
Consumer confidence up for December

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Consumer Confidence

Consumer confidence among Floridians rose two points in December to 96. The gain was fueled primarily by a four point rise in optimism about current personal finances, which is now at 85, and increased optimism about short term economic conditions in the US, that component rose five points to 97. Expectations about long term economic conditions also rose three points to 91. Expectations about future personal finances fell one point to 99. Perceptions as to whether it is a good time to buy big ticket items, a component that had been quite volatile over the past several months, remained unchanged at 106.

“The increase in consumer confidence provides more evidence that the recovery may be taking hold,” said Chris McCarty, the Survey Director. “Confidence is particularly up among households with an annual income of over \$30,000. This is in no doubt due in part to the clear gains in the stock market. Jobless claims are now consistently below 400,000 a week, but not below 350,000 which would indicate a real turnaround in the labor market. The consensus among most economists is that the long awaited employment situation has turned the corner and many of the unemployed are now being hired again. Most do not expect a complete turnaround until late in 2004. Florida will fare better than many states that have permanently lost manufacturing jobs, particularly in apparel and furniture. Florida’s service economy based largely on agriculture and tourism is less vulnerable to the flight of jobs off-shore. Florida’s history of international economic ties, particularly with Latin America, will ultimately help the state in the increasingly global economy.”

Despite increases in consumer confidence and improvement in employment, sales this holiday season have not been the boon that retailers had hoped for. Due in part to snowstorms in the northeast, sales have been rather sluggish. Wal-mart and Target stores are now adjusting their forecasts to the bottom of the range they gave at the beginning of the season. Consumers remain cautious as the job situation has not completely

changed for the better. Tax rebate and refinancing money that was available in August and September is now gone.

“Retail sales for this holiday season will still likely reach 5% growth over the previous year,” said McCarty. “The main reason for this is that the previous year was very weak so the comparison makes this year look much better. At five percent retailers will not declare this to be a stunning success. If sales growth falls much below five percent then many retailers will have difficulty meeting their earnings goals and will be less likely to add jobs quickly in the new year.”

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
December 30, 2003
Bureau of Economic and Business Research
University of Florida

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

Consumer Confidence Index

FLORIDA	86	83	79	81	88	91	93	92	90	91	95	94	96
Men	92	91	88	93	96	96	100	96	100	96	99	103	104
Women	79	76	73	71	83	87	87	88	83	86	91	84	90
Under age 60	88	86	81	82	91	92	94	94	93	93	98	97	98
Aged 60 and over	80	76	77	80	81	90	89	86	84	84	87	86	91
Income under \$30,000	79	75	73	75	80	81	82	82	75	80	84	80	81
Income \$30,000 and over	89	88	85	86	93	96	100	97	100	96	101	101	106

Personal financial situation now compared to a year ago

FLORIDA	74	77	78	83	77	85	83	81	82	84	82	81	85
Men	75	81	84	92	79	90	90	81	90	83	84	88	91
Women	72	73	72	76	76	80	77	80	75	84	79	74	80
Under age 60	79	83	86	90	86	91	90	86	88	91	86	87	90
Aged 60 and over	60	63	58	68	52	71	62	68	65	64	72	67	73
Income under \$30,000	66	64	64	76	67	72	70	70	58	74	63	57	71
Income \$30,000 and over	78	86	90	90	85	95	92	87	95	90	91	93	96

Personal financial situation expected one year from now

FLORIDA	98	97	95	98	99	99	102	105	100	101	101	100	99
Men	103	101	97	104	103	106	103	106	104	104	103	106	101
Women	93	93	94	93	96	93	100	103	96	98	99	95	98
Under age 60	107	105	102	105	107	106	108	110	106	109	108	110	108
Aged 60 and over	79	76	76	84	80	81	80	89	82	77	81	80	80
Income under \$30,000	91	91	94	101	92	88	89	98	86	91	96	91	91
Income \$30,000 and over	105	104	98	100	103	107	109	110	109	108	106	106	108

Expected national economic conditions over the next year

FLORIDA	75	67	59	62	81	85	89	88	83	85	91	92	97
Men	83	79	66	78	90	90	97	94	97	95	94	106	108
Women	66	58	53	49	75	81	82	84	72	77	88	79	89
Under age 60	74	70	57	58	81	82	87	92	83	85	95	94	97
Aged 60 and over	78	60	66	74	82	95	95	78	85	86	83	88	96
Income under \$30,000	75	60	56	49	79	72	80	82	74	75	74	84	84
Income \$30,000 and over	76	70	63	68	81	88	95	92	89	89	100	96	106

Expected national economic conditions over the next 5 years

FLORIDA	77	73	74	73	86	88	84	79	82	84	85	88	91
Men	91	83	88	90	97	95	96	87	99	100	93	103	105
Women	63	66	62	59	78	83	75	71	69	72	79	74	80
Under age 60	79	74	73	71	85	83	82	77	82	83	90	91	90
Aged 60 and over	76	72	79	79	88	105	93	85	83	87	77	84	94
Income under \$30,000	66	69	62	65	77	74	70	64	66	74	75	76	78
Income \$30,000 and over	83	74	80	76	91	93	93	86	93	88	92	94	100

Is this a good time to buy major household items?

FLORIDA	103	100	92	90	97	100	106	106	106	100	114	106	106
Men	105	112	103	104	108	100	112	110	110	100	119	114	113
Women	102	92	82	78	88	99	102	103	102	101	110	99	101
Under age 60	101	97	87	88	95	100	104	106	106	99	113	106	105
Aged 60 and over	110	111	107	93	102	99	117	107	106	106	120	111	110
Income under \$30,000	98	89	89	85	83	98	103	98	91	87	110	91	84
Income \$30,000 and over	102	109	95	95	104	100	111	110	114	106	117	114	118

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	411	Race		Gender	
		% Non-white	18	% Male	43
Average age	49	% White	82	% Female	57
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	21	% Yes	12	% North	20
% \$20,000 to \$29,999	13	% No	88	% Central	19
% \$30,000 to \$49,999	26			% Southeast	25
% over \$50,000	40			% Southwest	36