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Consumer Sentiment

Consumer sentiment among Floridians rose another two points in May to 81, the third straight month of increases. Three of the five components that make up the index increased while two declined. Perceptions of personal finances now compared to a year ago fell three points to 68, while expectations of personal finances a year from now rose three points to 82. Expectations about U.S. economic conditions over the next year rose two points to 81 while expectations of U.S. economic conditions over the next five years surged seven points to 85. Perceptions as to whether it is a good time to buy big ticket consumer items fell one point to 89.

“Confidence in the Florida economy is at a post-recession high,” said Chris McCarty, the Survey Director. “The last time consumer sentiment was this high was August of 2007 when it was 82, shortly before the Great Recession began. At that time there were clear signs the economy was unraveling and sentiment declined 23 points to 59 in the next 10 months. This month we are on an upward trend with three straight months of increases. Last month’s increase was largely due to increased consumer sentiment among respondents under age 60 who were optimistic about their personal finances and U.S. economic conditions. While younger respondents maintained that level of optimism in May, older respondents were substantially more optimistic about long term U.S. economic conditions over the next five years as that component increased 15 points for those over age 60. As sequestration is now a reality and other news takes its place, there is little news about further budget cuts. This is good news for seniors as the budget discussions a month ago included changes to Social Security that would ultimately result in lower benefits.”

Economic indicators around the state continue to improve. The unemployment rate in Florida for April was 7.2 percent, a drop of .3 percent from March and .3 percent lower than U.S. unemployment. The labor force was not dramatically changed. Job increases were once again in Construction, a significant change from the steady declines after the recession began and increases in retail trade and services. Leisure and hospitality experienced declines, a change from a long term trend upward. Housing prices improved again by \$5,000 to a median price of \$165,000 in April, still far from the peak price of \$257,800 in June 2006 but much better than the low of \$121,900 in February 2011. Sales have been strong and some areas of Florida continue to build as they are now tight on inventory. Interest rates continue to be at historic lows. The stock market is showing some signs of a pullback, but has been at record highs for most of May. As of this writing investors are now worried about the Federal Reserve slowing their purchases of mortgage-backed securities as an unemployment rate of 7.5 gets close to their target for a normal economy and inflation becomes more of a concern. Gas prices had been declining but there are signs they may increase returning to their typical pattern of a rise during the Memorial Day weekend.

“There has been little news about budget talks in Washington and the Legislative session in Tallahassee ended with a budget increase for the first time in several years,” said McCarty. “As the headlines turn to news other than ways budgets will be cut and economic news improves, so does consumer sentiment for Floridians. So far most Floridians have not experienced the negative effects of sequestration. Eventually at least some effects will be felt as the wide-reaching cuts trickle into the Florida economy in the form of cuts in services and jobs. One possible effect was a decline in tourism as those in other states more directly affected by sequestration put off Florida vacations. While employment in leisure and hospitality is down from March a big decrease in tourism is not yet evident. It is worth noting that the April Florida Sales Tax revenue was under the estimate while it had been over for the past several months. Our expectation is that the effects of sequestration will be more fully realized as the summer progresses and sentiment will likely stay the same or pull back slightly. For now optimism among Floridians is growing.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
May 28th, 2013
Bureau of Economic and Business Research
University of Florida

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Consumer Sentiment Index													
FLORIDA	78	73	77	76	80	80	74	76	75	73	76	79	81
Men	79	74	80	78	79	80	70	75	75	71	78	78	84
Women	77	72	74	74	80	80	77	76	74	76	75	80	78
Under age 60	83	78	81	80	81	84	79	83	80	77	77	86	85
Aged 60 and over	74	70	74	74	80	77	70	70	72	71	75	74	79
Income under \$30,000	70	68	66	66	76	77	71	72	74	72	67	62	73
Income \$30,000 and over	84	79	82	82	83	82	74	80	74	75	81	84	88
Personal financial situation now compared to a year ago													
FLORIDA	62	61	64	61	64	64	57	62	59	64	65	71	68
Men	65	60	69	64	65	66	59	65	60	63	72	70	74
Women	59	61	59	57	63	61	56	60	58	64	58	71	62
Under age 60	67	69	72	65	71	70	64	71	65	69	64	78	74
Aged 60 and over	58	54	55	58	57	57	53	55	56	60	65	63	65
Income under \$30,000	47	49	51	47	50	52	43	43	51	55	51	47	57
Income \$30,000 and over	71	68	71	69	72	69	61	74	60	65	71	77	77
Personal financial situation expected one year from now													
FLORIDA	86	76	85	85	86	85	77	76	75	74	72	79	82
Men	87	73	89	85	81	84	70	76	78	70	74	77	83
Women	85	80	80	84	90	85	84	77	72	80	71	82	81
Under age 60	102	88	97	96	92	94	91	95	88	91	82	95	95
Aged 60 and over	74	67	73	74	80	76	66	61	66	66	64	66	71
Income under \$30,000	85	72	76	68	85	89	78	85	76	76	66	64	68
Income \$30,000 and over	91	80	91	94	87	86	75	78	74	74	78	84	91
Expected national economic conditions over the next year													
FLORIDA	76	73	75	75	81	85	79	76	76	72	77	79	81
Men	71	75	76	74	77	85	71	75	75	67	75	77	80
Women	82	71	75	76	84	86	88	76	78	77	79	82	82
Under age 60	81	74	78	78	81	87	78	80	79	69	76	86	86
Aged 60 and over	72	74	73	73	83	84	80	72	75	74	76	75	78
Income under \$30,000	73	67	64	65	82	83	80	77	86	74	67	62	76
Income \$30,000 and over	81	80	78	78	84	84	77	77	72	74	80	84	88
Expected national economic conditions over the next 5 years													
FLORIDA	84	80	79	82	84	86	77	78	76	69	76	77	85
Men	84	81	81	85	83	85	81	74	77	66	75	78	86
Women	85	79	77	78	85	88	82	81	75	72	78	76	85
Under age 60	85	77	79	83	77	87	80	80	80	72	75	82	84
Aged 60 and over	84	84	80	81	93	86	75	76	74	68	78	73	88
Income under \$30,000	76	76	69	80	84	85	81	77	76	72	74	65	88
Income \$30,000 and over	91	86	83	83	84	86	76	80	74	71	78	81	88
Is this a good time to buy major household items?													
FLORIDA	82	77	82	80	85	79	78	86	87	88	90	90	89
Men	88	83	84	84	92	78	81	87	86	90	93	89	95
Women	76	69	80	75	79	81	75	84	88	85	87	91	83
Under age 60	80	82	77	75	83	80	81	86	89	87	87	87	88
Aged 60 and over	83	72	87	71	87	79	75	86	87	89	92	93	91
Income under \$30,000	70	72	70	70	76	77	73	79	82	82	76	72	78
Income \$30,000 and over	86	80	85	84	88	82	80	89	90	92	96	94	98
*Revised. †Preliminary.	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	410	Race		Gender	
		% Non-white	19	% Male	49
Average age	59	% White	81	% Female	51
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	18	% Yes	9	% North	27
% \$20,000 to \$29,999	10	% No	91	% Central	19
% \$30,000 to \$49,999	22			% Southeast	22
% over \$50,000	50			% Southwest	32