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### *Consumer Confidence*

Consumer confidence among Floridians remained steady in February at 77, the same reading as January. Among the five components that make up consumer confidence, two increased, one decreased and two remained the same. Perceptions of personal finances now compared to a year ago was unchanged at 58, while perceptions of personal finances a year from now declined three points to 81. Perceptions of U.S. economic conditions over the next year rose two points to 79 while perceptions of U.S. economic conditions over the next five years was unchanged at 81. Perceptions as to whether it is a good time to buy big-ticket items rose three points to 88.

“We had expected a correction to last month’s seven point increase in consumer confidence,” said Chris McCarty, the Survey Director. “A second month at this high level makes it much less likely that the increase for January was an aberration and more likely that consumers view the economy and their personal economic situation as having improved. At 77 the index represents a dramatic improvement over consumer confidence for the past three years. The one exception was April 2010 when a confluence of tax rebates artificially lifted confidence. It fell in the following months as those programs ended and the Gulf Oil Spill raised pessimism. This month the sustained higher level of confidence is more broadly based and is an indicator that consumers are seeing some stability in the overall economy.”

There are several factors contributing to increased optimism. At the top of the list is the bull market in stocks that is lifting the portfolios of those with investments. Those nearing retirement whose 401(k) accounts were nearly halved in the past recession have largely recovered those losses. Wages for those still employed have shown steady improvement while inflation remains in check. The stimulus agreement passed by Congress at the end of 2010 has now appeared in paychecks and is in part responsible for increased optimism in perceptions of personal finances. While Florida’s unemployment rate for December was unchanged from November at 12 percent, national unemployment declined in January from 9.4 to 9 percent. Florida’s unemployment rate for January, not due until March 10<sup>th</sup>, may show a decline in unemployment as well. Hiring is beginning to improve as the recession takes hold with several companies announcing intentions to hire. While housing prices have still shown some declines, it appears that prices for a single family home are bottoming out. Over the year 2010 the downward correction was less than five percent where it had been 20 percent or more in the previous two years.

“If everything remained the same I would say consumers will remain optimistic as the economy steadily improves,” said McCarty. “Over the next few months there will be decisions on spending cuts both at the state level and the national level. At the state level it is clear that many state workers and teachers will likely lose

their jobs, and most will receive what is functionally a salary cut through forced pension contributions and lower state contributions for health care. At the national level the path is not as clear given the divisions in Congress.

However there is already a freeze on federal pay increases in place and more draconian measures on the table. Floridians should be aware that these cuts will affect them even if they are not government employees. For example, job and wage losses among government employees will result in lower demand and consumption, which will affect Florida businesses. While some cuts may be necessary, Floridians should not expect the effects to be isolated to the government sector. Many private businesses depend on government payments as well. Therefore, consumer confidence may remain elevated over the next few months, but will likely fall sharply as budget cutting measures fall into place.”

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
**February 22<sup>nd</sup>, 2011**  
**Bureau of Economic and Business Research**  
**University of Florida**

	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
<b>Consumer Confidence Index</b>													
FLORIDA	73	71	78	70	67	66	66	68	73	71	70	77	77
Men	71	72	78	75	67	68	70	69	75	73	73	80	77
Women	74	68	78	66	67	64	63	68	72	70	67	74	77
Under age 60	77	73	81	72	70	70	67	72	74	72	75	80	81
Aged 60 and over	67	68	73	68	64	62	65	64	73	70	66	74	74
Income under \$30,000	67	65	70	58	65	58	59	63	61	65	65	71	65
Income \$30,000 and over	76	74	82	75	69	71	70	69	79	74	74	80	82
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	53	55	57	54	46	48	51	49	54	56	51	58	58
Men	51	59	57	62	45	52	58	54	59	58	55	59	60
Women	56	49	57	48	47	44	46	44	51	55	45	57	54
Under age 60	59	57	59	63	51	53	55	53	55	54	52	64	59
Aged 60 and over	47	52	55	46	40	43	47	45	54	58	49	53	56
Income under \$30,000	38	45	34	29	36	35	39	31	34	42	38	44	35
Income \$30,000 and over	62	61	65	63	51	55	59	55	63	62	56	65	67
<b>Personal financial situation expected one year from now</b>													
FLORIDA	83	82	84	79	76	75	78	78	84	78	81	84	81
Men	84	83	82	83	76	76	78	77	85	80	84	86	81
Women	82	81	86	74	75	73	77	79	83	76	76	82	80
Under age 60	95	91	97	88	85	89	88	90	91	90	100	97	95
Aged 60 and over	68	71	68	68	66	62	68	66	79	66	64	74	68
Income under \$30,000	75	72	90	68	76	68	73	74	76	67	78	84	78
Income \$30,000 and over	88	87	86	84	77	80	83	79	89	83	86	85	86
<b>Expected national economic conditions over the next year</b>													
FLORIDA	68	70	82	66	64	61	58	63	67	69	66	77	79
Men	65	70	83	69	63	63	58	62	67	71	68	78	77
Women	70	69	80	63	66	60	57	63	68	68	63	75	81
Under age 60	71	71	86	67	67	65	60	69	69	71	68	79	83
Aged 60 and over	62	69	78	66	60	58	56	55	67	67	64	76	75
Income under \$30,000	69	59	75	57	65	59	54	68	61	74	67	74	69
Income \$30,000 and over	67	73	88	70	66	64	61	59	69	67	68	77	83
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	76	73	79	72	71	70	69	76	77	77	78	81	81
Men	72	72	81	71	73	68	73	71	76	78	77	86	77
Women	80	75	77	74	70	72	65	80	77	76	78	76	87
Under age 60	78	75	83	71	72	68	65	74	77	77	79	82	84
Aged 60 and over	74	72	75	73	71	73	72	79	78	75	75	80	78
Income under \$30,000	78	73	69	68	74	65	64	81	65	71	79	77	75
Income \$30,000 and over	77	74	85	74	72	71	73	73	83	79	79	81	82
<b>Is this a good time to buy major household items?</b>													
FLORIDA	82	73	87	80	77	75	74	75	84	77	76	85	88
Men	83	77	85	87	79	81	81	79	87	78	82	92	89
Women	82	67	89	73	75	69	68	72	81	75	70	78	86
Under age 60	82	71	81	72	72	76	68	75	79	71	75	79	85
Aged 60 and over	83	76	92	88	84	74	81	76	89	82	77	90	90
Income under \$30,000	77	75	79	71	72	64	66	62	71	69	64	75	66
Income \$30,000 and over	86	77	86	83	78	84	76	80	89	80	82	89	92

\*Revised. †Preliminary.

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	439	<b>Race</b>		<b>Gender</b>	
		% Non-white	16	% Male	55
<b>Average age</b>	60	% White	84	% Female	45
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	15	% Yes	7	% North	25
% \$20,000 to \$29,999	14	% No	93	% Central	17
% \$30,000 to \$49,999	24			% Southeast	23
% over \$50,000	47			% Southwest	35