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Consumer Confidence

Consumer confidence among Floridians rose in February to 74. The rise in four points was fueled by increases in four of the five components that make up the index. Perceptions of personal finances now compared to a year ago rose two points to 67 while expectations of personal finances a year from now rose two points to 84. Perceptions of US economic conditions over the next year rose eleven points to 66 while expectations of economic conditions over the next five years rose eight points to 82. The only index component to decline was perceptions as to whether it is a good time to buy big-ticket items. That component fell three points to 71 and is now at its lowest point since December of 1991.

“We certainly did not expect this increase,” said Chris McCarty, the Survey Director. “A closer look at the data over the past two months shows confidence falling steadily through January then rising in the first week of February, and rising dramatically in the second week. In the third week it fell to January levels. We think the overall rise this month is a reaction to the passage of the stimulus package that will result in payments to a majority of Florida households as well as the passage of the property tax amendment which was supported by 64 percent of the voters. Both of these are, at least temporarily, bright spots for Florida consumers.”

The rise in confidence comes at a time when policy-makers are attempting to avert a recession, or at least minimize the effects of a recession if one cannot be avoided. However, there are consequences to some of these measures. By lowering interest rates which may help loosen credit for borrowers, the Federal Reserve has further weakened the dollar against other currencies. This has contributed to the rise in the price of oil and other commodities as can be seen in the recent rise in the price of a gallon of gas which has increased more than seven cents in the past week. Although the stimulus package offers a welcome rebate check, those borrowed funds add to the deficit. The property tax amendment will no doubt result in fewer services at the local level, and may have long-term downside effects on the Florida economy as homeowners take their tax exemptions with them when moving in Florida. The positive effects of both the stimulus package and the property tax amendment will probably be short-lived.

“There are some bright spots for Florida homeowners hoping to sell,” said McCarty. “The property tax amendment makes it more affordable for them to move to a new home. The stimulus package passed by Congress includes a temporary rise to \$729,750 (from \$417,000) of loans that can be purchased by Fannie Mae and Freddie Mac. Florida has no shortage of homes in this price range. Interest rates are declining in response to the cuts by the Federal Reserve. Most importantly, average home prices have been falling dramatically to a point where they are approaching the level they would have been at this time without the housing run-up. We anticipate that by July home prices in many areas of Florida will be at or near bottoming out. This should attract some buyers who have been waiting on the sidelines for prices to stabilize. Moving forward, we expect the rise in confidence to be a temporary increase and that confidence will decline next month.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
February 29, 2008
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	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Consumer Confidence Index													
FLORIDA	92	86	85	81	82	81	78	77	79	76	74	70	74
Men	97	90	94	88	89	82	83	76	85	80	79	75	82
Women	87	83	78	76	77	81	75	76	75	74	70	66	68
Under age 60	97	91	89	83	86	83	81	81	79	77	75	72	75
Aged 60 and over	84	79	80	79	77	77	76	73	79	76	72	68	73
Income under \$30,000	81	70	70	68	70	67	67	66	73	69	64	58	66
Income \$30,000 and over	95	92	93	87	89	88	84	81	80	80	77	74	77
Personal financial situation now compared to a year ago													
FLORIDA	84	80	83	77	78	73	72	71	69	70	64	65	67
Men	90	83	93	79	86	71	79	75	76	73	69	75	76
Women	79	78	74	76	72	75	67	75	64	68	61	56	61
Under age 60	94	89	89	83	86	78	78	72	70	73	67	67	70
Aged 60 and over	69	67	75	69	66	64	65	70	69	68	58	62	64
Income under \$30,000	58	48	60	50	51	48	49	45	54	59	41	42	52
Income \$30,000 and over	94	91	94	89	88	83	83	80	74	74	70	73	74
Personal financial situation expected one year from now													
FLORIDA	94	90	93	89	88	89	88	86	90	86	87	82	84
Men	97	92	98	95	94	86	92	83	96	89	89	83	90
Women	92	89	88	84	83	91	85	83	86	84	85	82	80
Under age 60	109	101	106	98	98	99	99	97	100	93	96	92	91
Aged 60 and over	74	73	73	77	72	71	73	71	75	78	75	70	76
Income under \$30,000	86	79	80	80	76	81	83	74	83	72	77	77	77
Income \$30,000 and over	99	93	97	95	97	95	93	90	93	94	91	89	88
Expected national economic conditions over the next year													
FLORIDA	85	78	76	74	75	73	70	69	73	62	65	55	66
Men	92	86	85	86	80	72	75	66	76	63	72	56	76
Women	78	71	68	65	71	73	66	66	71	61	60	54	58
Under age 60	87	80	73	75	75	71	67	71	71	59	62	56	65
Aged 60 and over	82	75	79	74	75	74	76	69	77	65	68	54	67
Income under \$30,000	79	68	61	62	69	60	63	69	71	58	66	52	63
Income \$30,000 and over	86	83	83	79	78	77	71	68	73	64	66	56	67
Expected national economic conditions over the next 5 years													
FLORIDA	87	81	79	76	82	80	77	80	78	79	79	74	82
Men	95	86	89	88	88	83	79	78	82	85	83	79	88
Women	80	77	71	67	79	78	76	78	75	75	77	71	77
Under age 60	87	81	83	76	82	78	75	82	72	76	78	72	80
Aged 60 and over	86	82	74	78	84	83	81	78	87	83	81	79	85
Income under \$30,000	77	64	62	66	75	65	72	75	75	70	66	58	75
Income \$30,000 and over	88	89	85	80	86	88	79	81	77	83	84	78	85
Is this a good time to buy major household items?													
FLORIDA	109	99	97	90	87	91	85	81	84	84	75	74	71
Men	111	100	107	94	97	96	91	80	93	89	82	81	80
Women	108	98	87	87	76	88	80	80	78	81	70	68	63
Under age 60	110	101	96	85	90	90	85	83	80	82	73	72	66
Aged 60 and over	108	97	98	98	85	94	86	78	90	88	76	77	74
Income under \$30,000	106	89	86	81	79	79	68	68	81	84	71	63	64
Income \$30,000 and over	108	101	103	92	94	95	92	85	84	88	75	75	72

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	408	Race		Gender	
		% Non-white	15	% Male	44
Average age	57	% White	85	% Female	56
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	17	% Yes	8	% North	26
% \$20,000 to \$29,999	11	% No	92	% Central	19
% \$30,000 to \$49,999	20			% Southeast	26
% over \$50,000	52			% Southwest	29