
Confidence slides again

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Consumer Confidence

Consumer confidence among Floridians fell four points in January down to 82 from 86 in December. This is the second four-point drop in the index in as many months. Consumer confidence is now at the same level as it was in October 2002. The source of the fall this month was a sharp drop in expectations about national economic conditions. Perceptions of economic conditions over the next year fell nine points to 66, the lowest this component has been since October 2001. Perceptions of business conditions over the next five years fell five points to 73, its lowest level since August 1996.

“These numbers do not bode well for the economic turnaround,” said Chris McCarty, the Survey Director. “While there has been some encouraging news in terms of the economy, the overall picture is one of stagnation. The economy does not appear to be getting much worse, but it’s also not getting much better. The effect of this on the consumer is reflected in the poor holiday shopping season, one of the worst in decades for many retailers. If not for brisk auto sales and sales on homes which stimulate purchases of home furnishings and appliances, the retail sales numbers would have been much worse.”

Perceptions of US economic conditions are no doubt affected by the uncertainty over the possibility of war with Iraq, and perhaps to a lesser extent by the perception of waning support internationally for military intervention. In the long term, worries about war are not the biggest concern when it comes to the effect on consumers. It is the lack of confidence in business and business investment. The fallout from the string of corporate accounting scandals of 2001 and 2002 has not resulted in a clear policy that is convincing to many, particularly consumers with retirement funds. Unless confidence is restored in corporate America, this slow recovery may languish well into 2004.

Survey Method

The consumer confidence index and its five component indexes are not percentages. The minimum value these indexes can take is 2 if all respondents answered pessimistically on all five questions, and 150 if all respondents answered optimistically on all five questions. The index is benchmarked to 1966, so that a value of 100 represents the same level of confidence for that year. The value of the index is in comparing changes over time rather than looking at an isolated month.

Consumer confidence is designed to measure the mood of consumers towards buying, and thus help to predict buying patterns. Although other economic indicators are also predictors of buying patterns, consumer confidence tends to be available sooner than these indicators. Consumer confidence is also designed to capture the effect of events that may affect buying patterns, but are not immediately reflected in other economic indicators.

The Florida Consumer Attitude Survey is conducted monthly by the UF Survey Research Center of the Bureau of Economic and Business Research at the University of Florida. This 70-station computerized lab surveys Floridians throughout the state through random-digit dialing. Responses are weighted to account for variable response rates across counties.

FLORIDA ECONOMIC AND CONSUMER SURVEY†

January 24, 2003

Bureau of Economic and Business Research

University of Florida

Jan-02 Feb-02 Mar-02 Apr-02 May-02 Jun-02 Jul-02 Aug-02 Sep-02 Oct-02 Nov-02 Dec-02 Jan-03

Consumer Confidence Index

FLORIDA	92	91	102	95	93	94	90	88	90	82	90	86	82
Men	98	102	107	104	98	100	98	96	94	87	95	92	90
Women	87	83	97	86	88	89	84	81	85	78	85	79	77
Under age 60	96	95	105	98	96	97	93	91	92	85	91	88	85
Aged 60 and over	85	83	95	88	83	88	81	81	83	76	88	80	76
Income under \$30,000	84	82	96	86	78	93	83	82	78	77	80	79	73
Income \$30,000 and over	99	98	106	100	101	97	95	93	97	87	95	89	89

Personal financial situation now compared to a year ago

FLORIDA	80	80	87	82	83	88	87	75	78	70	80	74	75
Men	85	88	86	94	83	92	94	80	83	72	89	75	77
Women	75	73	88	71	83	84	81	71	73	68	72	72	73
Under age 60	88	89	95	92	90	95	94	83	84	77	84	79	81
Aged 60 and over	65	58	62	61	64	73	66	55	58	51	65	60	62
Income under \$30,000	63	74	75	69	60	78	75	69	66	54	69	66	61
Income \$30,000 and over	92	87	96	91	96	99	94	81	89	79	86	78	84

Personal financial situation expected one year from now

FLORIDA	101	102	108	103	102	106	103	102	108	101	99	98	97
Men	103	111	113	106	105	108	105	106	108	103	103	103	102
Women	98	95	103	100	99	104	101	98	108	99	96	93	94
Under age 60	112	112	117	111	111	115	111	110	116	108	103	107	106
Aged 60 and over	76	78	82	83	77	83	81	80	81	81	82	79	77
Income under \$30,000	97	94	108	96	96	107	100	98	105	98	94	91	90
Income \$30,000 and over	107	111	110	110	108	109	108	106	114	104	104	105	106

Expected national economic conditions over the next year

FLORIDA	90	86	102	98	96	84	76	76	84	68	81	75	66
Men	96	100	111	108	100	90	85	88	87	75	83	83	77
Women	83	74	95	89	92	78	69	66	81	62	79	66	57
Under age 60	87	88	102	98	96	83	77	75	85	68	80	74	69
Aged 60 and over	95	82	107	98	94	87	75	82	82	71	84	78	59
Income under \$30,000	90	76	104	97	83	91	72	73	73	69	69	75	57
Income \$30,000 and over	92	92	103	97	100	83	80	79	92	70	83	76	70

Expected national economic conditions over the next 5 years

FLORIDA	83	85	98	87	81	85	82	84	80	75	85	77	73
Men	93	100	111	97	93	98	94	102	90	82	93	91	80
Women	74	72	86	77	71	74	72	69	70	68	79	63	68
Under age 60	85	83	97	86	80	85	83	83	79	73	82	79	73
Aged 60 and over	83	90	104	91	85	88	78	87	83	81	99	76	73
Income under \$30,000	76	77	85	74	62	81	78	75	61	68	69	66	66
Income \$30,000 and over	89	91	106	92	91	86	86	92	87	81	92	83	73

Is this a good time to buy major household items?

FLORIDA	108	104	115	103	102	108	101	101	99	98	105	103	102
Men	114	111	117	115	108	110	109	103	103	104	110	105	114
Women	102	99	113	91	97	107	95	100	95	92	101	102	92
Under age 60	106	103	114	100	104	108	100	103	96	98	104	101	98
Aged 60 and over	108	105	118	107	96	110	103	98	109	96	107	110	110
Income under \$30,000	96	91	109	95	87	109	91	94	87	95	96	98	89
Income \$30,000 and over	114	111	117	107	111	112	108	105	104	99	110	102	111

*Revised. †Preliminary.

CHARACTERISTICS OF SURVEY RESPONDENTS FOR REGULAR CCI

Number of observations: 456

Average age :	50	Race		Gender	
		% Non-white	18	% Male	43
Income Characteristics		% White	82	% Female	57
less than \$20,000:	20	Hispanic Origin		Region	
\$20,000 to \$29,999:	15	% Yes	14	% North	20
\$30,000 to \$49,999:	27	% No	86	% Central	15
over \$50,000:	38			% Southeast	33
				% Southwest	32