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### *Consumer Sentiment*

Consumer sentiment among Floridians unexpectedly declined in July to 78, down three points from a revised June reading of 81. Among the five components that make up the index, four declined and one increased. Perceptions of personal finances now compared to a year ago fell three points to 66 while expectations of personal finances a year from now dropped six points to 76. Expectations of U.S. economic conditions over the next year fell three points to 79 while expectations of U.S. economic conditions over the next five years fell seven points to 75. Perceptions as to whether it is a good time to buy big ticket items, such as a car or appliance rose four points to 96, the highest level since April of 2007.

“We were surprised by the sudden decline in consumer sentiment,” said Chris McCarty, the Survey Director. “Consumer confidence at the national level as measured by the University of Michigan actually rose slightly in July to 85.1. This raises questions as to what is happening in Florida that led to this decline. The decline seems to be driven by pessimism among younger respondents with lower incomes. This group reports not only lower current personal finances now compared to a year ago, but expectation of dramatically lower personal finances a year from now. That component fell from 101 to 87 for younger respondents and 82 to 68 for those with incomes under \$30,000.”

Most of the economic indicators for Florida were relatively steady this month, although it is worth noting that many of them lag at least a month and do not necessarily reflect current conditions. Unemployment was steady in June at 7.1 percent. While there was growth in most categories there were declines in Leisure and Hospitality, particularly Accommodation and Food Services. These would be jobs that would disproportionately employ low income and younger Floridians. Housing prices continued to increase with the median price of an existing single-family home increasing to \$175,000. The last time it was this high was September of 2008. The stock market has also been at record highs in July. While housing price increases and the stock market help better off and older Floridians, there is less benefit to younger Floridians. Increased housing prices and rising interest rates could be a barrier to younger and low income Floridians buying a house. Another concern for lower income respondents are gas prices which have increased more than 16 cents a gallon since the beginning of the month. Expenditure on gas represents a higher proportion of low-income budgets.

“Economists have pointed out that young people are disproportionately being left behind in the economic recovery,” said McCarty. “Unemployment is higher for younger Americans. While national unemployment was 7.6 percent in June it was 13.5 percent for those 20-24, and 22.6 percent for those 18-19. If you consider broader measures of unemployment, such as those who are under-employed the situation is worse. Another possibility is that these are early signs of the negative effects of sequestration, something many economists had been expecting. There are many ways the automatic cutbacks at the federal level can trickle down to the state level. For example, Head Start funds have

been dramatically cut. This is a program that low-income households rely on for education and meals for their children. Some families rely on the funding for summer programs that allow them to work as public schools are closed. The question is whether the decline in confidence turns out to be an outlier or whether we will see a trend down in the next few months.”

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
**July 30<sup>th</sup>, 2013**  
**Bureau of Economic and Business Research**  
**University of Florida**

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13
<b>Consumer Sentiment Index</b>													
FLORIDA	77	76	80	80	74	76	75	73	76	79	81	81	78
Men	80	78	79	80	70	75	75	71	78	78	82	85	82
Women	74	74	80	80	77	76	74	76	75	80	79	79	75
Under age 60	81	80	81	84	79	83	80	77	77	86	85	90	83
Aged 60 and over	74	74	80	77	70	70	72	71	75	74	78	74	76
Income under \$30,000	66	66	76	77	71	72	74	72	67	62	73	74	71
Income \$30,000 and over	82	82	83	82	74	80	74	75	81	84	88	86	86
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	64	61	64	64	57	62	59	64	65	71	67	69	66
Men	69	64	65	66	59	65	60	63	72	70	72	76	72
Women	59	57	63	61	56	60	58	64	58	71	62	63	59
Under age 60	72	65	71	70	64	71	65	69	64	78	73	82	77
Aged 60 and over	55	58	57	57	53	55	56	60	65	63	63	58	59
Income under \$30,000	51	47	50	52	43	43	51	55	51	47	56	54	50
Income \$30,000 and over	71	69	72	69	61	74	60	65	71	77	75	77	74
<b>Personal financial situation expected one year from now</b>													
FLORIDA	85	85	86	85	77	76	75	74	72	79	82	82	76
Men	89	85	81	84	70	76	78	70	74	77	82	82	80
Women	80	84	90	85	84	77	72	80	71	82	82	82	73
Under age 60	97	96	92	94	91	95	88	91	82	95	94	101	87
Aged 60 and over	73	74	80	76	66	61	66	66	64	66	72	66	69
Income under \$30,000	76	68	85	89	78	85	76	76	66	64	71	82	68
Income \$30,000 and over	91	94	87	86	75	78	74	74	78	84	90	86	83
<b>Expected national economic conditions over the next year</b>													
FLORIDA	75	75	81	85	79	76	76	72	77	79	81	82	79
Men	76	74	77	85	71	75	75	67	75	77	79	82	79
Women	75	76	84	86	88	76	78	77	79	82	83	82	79
Under age 60	78	78	81	87	78	80	79	69	76	86	84	88	81
Aged 60 and over	73	73	83	84	80	72	75	74	76	75	80	79	79
Income under \$30,000	64	65	82	83	80	77	86	74	67	62	75	78	78
Income \$30,000 and over	78	78	84	84	77	77	72	74	80	84	88	85	84
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	79	82	84	86	77	78	76	69	76	77	82	82	75
Men	81	85	83	85	81	74	77	66	75	78	82	83	79
Women	77	78	85	88	82	81	75	72	78	76	82	81	72
Under age 60	79	83	77	87	80	80	80	72	75	82	82	89	80
Aged 60 and over	80	81	93	86	75	76	74	68	78	73	83	77	75
Income under \$30,000	69	80	84	85	81	77	76	72	74	65	83	69	80
Income \$30,000 and over	83	83	84	86	76	80	74	71	78	81	86	86	81
<b>Is this a good time to buy major household items?</b>													
FLORIDA	82	80	85	79	78	86	87	88	90	90	91	92	96
Men	84	84	92	78	81	87	86	90	93	89	94	100	101
Women	80	75	79	81	75	84	88	85	87	91	88	85	91
Under age 60	77	75	83	80	81	86	89	87	87	87	90	92	93
Aged 60 and over	87	71	87	79	75	86	87	89	92	93	93	92	99
Income under \$30,000	70	70	76	77	73	79	82	82	76	72	81	88	78
Income \$30,000 and over	85	84	88	82	80	89	90	92	96	94	100	95	106
*Revised. †Preliminary.	<b>Jul-12</b>	<b>Aug-12</b>	<b>Sep-12</b>	<b>Oct-12</b>	<b>Nov-12</b>	<b>Dec-12</b>	<b>Jan-13</b>	<b>Feb-13</b>	<b>Mar-13</b>	<b>Apr-13</b>	<b>May-13</b>	<b>Jun-13</b>	<b>Jul-13</b>

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	411	<b>Race</b>		<b>Gender</b>	
		% Non-white	16	% Male	47
<b>Average age</b>	61	% White	84	% Female	53
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	18	% Yes	9	% North	28
% \$20,000 to \$29,999	12	% No	91	% Central	18
% \$30,000 to \$49,999	25			% Southeast	20
% over \$50,000	45			% Southwest	34