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### *Consumer Sentiment*

Consumer sentiment among Floridians declined a point in October to 82, the first decline for the index since May. Of the five components that make up the index three declined, one increased and one stayed the same. Perceptions of personal finances now compared to a year ago fell four points to 71 while expectations of personal finances a year from now fell one point to 82. Expectations of U.S. economic conditions over the next year fell one point to 78 while expectation of U.S. economic conditions over the next five years rose a point to 82. Perceptions as to whether it is a good time to buy big ticket items stayed the same at 96.

“We attribute this small decline in consumer sentiment to the volatility in the stock market in October,” said Chris McCarty, the survey director. “The S&P lost more than four percent during the month only to gain most of it back. We note that the decline in the sentiment index was mostly among higher income households and the personal finance questions were particularly pessimistic for that group. There are several factors that are driving stocks right now, including declining global markets, expectations of Federal Reserve interest rate hikes, and even the potential economic effects (whether justified or not) from Ebola. Nationally about 49 percent of families have holdings in the stock market either directly or indirectly through retirement accounts.”

Overall economic indicators for Florida have been steady. Unemployment for September declined to 6.1 percent, .2 percent higher than U.S. unemployment of 5.9 percent. The decline in unemployment in September was primarily due to an increase in jobs rather than a decline in the labor force. Florida U6 unemployment, which counts those employed part-time and discouraged workers, is the 12th highest in the country at 13.4 percent. Hourly wages and median income are much lower than the national average. While Florida’s unemployment is declining, we tend to generate lower paying jobs than we had before the recession. Much of this is due to a decline in construction employment which peaked at 691,000 jobs in June 2006 and has dropped 40 percent to 414,000 in September. Housing in Florida remains strong. The median price of a single family home in September was unchanged at \$180,000 while closed sales were high compared to previous years. Housing gains may slow in 2015 as the Federal Reserve raises short term interest rates which will likely lead to higher mortgage rates. Inflation has been low, in large part due to declines in gasoline prices which at an average of \$3.09 are

close to the \$3/gallon mark. While low inflation is good for consumers it is a concern for the Federal Reserve which targets 2 percent inflation as an indicator of a healthy economy. Inflation has run under 2 percent for four of the past eight months. Sales tax revenue in Florida has been over that estimated by state economists, indicative of relatively strong sales in 2014. Nationally retail sales were weak in September, but strong for much of the year.

“The decline in our sentiment index in October is not likely indicative of a trend,” said McCarty. “Given that the stock market has improved late in the month and the decline was only a point we don’t view the drop as significant. There are headwinds that may make it difficult for the index to rise much next month. In addition to a struggling global market we have the election for governor. Most polls show a very close race and as is typical after such elections about half of the electorate will not be happy with the outcome, which often shows up in the sentiment index for that month. This will not last and will not affect holiday sales which are expected to be better than last year.”

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
**October 28, 2014**  
**Bureau of Economic and Business Research**  
**University of Florida**

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
<b>Consumer Sentiment Index</b>													
FLORIDA	70	77	77	78	78	80	80	78	82	82	82	83	82
Men	69	82	79	80	80	83	82	80	85	86	85	85	83
Women	71	72	74	75	75	77	77	75	80	77	80	81	81
Under age 60	78	79	86	79	82	85	83	78	88	88	86	89	86
Aged 60 and over	63	77	71	77	75	77	77	77	79	75	80	78	80
Income under \$30,000	62	65	71	75	61	68	65	66	74	73	71	69	79
Income \$30,000 and over	73	83	79	81	86	86	87	84	87	86	85	88	85
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	61	69	69	66	63	72	69	71	76	73	74	75	71
Men	63	80	75	71	68	77	73	75	79	79	81	79	73
Women	59	58	63	62	58	66	64	67	73	68	66	72	69
Under age 60	68	69	80	67	69	74	77	70	82	83	82	84	80
Aged 60 and over	54	68	61	65	59	69	65	72	73	65	67	69	66
Income under \$30,000	43	45	50	56	39	49	47	49	66	51	54	53	70
Income \$30,000 and over	70	79	75	70	74	81	81	80	81	82	77	83	72
<b>Personal financial situation expected one year from now</b>													
FLORIDA	74	74	78	80	76	83	78	76	83	81	85	83	82
Men	71	77	79	83	78	86	80	78	85	83	89	83	85
Women	76	70	77	76	74	79	75	73	80	79	81	84	79
Under age 60	93	82	96	96	91	98	92	89	102	97	100	100	96
Aged 60 and over	58	68	67	71	66	72	70	65	71	67	72	72	74
Income under \$30,000	66	65	77	77	68	80	70	66	82	76	77	80	80
Income \$30,000 and over	77	78	81	84	84	88	85	80	87	83	87	86	85
<b>Expected national economic conditions over the next year</b>													
FLORIDA	66	76	73	76	79	82	78	74	80	80	80	79	78
Men	62	77	76	73	82	85	83	76	77	83	80	81	77
Women	69	75	70	78	77	79	73	72	83	78	80	77	79
Under age 60	73	76	77	75	82	86	79	78	85	86	80	83	81
Aged 60 and over	60	77	69	77	77	80	77	71	77	76	80	76	77
Income under \$30,000	64	66	72	77	58	69	66	67	77	79	68	63	71
Income \$30,000 and over	66	81	73	78	89	87	87	80	83	85	84	83	84
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	71	76	74	81	79	77	81	76	78	81	80	81	82
Men	69	74	76	80	82	78	83	78	81	86	79	83	82
Women	73	78	71	82	77	75	79	74	76	75	80	78	82
Under age 60	77	74	75	80	79	81	79	74	83	82	77	83	81
Aged 60 and over	67	78	72	82	80	75	81	77	75	78	82	79	83
Income under \$30,000	70	73	67	86	58	73	69	69	71	76	72	68	91
Income \$30,000 and over	70	78	75	82	89	83	86	82	83	84	82	85	83
<b>Is this a good time to buy major household items?</b>													
FLORIDA	78	92	91	86	90	86	92	90	94	93	94	96	96
Men	81	105	90	93	89	87	92	92	101	100	95	97	98
Women	75	80	91	80	92	84	92	88	88	85	93	94	95
Under age 60	79	93	101	78	87	85	87	82	90	93	89	94	93
Aged 60 and over	77	93	83	91	93	87	94	99	98	91	99	95	98
Income under \$30,000	67	78	86	80	81	71	74	81	75	85	83	79	82
Income \$30,000 and over	83	100	93	92	95	90	96	97	99	96	95	103	103
*Revised. †Preliminary.	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	424	<b>Race</b>		<b>Gender</b>	
		% Non-white	15	% Male	48
<b>Average age</b>	62	% White	85	% Female	52
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	17	% Yes	10	% North	24
% \$20,000 to \$29,999	11	% No	90	% Central	22
% \$30,000 to \$49,999	26			% Southeast	20
% over \$50,000	46			% Southwest	34

**Data Collection Dates:** October 1 to 23, 2014