

FLORIDA CONSUMER CONFIDENCE INDEX
October 26th, 2010
FOR IMMEDIATE RELEASE



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Consumer Confidence

Consumer confidence among Floridians yielded another surprise result in October, rising six points to 74. All five of the index components rose. Perceptions of personal finances now compared to a year ago rose six points to 55 while perceptions of personal finances a year from now rose seven points to 85. Perceptions of U.S. economic conditions over the next year rose five points to 68 while perceptions of U.S. economic conditions over the next five years rose two points to 78. Perceptions as to whether it is a good time to buy big-ticket consumer items had the biggest increase of ten points to 85.

“Much like the spike in April consumer confidence, this increase to 74 was not expected,” said Chris McCarty the Survey Director. “In the case of the April index the spike was directly attributable to the homeowner tax rebate and the tax rebate for appliances, both lifting the component about whether it is a good time to make a big purchase. This month the reason behind the rise is less clear. When we further analyzed the data we noted that the rise in confidence was particularly marked among seniors. The index rose only two points for those under 60, but 11 points for those aged 60 and over. This is again an odd result when the biggest news for seniors during October was the announcement on October 15th of no cost of living adjustment to social security. Since then there has been a push among President Obama and some in Congress for a one-time payment of \$250 as compensation. Another thing to consider is the mid-term election cycle. It is not unusual for the potential viability of one candidate or the other to translate into one of the index components, although that is typically one of the two components measuring perceptions of U.S. economic conditions.

Another possible reason for the increase is the effect of the temporary moratorium on foreclosures and the possibility of delaying foreclosures due to the news that banks may be vulnerable in not following procedures in the filing of paperwork when buying and selling mortgages. We have been tracking consumer confidence by owners versus renters since the year 2000, which was virtually identical prior to the housing bubble. From 2003 to 2006 owners became far more confident than renters, most likely due to perceived increases in wealth from growing home values. In 2007 the difference narrowed and by 2008 the relationship had reversed, with renters more confident than owners, presumably because renters do not have the anchor of a less valuable or underwater home. This month the relationship flipped again, with owners more confident than renters. This may be a temporary change due to the uncertainty in the foreclosure process, or it could indicate regained confidence among a set of Floridians who have purchased low cost homes at historically low interest rates.”

The increase in confidence comes amid mixed economic news. The recently released figures for September unemployment were up to 11.9 from a revised August figure of 11.8. Florida’s unemployment remains far above national unemployment of 9.6 percent. Although housing prices have been declining, condo

sales have been on the rise due in part to bargain-buying by those with cash. Florida's tax revenue, although above the same time last year, are below estimated revenue. The number of tourists and tourism revenue are also above last year, although probably lower than they would have been without the oil spill.

“My thinking had been that consumer confidence would remain mired in the upper 60s and low 70s until there was a clear path to economic recovery,” said McCarty. “While I still believe that to be the case the confidence index for Florida has been somewhat erratic since April. This reflects historically extreme economic circumstances that result in these wide swings. In April the large infusion of stimulus money in the form of tax rebates affected confidence. This month it probably has something to do with historically low interest rates and bargains on condominiums, as well as the moratorium on foreclosures. As we get closer to the holiday season consumers should expect increases in both gas and food prices which will likely affect consumer confidence and holiday sales. Given the large increase in confidence this month I expect a slight decline next month, barring some significant change in the economic climate.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
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	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10
Consumer Confidence Index													
FLORIDA	72	69	69	74	73	71	78	70	67	66	66	68	74
Men	76	70	69	77	71	72	78	75	67	68	70	69	75
Women	69	69	68	71	74	68	78	66	67	64	63	68	73
Under age 60	71	71	68	74	77	73	81	72	70	70	67	72	74
Aged 60 and over	73	67	70	74	67	68	73	68	64	62	65	64	75
Income under \$30,000	67	61	64	67	67	65	70	58	65	58	59	63	62
Income \$30,000 and over	74	74	71	78	76	74	82	75	69	71	70	69	80
Personal financial situation now compared to a year ago													
FLORIDA	44	49	45	53	53	55	57	54	46	48	51	49	55
Men	48	50	47	56	51	59	57	62	45	52	58	54	61
Women	41	49	43	49	56	49	57	48	47	44	46	44	50
Under age 60	39	48	45	53	59	57	59	63	51	53	55	53	54
Aged 60 and over	51	51	45	53	47	52	55	46	40	43	47	45	56
Income under \$30,000	30	34	32	39	38	45	34	29	36	35	39	31	37
Income \$30,000 and over	47	55	52	59	62	61	65	63	51	55	59	55	64
Personal financial situation expected one year from now													
FLORIDA	82	82	80	86	83	82	84	79	76	75	78	78	85
Men	82	80	80	88	84	83	82	83	76	76	78	77	85
Women	82	84	81	83	82	81	86	74	75	73	77	79	85
Under age 60	91	95	90	94	95	91	97	88	85	89	88	90	90
Aged 60 and over	71	70	72	77	68	71	68	68	66	62	68	66	80
Income under \$30,000	79	81	76	84	75	72	90	68	76	68	73	74	75
Income \$30,000 and over	83	85	84	91	88	87	86	84	77	80	83	79	91
Expected national economic conditions over the next year													
FLORIDA	71	65	67	72	68	70	82	66	64	61	58	63	68
Men	72	65	65	73	65	70	83	69	63	63	58	62	67
Women	69	64	70	72	70	69	80	63	66	60	57	63	69
Under age 60	68	67	66	71	71	71	86	67	67	65	60	69	70
Aged 60 and over	74	63	70	74	62	69	78	66	60	58	56	55	68
Income under \$30,000	72	61	72	69	69	59	75	57	65	59	54	68	63
Income \$30,000 and over	73	67	68	73	67	73	88	70	66	64	61	59	70
Expected national economic conditions over the next 5 years													
FLORIDA	80	72	74	79	76	73	79	72	71	70	69	76	78
Men	81	71	73	80	72	72	81	71	73	68	73	71	76
Women	80	72	76	78	80	75	77	74	70	72	65	80	79
Under age 60	78	71	69	77	78	75	83	71	72	68	65	74	76
Aged 60 and over	84	72	80	82	74	72	75	73	71	73	72	79	81
Income under \$30,000	81	63	72	74	78	73	69	68	74	65	64	81	67
Income \$30,000 and over	81	77	75	81	77	74	85	74	72	71	73	73	85
Is this a good time to buy major household items?													
FLORIDA	82	78	75	80	82	73	87	80	77	75	74	75	85
Men	94	83	81	88	83	77	85	87	79	81	81	79	87
Women	72	74	70	73	82	67	89	73	75	69	68	72	83
Under age 60	78	76	69	74	82	71	81	72	72	76	68	75	80
Aged 60 and over	87	81	83	88	83	76	92	88	84	74	81	76	90
Income under \$30,000	75	67	71	68	77	75	79	71	72	64	66	62	67
Income \$30,000 and over	87	84	78	86	86	77	86	83	78	84	76	80	92

*Revised. †Preliminary.

Oct-09 Nov-09 Dec-09 Jan-10 Feb-10 Mar-10 Apr-10 May-10 Jun-10 Jul-10 Aug-10 Sep-10 Oct-10

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	403	Race		Gender	
		% Non-white	17	% Male	47
Average age	58	% White	83	% Female	53
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	18	% Yes	7	% North	23
% \$20,000 to \$29,999	12	% No	93	% Central	19
% \$30,000 to \$49,999	24			% Southeast	24
% over \$50,000	46			% Southwest	34