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### *Consumer Sentiment*

Consumer sentiment among Floridians fell seven points in May to 87.6, the lowest since December. The sharp decline is in line with the University of Michigan's mid-month reading for the U.S. which also fell by seven points. Four of the five components that make up the index fell in May. Perceptions of personal finances now compared to a year ago rose by less than a point to 86.1 while expectations of personal finances a year from now fell by nearly 10 points to 93.4. Expectations of U.S. economic conditions over the next year fell nearly nine points to 84.3 while long term expectations of U.S. economic conditions over the next five years fell more than 10 points to 79.7. Perceptions as to whether it is a good time to buy big-ticket items fell nearly 8 points to 94.2.

"Our expectation was for a slight increase in consumer sentiment rather than a reversal of this magnitude," said Chris McCarty, the Survey Director. "Most of the pessimism in May stems from expectations about future conditions. Perceptions of current finances remained largely unchanged across age and income groups. But younger and lower income respondents see difficult times over the next year in terms of their personal finances. Meanwhile older and higher income respondents are pessimistic about U.S. economic conditions over the next year. The largest overall decline was in the component measuring expectations of U.S. economic conditions over the next five years among older respondents. That component fell by more than 20 points."

"One theory is that consumers are expecting prices to rise over the next year and are anticipating being worse off because of this. Some of this is based on concerns over the money that has been created by the Federal Reserve as an intervention after the Great Recession. The problem with this view is that inflation continues to be stubbornly low, despite a record level intervention by the Fed. The pessimism this month may reflect an attitude among some Florida consumers that prices cannot continue being low."

While this report reflects a Florida consumer anticipating a declining economic position, most economic indicators are still positive, with some caveats. Unemployment declined in April to 5.6 percent, only 0.2 percent higher than the U.S. rate. All but one employment category (information jobs) made gains. On the negative side, the labor force contracted again and is now at a post-recession low of 59.5, the lowest since 1984. "Florida must reverse the trend toward lower labor force participation to fully recover from the recession," said McCarty. Housing continues to remain positive with the median price of an existing single family home increasing by \$5,000 to \$195,000. Closed sales remain at multi-year highs. The typical pattern is for prices to decline in mid to late summer, although the potential for a rise in mortgage rates tied to the Federal Reserve may encourage some buyers to be more competitive with pricing before that happens. Gas prices have risen by almost ten cents in May, but are expected to decline again despite having entered the summer months. While there have been a few minor declines in the stock market in May, each time it regains those losses and is at record highs, although trading volume has been low.

"It's looking less likely that the Federal Reserve will raise short-term interest rates at its June meeting, although Chairwoman Janet Yellen has indicated that a small rate hike was very likely this year," said McCarty. "At this point, a

rate hike has been factored into both the stock market and to some extent the mortgage market. While a Fed move to raise short-term rates will have an effect on both, it will not be severe. The Fed has made it clear that their path to increased interest rates will be slow, although it will begin this year, most likely in September.”

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
**May 29, 2015**  
**Bureau of Economic and Business Research**  
**University of Florida**

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
<b>Consumer Sentiment Index</b>													
FLORIDA	77.5	82.2	81.5	82.4	82.8	84.3	85.9	87.6	93.1	93.7	97.3	94.7	87.6
Men	80.0	84.7	86.0	84.7	84.5	86.2	88.3	89.5	99.8	97.1	100.1	97.6	89.1
Women	74.9	79.8	76.8	80.0	81.1	82.4	83.3	85.7	86.9	90.5	94.7	92.1	86.1
Under age 60	78.4	88.4	88.2	85.6	88.6	88.8	89.5	91.6	96.2	97.8	101.9	100.1	91.9
Aged 60 and over	77.0	78.6	75.4	79.6	78.1	81.7	82.5	86.0	86.1	82.6	85.5	83.6	74.3
Income under \$50,000	66.4	73.9	73.4	70.9	68.7	82.0	75.2	79.3	88.5	89.5	91.4	90.6	81.9
Income \$50,000 and over	83.8	86.7	86.2	85.0	88.2	86.6	91.6	92.2	101.8	102.8	105.1	101.3	96.0
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	71.1	76.0	73.5	73.6	75.2	72.6	75.8	73.3	77.5	84.9	88.1	85.3	86.1
Men	75.2	79.4	78.5	80.7	78.6	74.4	80.2	76.6	86.8	90.3	92.3	89.4	90.6
Women	66.7	72.9	68.2	66.3	71.7	70.9	71.0	69.9	68.9	79.8	84.2	81.5	81.9
Under age 60	69.8	81.7	83.0	81.9	84.0	81.2	81.3	79.2	84.2	90.9	93.4	93.7	92.0
Aged 60 and over	72.4	72.9	64.9	66.9	68.6	67.2	71.5	70.5	64.1	68.8	75.3	65.5	69.2
Income under \$50,000	49.4	65.7	51.2	53.7	53.4	71.0	51.8	60.8	68.8	74.6	80.8	76.7	72.7
Income \$50,000 and over	79.7	81.1	82.4	77.5	83.2	73.7	86.5	78.3	89.3	100.9	99.3	100.2	101.8
<b>Personal financial situation expected one year from now</b>													
FLORIDA	75.6	82.7	80.6	84.6	83.4	83.3	81.9	85.7	102.0	101.2	104.7	103.2	93.4
Men	78.0	85.5	82.6	88.6	82.8	87.1	82.2	89.4	105.0	104.2	104.9	105.9	96.3
Women	73.0	80.1	78.5	80.6	83.9	79.7	81.6	81.8	99.2	98.5	104.5	100.7	90.7
Under age 60	88.7	101.9	96.5	100.3	100.0	96.3	91.1	100.4	110.7	107.5	112.6	114.0	101.9
Aged 60 and over	64.7	70.7	67.2	71.6	72.2	75.8	74.7	76.2	82.0	84.2	83.3	78.2	70.4
Income under \$50,000	66.0	81.5	75.9	77.3	80.5	83.1	75.6	77.2	101.0	101.0	101.5	106.2	90.3
Income \$50,000 and over	79.5	86.8	83.4	87.1	86.3	85.7	86.0	92.3	105.6	110.2	109.7	103.3	98.4
<b>Expected national economic conditions over the next year</b>													
FLORIDA	74.4	80.1	80.5	79.8	79.0	82.5	85.8	87.0	95.7	93.4	95.4	93.2	84.3
Men	76.4	76.9	83.2	79.7	80.7	84.0	86.2	88.9	100.5	97.9	97.9	94.2	86.5
Women	72.2	83.0	77.6	79.8	77.3	81.0	85.4	84.9	91.1	89.2	93.1	92.2	82.3
Under age 60	77.6	84.6	85.8	79.9	82.5	86.0	89.1	89.2	97.5	96.7	98.7	97.6	89.7
Aged 60 and over	71.3	77.1	76.0	79.5	75.7	80.7	81.7	86.7	89.2	85.5	86.2	83.9	67.8
Income under \$50,000	67.0	76.9	79.3	68.1	62.5	76.9	82.4	82.1	92.1	90.8	90.4	88.1	83.0
Income \$50,000 and over	80.1	83.2	84.8	84.1	83.5	85.5	88.9	89.8	104.3	98.7	101.5	98.6	87.7
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	76.1	78.1	80.6	79.5	80.9	85.6	85.1	87.3	91.9	90.2	92.4	90.0	79.7
Men	78.0	80.8	86.0	79.2	83.4	86.6	87.6	86.7	102.9	90.6	97.7	94.0	79.5
Women	74.1	75.6	74.9	79.8	78.5	84.6	82.5	87.9	81.7	89.8	87.4	86.3	79.8
Under age 60	74.2	83.3	82.5	76.7	82.7	86.4	85.8	85.0	90.7	93.8	96.0	92.6	83.7
Aged 60 and over	77.4	75.0	78.3	81.6	79.1	85.0	82.8	89.3	93.0	80.0	82.7	87.0	66.6
Income under \$50,000	68.6	70.8	75.7	72.0	68.4	93.4	78.8	86.8	88.7	88.8	85.7	88.2	77.4
Income \$50,000 and over	82.3	83.3	84.4	81.6	85.1	85.0	89.6	88.8	99.6	93.0	101.3	92.6	85.2
<b>Is this a good time to buy major household items?</b>													
FLORIDA	90.4	94.0	92.6	94.4	95.5	97.4	100.9	104.9	98.6	98.7	106.0	101.9	94.2
Men	92.2	101.1	99.8	95.3	97.0	98.8	105.4	105.8	104.0	102.6	108.0	104.4	92.5
Women	88.5	87.5	85.0	93.4	93.9	96.0	96.0	104.0	93.5	95.0	104.2	99.6	95.8
Under age 60	81.6	90.5	93.4	89.3	94.0	94.1	100.2	103.9	98.0	100.2	108.9	102.5	92.0
Aged 60 and over	99.2	97.5	90.6	98.6	95.2	99.7	101.8	107.3	102.2	94.7	100.1	103.2	97.6
Income under \$50,000	80.8	74.7	85.0	83.1	78.7	85.6	87.4	89.5	91.9	92.3	98.5	93.9	86.3
Income \$50,000 and over	97.5	99.1	96.2	94.7	102.8	103.2	106.7	111.7	110.3	111.3	113.6	112.0	106.7
*Revised. †Preliminary.	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	409	<b>Race</b>		<b>Gender</b>	
		% Non-white	28	% Male	57
<b>Average age</b>	47	% White	72	% Female	43
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	20	% Yes	21	% North	23
% \$20,000 to \$29,999	12	% No	79	% Central	20
% \$30,000 to \$49,999	22			% Southeast	33
% over \$50,000	46			% Southwest	24

**Data Collection Dates:** May 1 to 24, 2015