expected one year from now													
FLORIDA	75	74	75	73	74	76	80	78	84	81	82	79	87
Men	80	69	76	75	71	76	80	79	82	82	79	83	90
Women	70	80	74	71	78	76	80	78	87	80	85	76	84
Under age 60	88	92	87	85	87	84	89	89	95	95	92	91	104
Aged 60 and over	65	60	63	61	62	68	70	70	73	69	73	69	74
Income under \$30,000	64	73	60	67	70	57	74	75	78	78	78	81	83
Income \$30,000 and over	82	77	85	78	75	85	85	82	90	87	84	80	91
Expected national economic conditions over the next year													
FLORIDA	68	60	57	51	53	55	53	60	75	74	73	73	74
Men	69	55	53	52	51	55	52	61	73	76	71	77	68
Women	66	67	61	50	56	55	54	59	77	71	75	68	80
Under age 60	74	70	57	51	59	55	59	67	78	76	70	72	78
Aged 60 and over	63	54	58	50	47	57	47	55	73	70	75	71	70
Income under \$30,000	54	64	52	46	51	51	57	64	81	69	71	73	70
Income \$30,000 and over	75	59	60	53	52	57	53	60	75	78	76	73	79
Expected national economic conditions over the next 5 years													
FLORIDA	73	70	69	62	68	67	68	73	83	81	79	76	81
Men	77	61	65	65	63	65	64	73	83	82	78	77	81
Women	68	81	72	59	74	69	72	72	82	81	81	76	81
Under age 60	75	72	66	64	71	64	68	79	85	84	73	76	83
Aged 60 and over	70	69	74	58	63	70	67	68	81	78	85	76	79
Income under \$30,000	71	72	69	57	63	57	66	69	84	78	79	72	72
Income \$30,000 and over	77	69	70	64	69	71	70	75	85	84	81	77	90
Is this a good time to buy major household items?													
FLORIDA	74	72	75	68	74	71	78	85	82	83	79	80	80
Men	79	75	78	75	79	77	82	90	86	87	80	88	85
Women	68	68	72	61	70	66	75	77	78	78	77	73	74
Under age 60	67	71	72	67	71	66	78	87	82	78	77	74	79
Aged 60 and over	79	72	80	70	79	77	80	85	82	87	78	86	81
Income under \$30,000	64	63	72	56	68	57	65	72	76	72	62	60	70
Income \$30,000 and over	76	77	78	71	81	78	88	96	90	87	86	86	83
*Revised. †Preliminary.										Feb-			
	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	12	Mar-12	Apr-12	May-12

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	411	Race		Gender	
		% Non-white	16	% Male	53
Average age	60	% White	84	% Female	47
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	21	% Yes	10	% North	22
% \$20,000 to \$29,999	16	% No	90	% Central	20
% \$30,000 to \$49,999	20			% Southeast	26
% over \$50,000	43			% Southwest	32