

FLORIDA CONSUMER CONFIDENCE INDEX
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FOR IMMEDIATE RELEASE



**UNIVERSITY OF
FLORIDA**

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Consumer Confidence

Consumer confidence among Floridians fell in September to 78, down eleven points from August. This is the lowest level for consumer confidence in Florida since February, 2003. The decline in confidence was fueled by growing pessimism in all five of the survey components. The largest decline was in perceptions of US business conditions over the next year, which fell eighteen points to 57. This is the lowest level for this component since August of 2002, although it had fallen to 59 in February of 2003. The other four components also fell. Perceptions of personal finances now compared to a year ago fell seven points to 79, while perceptions of personal finances one year from now fell seven points to 90. Perceptions of long term US economic conditions over the next five years fell ten points to 70, and perceptions as to whether it is a good time to buy big-ticket consumer items fell seventeen points to 92.

“The effect of Hurricane Katrina combined with already rising energy prices has taken its toll on consumers in Florida,” said Chris McCarty, the Survey Director. “Prior to Katrina energy prices had already risen to a level that was making life difficult for some consumers. The short term effects on energy prices from shutdowns in the Gulf Coast refineries added to that. Some of the pressure was relieved by a rise in production by OPEC nations to soften the blow and by the opening of the US oil reserves. But with Rita threatening another major refinery area these short term rises in energy costs may persist. On a more positive note, reports from the Gulf Coast indicate that damage to refineries there may not be as severe as had earlier been predicted. Assuming Rita’s effects on refineries is similar, the effects on energy prices from the hurricanes should be short term.”

Lower consumer confidence and higher energy prices are affecting consumer spending. Chain store sales plunged in September, again mostly due to the high cost of gasoline. The broader index of retail sales also fell sharply, no longer bolstered by auto sales which had been brisk in June and July. The only sector showing strong growth was gasoline stations. Jobless claims have skyrocketed in recent weeks due to the effects of Katrina. It is likely that these will come down as businesses in New Orleans, particularly manufacturing jobs, come back on line and those workers are absorbed into other labor markets.

“There are some interesting changes to consumer confidence this month,” said McCarty. “As expected, the component measuring short term business conditions fell sharply. Of the five components this is the most susceptible to shocks, and it typically regains ground in the month or two following. We have to keep in mind, however, that Rita will be another shock and may suppress optimism about business conditions for a while longer. The other component that fell a lot was perceptions of buying conditions. Consumers had been reasonably optimistic about this, but energy prices, and the translation of that into other prices, has finally hit consumers. They no longer feel that it is an ideal time to buy.”

“The other interesting thing is that seniors actually lost less confidence than younger respondents,” said McCarty. “Overall confidence among those 60 and over fell six points while it fell fifteen points among respondents under age 60. The current personal financial component actually rose two points for seniors and fell twelve points for those under age 60. This is largely due to the low level of confidence for seniors already, but it also reflects how recent events took a disproportionate toll on the lifestyles of younger respondents, due to the rising costs of energy and the potential effect on some aspects of life not as relevant for seniors, such as getting to and from work.”

“Moving ahead, before Rita it was likely that consumer confidence would have regained some ground in October as the initial shock of Katrina was absorbed by consumers,” said McCarty. “With Rita we can expect consumer confidence to remain at this level, or perhaps lower if Rita does a significant amount of damage to the Houston area and to the refineries there. It is fairly certain that the effects of high energy prices, higher interest rates and concern over the hurricanes will result in a very weak holiday shopping season. Retailers are no doubt bracing themselves for that.”

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Sep-04 Oct-04 Nov-04 Dec-04 Jan-05 Feb-05 Mar-05 Apr-05 May-05 Jun-05 July-05 Aug-05* Sep-05†

Consumer Confidence Index													
FLORIDA	93	93	93	91	93	97	92	91	91	96	95	89	78
Men	102	100	103	97	99	102	96	94	96	99	99	94	84
Women	87	88	87	86	89	92	89	88	87	93	91	86	72
Under age 60	97	96	96	96	96	99	95	96	97	98	97	93	78
Aged 60 and over	84	85	90	82	90	93	88	83	81	91	89	82	76
Income under \$30,000	81	83	78	75	82	82	81	81	77	79	82	75	60
Income \$30,000 and over	100	100	102	99	101	102	98	96	99	101	103	96	84

Personal financial situation now compared to a year ago													
FLORIDA	85	81	85	87	85	91	88	90	87	90	87	86	79
Men	92	83	97	90	90	98	94	94	95	92	91	88	87
Women	80	78	76	84	80	85	82	87	81	88	85	85	71
Under age 60	90	87	94	93	90	98	96	99	96	95	93	96	84
Aged 60 and over	71	67	69	75	75	77	71	76	72	80	73	65	67
Income under \$30,000	67	62	52	64	65	68	67	73	61	64	66	61	50
Income \$30,000 and over	97	91	103	98	97	100	101	100	102	100	99	99	90

Personal financial situation expected one year from now													
FLORIDA	100	101	100	94	98	99	93	96	96	98	100	97	90
Men	109	109	108	99	102	102	95	99	99	98	102	94	94
Women	94	95	94	91	94	96	92	93	94	98	98	99	87
Under age 60	110	111	107	107	104	106	103	107	107	104	107	104	98
Aged 60 and over	77	79	86	69	86	83	76	76	76	80	83	81	72
Income under \$30,000	92	95	92	84	91	87	83	86	84	88	95	90	77
Income \$30,000 and over	108	107	106	101	104	105	102	100	104	102	106	103	96

Expected national economic conditions over the next year													
FLORIDA	87	87	88	82	87	93	83	77	79	84	84	75	57
Men	98	95	97	90	95	100	85	81	86	93	90	83	66
Women	79	80	82	76	81	86	81	74	74	84	79	70	48
Under age 60	91	86	86	86	87	93	82	78	83	90	85	75	51
Aged 60 and over	78	87	92	76	88	96	84	74	69	82	83	76	68
Income under \$30,000	77	79	74	67	77	75	73	69	69	74	71	59	41
Income \$30,000 and over	91	91	96	89	95	100	87	81	83	90	93	80	60

Expected national economic conditions over the next 5 years													
FLORIDA	90	92	85	87	88	88	84	80	82	88	88	80	70
Men	98	104	99	95	93	93	89	83	90	95	96	89	74
Women	85	82	74	81	84	83	79	78	76	85	83	74	66
Under age 60	91	95	80	88	87	87	80	79	86	89	87	78	67
Aged 60 and over	91	85	94	87	90	90	91	82	76	93	92	84	73
Income under \$30,000	82	86	74	65	76	72	73	65	70	72	78	70	57
Income \$30,000 and over	93	98	91	96	94	93	86	85	90	93	96	84	74

Is this a good time to buy major household items?													
FLORIDA	102	105	109	104	110	113	114	110	111	113	113	109	92
Men	112	107	112	112	114	115	116	114	113	119	115	117	101
Women	96	102	107	97	106	112	113	107	109	110	112	104	85
Under age 60	102	103	110	106	110	113	112	114	111	111	113	111	89
Aged 60 and over	103	108	108	102	109	117	117	104	113	120	113	103	99
Income under \$30,000	86	93	99	96	99	106	108	111	101	96	100	94	76
Income \$30,000 and over	111	110	114	108	116	115	117	111	116	121	119	114	100

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	436	Race		Gender	
		% Non-white	18	% Male	47
Average age	51	% White	82	% Female	53
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	12	% North	26
% \$20,000 to \$29,999	13	% No	88	% Central	17
% \$30,000 to \$49,999	23			% Southeast	25
% over \$50,000	48			% Southwest	32