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Consumer Confidence

Consumer confidence among Floridians came in at 74 in December, the same as the revised November reading. Overall confidence had a post-recession peak in September and October at 80 and is down six points for the second month. Among the five components that make up the index three increased and two decreased. Perceptions of personal finances now compared to a year ago rose three points to 61 while perceptions of personal finances a year from now fell two points to 75. Expectations of the U.S. economy over the next year fell six points to 73 while expectations of the U.S. economy over the next five years rose a point to 78. Perceptions as to whether it is a good time to buy big ticket items rose six points to 84.

“In November there was a clear reaction to the outcome of the election with confidence among Democrats increasing and confidence among Republicans decreasing,” said Chris McCarty, the survey director. “In December that is still true with confidence among Republicans at 49 and among Democrats at 103, about the same as November. This month confidence has also been affected by increased media attention focused on the fiscal cliff. This is mostly reflected in growing pessimism about the next year, both in perceptions of personal finances and expectations about the economy. However, consumers appear to see past the short term pain of the tax increases and spending cuts and are a little more optimistic about the future over the next five years. Confidence among those under 60 actually increased two points while confidence for those aged 60 and over declined one point. This difference by age is even more pronounced when looking at expectations about personal finances a year from now. While these numbers may change if and when consumers experience the consequences of the fiscal cliff, currently it appears that they expect things to get better in the long term, perhaps as a consequence of dealing with the fiscal problems.”

Most economists believe that without the fiscal cliff the economy is on a solid path to recovery. Here in Florida things have improved considerably compared to a year ago. The median price for a single family home rose in Florida to \$150,000 in November, up from \$145,000 in October. Housing sales continue to be brisk in most markets. Unemployment fell again in November, this time by .4 percent to 8.1 percent, the lowest since the recession ended. There is now only a .4 percent gap between Florida and U.S. unemployment, a big improvement from the 1.8 percent gap from February of 2011. Unlike previous months the decline in November unemployment for Florida was not due to a decline in the labor force, but rather an increase in jobs, particularly those related to tourism. This trend should continue unless the effects of the fiscal cliff forces consumers to cut discretionary spending, such as Florida vacations. Gas prices continue to decline and may reverse a long term trend upward if production estimates regarding shale oil and gas prove to be true. The stock market remains resilient to the fiscal cliff and is holding onto most of its 2012 gains. Florida state revenues are over estimates for the first time in several years.

“The question still remains how the fiscal cliff will be resolved,” said McCarty. “While it would likely be difficult to find anyone who does not know about it, most people still don’t fully comprehend how it might affect them. For Floridians the most immediate consequence will be from the lack of a patch to the alternative minimum tax. Many Floridians will be expecting tax refund checks in January, but those could be delayed by a month. Assuming nothing is resolved Floridians will also see their paychecks shrink as employers increase withholding to reflect expiration of the Bush tax cuts and the payroll tax cut. Over time seniors may have a more difficult time getting seen by physicians as payments for Medicare get cut around 27 percent. The effects of sequestration would be most pronounced around cities with military bases, such as Pensacola, Jacksonville and Tampa. Consumer confidence for January may decline sharply and consumer spending would certainly decline along with it. While an eventual deal is likely, some of the consequences of the fiscal cliff will be difficult to undo.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
December 27th, 2012
Bureau of Economic and Business Research
University of Florida

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Consumer Confidence Index													
FLORIDA	70	77	76	75	74	78	73	77	76	80	80	74	74
Men	72	78	78	74	78	79	74	80	78	79	80	70	74
Women	67	76	73	76	70	77	72	74	74	80	80	77	74
Under age 60	77	81	80	76	77	83	78	81	80	81	84	79	81
Aged 60 and over	66	73	71	74	71	74	70	74	74	80	77	70	69
Income under \$30,000	65	73	67	68	70	70	68	66	66	76	77	71	66
Income \$30,000 and over	75	82	81	79	78	84	79	82	82	83	82	74	80
Personal financial situation now compared to a year ago													
FLORIDA	56	61	59	62	63	62	61	64	61	64	64	57	61
Men	60	65	61	61	67	65	60	69	64	65	66	59	62
Women	50	57	57	64	58	59	61	59	57	63	61	56	59
Under age 60	63	66	67	67	71	67	69	72	65	71	70	64	68
Aged 60 and over	51	57	53	58	55	58	54	55	58	57	57	53	55
Income under \$30,000	47	45	38	49	48	47	49	51	47	50	52	43	39
Income \$30,000 and over	61	70	69	69	72	71	68	71	69	72	69	61	73
Personal financial situation expected one year from now													
FLORIDA	78	84	81	82	79	86	76	85	85	86	85	77	75
Men	79	82	82	79	83	87	73	89	85	81	84	70	74
Women	78	87	80	85	76	85	80	80	84	90	85	84	76
Under age 60	89	95	95	92	91	102	88	97	96	92	94	91	93
Aged 60 and over	70	73	69	73	69	74	67	73	74	80	76	66	61
Income under \$30,000	75	78	78	78	81	85	72	76	68	85	89	78	81
Income \$30,000 and over	82	90	87	84	80	91	80	91	94	87	86	75	79
Expected national economic conditions over the next year													
FLORIDA	60	75	74	73	73	76	73	75	75	81	85	79	73
Men	61	73	76	71	77	71	75	76	74	77	85	71	74
Women	59	77	71	75	68	82	71	75	76	84	86	88	72
Under age 60	67	78	76	70	72	81	74	78	78	81	87	78	78
Aged 60 and over	55	73	70	75	71	72	74	73	73	83	84	80	69
Income under \$30,000	64	81	69	71	73	73	67	64	65	82	83	80	66
Income \$30,000 and over	60	75	78	76	73	81	80	78	78	84	84	77	78
Expected national economic conditions over the next 5 years													
FLORIDA	73	83	81	79	76	84	80	79	82	84	86	77	78
Men	73	83	82	78	77	84	81	81	85	83	85	81	74
Women	72	82	81	81	76	85	79	77	78	85	88	82	81
Under age 60	79	85	84	73	76	85	77	79	83	77	87	80	81
Aged 60 and over	68	81	78	85	76	84	84	80	81	93	86	75	75
Income under \$30,000	69	84	78	79	72	76	76	69	80	84	85	81	72
Income \$30,000 and over	75	85	84	81	77	91	86	83	83	84	86	76	82
Is this a good time to buy major household items?													
FLORIDA	85	82	83	79	80	82	77	82	80	85	79	78	84
Men	90	86	87	80	88	88	83	84	84	92	78	81	86
Women	77	78	78	77	73	76	69	80	75	79	81	75	82
Under age 60	87	82	78	77	74	80	82	77	75	83	80	81	85
Aged 60 and over	85	82	87	78	86	83	72	87	71	87	79	75	83
Income under \$30,000	72	76	72	62	60	70	72	70	70	76	77	73	74
Income \$30,000 and over	96	90	87	86	86	86	80	85	84	88	82	80	88
*Revised. †Preliminary.	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	400	Race		Gender	
		% Non-white	15	% Male	46
Average age	60	% White	85	% Female	54
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	26			% Southeast	20
% over \$50,000	43			% Southwest	37