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Consumer Confidence

Consumer confidence fell sharply in August to 62, down five points from a revised index of 67 in July. All five of the survey components declined. Perceptions about personal finances now compared to a year ago fell four points to 54 while expectations about personal finances a year from now fell one point to 74. Perceptions about U.S. economic conditions over the next year fell six points to 51 while expectations of longer term U.S. economic conditions over the next five years fell six points to 63. Perceptions as to whether it is a good time to buy big ticket consumer items fell five points to 70.

“The confidence index for August is now only three points above its record low of 59 from June of 2008,” said Chris McCarty, the Survey Director. “Although none of the index components were at record lows, the combined decrease in confidence across all five components is remarkable. If past history of this index is any indication we are in, or at least very near, a recession. We are not likely to know this until the fourth quarter.”

The decline in confidence was led by seniors whose confidence levels have oscillated over the past several months. This is no doubt influenced by debt reduction talks which now routinely include modifications to Medicare and Social Security as part of the solution. As there are no clear details about potential changes some seniors are becoming unnerved. Their concerns are further fueled by wild swings in the stock market.

In terms of economic data, the rate of unemployment ticked up a tenth of a percent to 10.7 percent from the preliminary reading for June. June’s unemployment rate was revised upwards to 10.7 percent. Tourism continues to be a positive for the Florida economy while job losses in construction and government employment led the overall decline in jobs. It is worth noting that U.S. unemployment declined in July a tenth of a point to 9.1 percent although much of this was due to a decline in the labor force. Gas prices had risen through the beginning of August, but have declined since then. Consumers can expect further declines after Labor Day as summer vacations end and the demand for gas decreases. Housing prices declined in July with the median price of a single family home at \$136,500 down from \$138,000 in June. While some decline is expected as we move into the fall, Floridians can expect further declines in home values if a wave of foreclosures moves through the courts.

“Over the next few months we do not expect consumer confidence to decline much further,” said McCarty. “While we are near record lows, as is the rest of the country, the economic circumstances are not anything like they were in 2008. At a certain point it becomes difficult for the index to go much lower.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
August 30th, 2011
Bureau of Economic and Business Research
University of Florida

	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11
Consumer Confidence Index													
FLORIDA	66	68	73	71	70	77	76	72	68	68	66	67	62
Men	70	69	75	73	73	80	76	74	71	72	63	66	65
Women	63	68	72	70	67	74	77	69	66	65	70	67	59
Under age 60	67	72	74	72	75	80	81	75	73	72	74	69	67
Aged 60 and over	65	64	73	70	66	74	73	69	64	65	61	66	57
Income under \$30,000	59	63	61	65	65	71	66	61	59	58	61	59	55
Income \$30,000 and over	70	69	79	74	74	80	80	76	72	73	69	72	66
Personal financial situation now compared to a year ago													
FLORIDA	51	49	54	56	51	58	56	58	56	52	54	58	54
Men	58	54	59	58	55	59	59	61	62	53	53	57	55
Women	46	44	51	55	45	57	53	54	51	51	56	58	54
Under age 60	55	53	55	54	52	64	59	59	63	57	63	62	61
Aged 60 and over	47	45	54	58	49	53	54	56	50	49	47	53	49
Income under \$30,000	39	31	34	42	38	44	36	41	43	38	35	40	42
Income \$30,000 and over	59	55	63	62	56	65	64	62	62	55	62	67	62
Personal financial situation expected one year from now													
FLORIDA	78	78	84	78	81	84	81	80	73	75	74	75	74
Men	78	77	85	80	84	86	81	82	76	80	69	76	75
Women	77	79	83	76	76	82	81	77	69	70	80	74	72
Under age 60	88	90	91	90	100	97	95	97	84	88	92	87	86
Aged 60 and over	68	66	79	66	64	74	68	65	59	65	60	63	62
Income under \$30,000	73	74	76	67	78	84	83	76	68	64	73	60	71
Income \$30,000 and over	83	79	89	83	86	85	83	82	76	82	77	85	77
Expected national economic conditions over the next year													
FLORIDA	58	63	67	69	66	77	77	67	66	68	60	57	51
Men	58	62	67	71	68	78	76	69	66	69	55	53	53
Women	57	63	68	68	63	75	79	66	65	66	67	61	49
Under age 60	60	69	69	71	68	79	83	70	70	74	70	57	53
Aged 60 and over	56	55	67	67	64	76	72	64	62	63	54	58	48
Income under \$30,000	54	68	61	74	67	74	68	57	53	54	64	52	48
Income \$30,000 and over	61	59	69	67	68	77	80	72	69	75	59	60	53
Expected national economic conditions over the next 5 years													
FLORIDA	69	76	77	77	78	81	80	74	72	73	70	69	63
Men	73	71	76	78	77	86	77	76	74	77	61	65	65
Women	65	80	77	76	78	76	84	71	70	68	81	72	60
Under age 60	65	74	77	77	79	82	84	73	74	75	72	66	65
Aged 60 and over	72	79	78	75	75	80	76	73	72	70	69	74	58
Income under \$30,000	64	81	65	71	79	77	72	64	67	71	72	69	58
Income \$30,000 and over	73	73	83	79	79	81	81	78	75	77	69	70	64
Is this a good time to buy major household items?													
FLORIDA	74	75	84	77	76	85	88	80	75	74	72	75	70
Men	81	79	87	78	82	92	89	82	78	79	75	78	76
Women	68	72	81	75	70	78	86	78	72	68	68	72	62
Under age 60	68	75	79	71	75	79	83	74	73	67	71	72	72
Aged 60 and over	81	76	89	82	77	90	92	84	79	79	72	80	68
Income under \$30,000	66	62	71	69	64	75	70	63	66	64	63	72	58
Income \$30,000 and over	76	80	89	80	82	89	91	84	76	76	77	78	73
*Revised. †Preliminary.										May-11			
	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	412	Race		Gender	
		% Non-white	18	% Male	53
Average age	59	% White	82	% Female	47
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	8	% North	27
% \$20,000 to \$29,999	15	% No	92	% Central	16
% \$30,000 to \$49,999	28			% Southeast	25
% over \$50,000	48			% Southwest	32