
Consumer confidence up for January

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Consumer Confidence

Consumer confidence gained another two points in January as the index rose from 96 in December to 98 in January. This comes on the heels of a two point rise from November to December. The source of the gain in January was broad-based, as four of the five components saw increases. The largest gain was five points in the component measuring perceptions of long term economic conditions in the US now at 94. That component is now 21 points higher than it was a year ago. Consumer confidence is now higher than it has been since March of 2002.

“Consumers are definitely seeing a turnaround in the economy,” said Chris McCarty, the Survey Director. The last time confidence in Florida was this high was in March of 2002 following the announcement that formal military operations in Iraq had ended. That event clearly lifted consumer confidence, but only temporarily. Excluding that month this is the highest confidence has been since before the recession.”

For many consumers there is reason to be confident. With inflation non-existent and interest rates low it is still a great time to buy for those who have the resources. Housing purchases have been fueled by recent downward trends in mortgage rates, although refinancing activity has cooled significantly. Jobless claims are down suggesting that layoffs have abated and there are signs of rehiring. The stock market is getting closer to pre-dot com crash levels, reflecting increased confidence among businesses as well. Retail sales for the holiday season were up 6.7 percent over the previous year, although this was an easy comparison due to the weak holiday season in 2002.

On the negative side, consumer debt and filings for bankruptcies are at record highs, despite the low interest rates, tax rebates and infusions of cash from home refinancing. And while jobless claims are much lower, net job creation is still a problem.

“Going into the election season, rising consumer confidence in Florida is good for the current Administration,” said McCarty. “Florida ranks fourth in terms of electoral votes, and will no doubt be a key state in the upcoming elections. Having happy consumers who feel good about their finances will be an important issue. High levels of consumer confidence among Floridians will have a heavy impact on the elections. However in the most recent survey confidence among elderly Floridians declined while it rose among younger Floridians. Given that seniors vote in higher proportions than their younger counterparts, this will also be an issue.”

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 27, 2004
Bureau of Economic and Business Research
University of Florida

Jan-03 Feb-03 Mar-03 Apr-03 May-03 Jun-03 Jul-03 Aug-03 Sep-03 Oct-03 Nov-03 Dec-03* Jan-04†

Consumer Confidence Index

FLORIDA	83	79	81	88	91	93	92	90	91	95	94	96	98
Men	91	88	93	96	96	100	96	100	96	99	103	105	103
Women	76	73	71	83	87	87	88	83	86	91	84	89	93
Under age 60	86	81	82	91	92	94	94	93	93	98	97	98	100
Aged 60 and over	76	77	80	81	90	89	86	84	84	87	86	91	91
Income under \$30,000	75	73	75	80	81	82	82	75	80	84	80	83	86
Income \$30,000 and over	88	85	86	93	96	100	97	100	96	101	101	105	102

Personal financial situation now compared to a year ago

FLORIDA	77	78	83	77	85	83	81	82	84	82	81	85	85
Men	81	84	92	79	90	90	81	90	83	84	88	94	90
Women	73	72	76	76	80	77	80	75	84	79	74	78	80
Under age 60	83	86	90	86	91	90	86	88	91	86	87	91	91
Aged 60 and over	63	58	68	52	71	62	68	65	64	72	67	71	71
Income under \$30,000	64	64	76	67	72	70	70	58	74	63	57	74	60
Income \$30,000 and over	86	90	90	85	95	92	87	95	90	91	93	95	96

Personal financial situation expected one year from now

FLORIDA	97	95	98	99	99	102	105	100	101	101	100	100	103
Men	101	97	104	103	106	103	106	104	104	103	106	101	102
Women	93	94	93	96	93	100	103	96	98	99	95	100	103
Under age 60	105	102	105	107	106	108	110	106	109	108	110	108	113
Aged 60 and over	76	76	84	80	81	80	89	82	77	81	80	83	76
Income under \$30,000	91	94	101	92	88	89	98	86	91	96	91	91	89
Income \$30,000 and over	104	98	100	103	107	109	110	109	108	106	106	109	111

Expected national economic conditions over the next year

FLORIDA	67	59	62	81	85	89	88	83	85	91	92	97	99
Men	79	66	78	90	90	97	94	97	95	94	106	110	106
Women	58	53	49	75	81	82	84	72	77	88	79	86	92
Under age 60	70	57	58	81	82	87	92	83	85	95	94	96	100
Aged 60 and over	60	66	74	82	95	95	78	85	86	83	88	96	98
Income under \$30,000	60	56	49	79	72	80	82	74	75	74	84	83	87
Income \$30,000 and over	70	63	68	81	88	95	92	89	89	100	96	106	101

Expected national economic conditions over the next 5 years

FLORIDA	73	74	73	86	88	84	79	82	84	85	88	89	94
Men	83	88	90	97	95	96	87	99	100	93	103	105	102
Women	66	62	59	78	83	75	71	69	72	79	74	78	85
Under age 60	74	73	71	85	83	82	77	82	83	90	91	87	91
Aged 60 and over	72	79	79	88	105	93	85	83	87	77	84	94	101
Income under \$30,000	69	62	65	77	74	70	64	66	74	75	76	76	86
Income \$30,000 and over	74	80	76	91	93	93	86	93	88	92	94	98	93

Is this a good time to buy major household items?

FLORIDA	100	92	90	97	100	106	106	106	100	114	106	107	109
Men	112	103	104	108	100	112	110	110	100	119	114	114	115
Women	92	82	78	88	99	102	103	102	101	110	99	102	102

Under age 60	97	87	88	95	100	104	106	106	99	113	106	106	108
Aged 60 and over	111	107	93	102	99	117	107	106	106	120	111	110	112
Income under \$30,000	89	89	85	83	98	103	98	91	87	110	91	89	108
Income \$30,000 and over	109	95	95	104	100	111	110	114	106	117	114	116	108

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	417	Race		Gender	
		% Non-white	21	% Male	51
Average age	50	% White	79	% Female	49
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	14	% North	23
% \$20,000 to \$29,999	15	% No	86	% Central	14
% \$30,000 to \$49,999	26			% Southeast	27
% over \$50,000	43			% Southwest	36