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Consumer Sentiment

Consumer sentiment fell slightly in December to 90.2, down almost 1 point from November's revised reading but 2.6 points higher than last December, according to the latest University of Florida consumer survey.

Among the five components that make up the index, three declined and two increased.

The perception of personal financial situation now compared with a year ago dropped 7.3 points to 79.6. The expectation of personal finances one year from now fell one-tenth of a point to 98.4.

Views of the U.S. economy were mixed: Expectations over the next year fell less than half a point to 84.4, while the expectation of the U.S. economy over the next five years rose 2.5 points to 89.2.

Opinions as to whether now is a good time to buy a big-ticket item, such as a car or appliance, rose slightly more than half a point to 99.3, still 5.6 points lower than December last year.

The greatest declines were among women and people age 60 or older. Four of the five components decreased for women. For those aged 60 and over, perceptions of personal finance now compared with a year ago plummeted 13.6 points to 58.8.

Among those with annual incomes under \$50,000, perceptions of personal finances now compared with a year ago dropped 6.1 points to a reading of 71.5, while for those with income of \$50,000 or more per year, the score tumbled 11.1 points to 90.0 from a year-long high of 101.1 in November.

The downturn in consumer sentiment comes despite an anticipated healthy finish to this holiday shopping season by the Florida Retail Federation.

"The declines in perceptions of personal finance and the expectation of U.S. economic conditions over the next year possibly reflect the potential increase in the cost of borrowing in the medium and long run as a consequence of the announced raising of interest rates by the Federal Reserve," said Hector Sandoval, director of the Economic Analysis Program at UF's Bureau of Economic and Business Research.

Given the economic outlook, the Federal Reserve decided to gradually raise interest rates by a quarter percentage point on Dec. 16, marking the end to the zero interest rate policy to support the economy since the Great Recession.

"Although a quarter-point increase is expected to have an imperceptible impact, it is a sensible first step to stay ahead of inflation, which will rise over the medium term, according to the Fed," Sandoval said.

Nonetheless, this hike would still leave rates at historically low levels. Although it might take time for the adjustment in the federal fund rate (the rate banks charge each other for short-term loans) to percolate through the economy, this

change will increase the cost of borrowing for firms and households. This change could eventually spread to other interest rates, including car loans, credit cards and mortgages.

"The economy is growing, with more jobs added every month, and despite the slight decrease in this month's consumer sentiment, it is quite unlikely that these first policy changes on the federal funds rate will bring the economic expansion to an end," Sandoval said.

Conducted Dec. 1-20, the UF study reflects the responses of 432 individuals who were reached on cellphones, representing a demographic cross section of Florida.

The index used by UF researchers is benchmarked to 1966, which means a value of 100 represents the same level of confidence for that year. The lowest index possible is a 2, the highest is 150.

FLORIDA ECONOMIC AND CONSUMER SURVEY†
December 23, 2015
Bureau of Economic and Business Research
University of Florida

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Consumer Sentiment Index													
FLORIDA	87.6	93.1	93.7	97.3	94.7	87.9	89.8	90.5	90.7	89.0	89.2	91.1	90.2
Men	89.5	99.8	97.1	100.1	97.6	89.7	93.4	92.4	95.9	91.5	90.3	93.7	94.9
Women	85.7	86.9	90.5	94.7	92.1	86.2	86.4	88.7	85.9	86.5	88.2	88.7	85.8
Under age 60	91.6	96.2	97.8	101.9	100.1	92.0	94.4	93.8	93.1	93.4	93.8	93.4	94.3
Aged 60 and over	86.0	86.1	82.6	85.5	83.6	76.2	79.5	78.7	84.9	77.0	78.2	85.0	79.5
Income under \$50,000	79.3	88.5	89.5	91.4	90.6	83.3	87.0	84.4	85.8	87.8	85.3	89.4	86.6
Income \$50,000 and over	92.2	101.8	102.8	105.1	101.3	95.4	96.3	96.9	98.2	92.1	95.1	97.0	97.9
Personal financial situation now compared to a year ago													
FLORIDA	73.3	77.5	84.9	88.1	85.3	84.2	79.3	85.9	82.6	81.2	79.8	86.9	79.6
Men	76.6	86.8	90.3	92.3	89.4	88.3	85.2	87.8	89.7	86.3	83.1	88.7	87.0
Women	69.9	68.9	79.8	84.2	81.5	80.5	73.7	84.1	76.0	76.3	76.7	85.3	72.7
Under age 60	79.2	84.2	90.9	93.4	93.7	89.7	83.5	93.4	87.0	86.3	85.8	91.7	87.9
Aged 60 and over	70.5	64.1	68.8	75.3	65.5	69.1	69.5	59.0	71.3	66.3	64.5	72.4	58.8
Income under \$50,000	60.8	68.8	74.6	80.8	76.7	71.6	73.2	71.2	71.8	75.0	70.5	77.6	71.5
Income \$50,000 and over	78.3	89.3	100.9	99.3	100.2	99.8	91.0	100.8	96.4	88.4	91.0	101.1	90.0
Personal financial situation expected one year from now													
FLORIDA	85.7	102.0	101.2	104.7	103.2	94.3	102.9	101.8	100.4	97.0	98.4	98.5	98.4
Men	89.4	105.0	104.2	104.9	105.9	97.0	101.1	102.4	100.2	97.6	98.2	102.9	103.3
Women	81.8	99.2	98.5	104.5	100.7	91.8	104.7	101.2	100.6	96.4	98.5	94.5	94.0
Under age 60	100.4	110.7	107.5	112.6	114.0	102.1	111.0	106.5	106.7	106.8	108.7	105.0	106.1
Aged 60 and over	76.2	82.0	84.2	83.3	78.2	73.3	84.4	84.7	80.0	72.5	72.7	79.9	79.4
Income under \$50,000	77.2	101.0	101.0	101.5	106.2	92.9	106.1	99.7	102.3	98.7	96.3	100.6	102.1
Income \$50,000 and over	92.3	105.6	110.2	109.7	103.3	98.3	101.5	103.4	101.8	95.9	102.7	103.5	100.2
Expected national economic conditions over the next year													
FLORIDA	87.0	95.7	93.4	95.4	93.2	85.6	85.0	83.9	88.9	85.3	84.8	84.8	84.4
Men	88.9	100.5	97.9	97.9	94.2	87.7	90.6	85.4	95.8	83.9	83.3	88.1	87.6
Women	84.9	91.1	89.2	93.1	92.2	83.5	79.7	82.5	82.6	86.6	86.3	81.8	81.4
Under age 60	89.2	97.5	96.7	98.7	97.6	90.6	91.2	85.7	90.6	89.0	87.3	86.0	87.7
Aged 60 and over	86.7	89.2	85.5	86.2	83.9	71.2	71.9	77.5	86.8	75.6	79.0	81.5	74.8
Income under \$50,000	82.1	92.1	90.8	90.4	88.1	84.4	82.6	78.8	82.5	88.1	82.4	88.2	81.8
Income \$50,000 and over	89.8	104.3	98.7	101.5	98.6	89.5	90.9	88.7	97.6	82.0	86.9	85.2	88.1
Expected national economic conditions over the next 5 years													
FLORIDA	87.3	91.9	90.2	92.4	90.0	81.3	84.5	83.2	88.4	85.2	86.2	86.7	89.2
Men	86.7	102.9	90.6	97.7	94.0	81.7	87.0	84.3	97.1	87.3	85.2	88.9	90.8
Women	87.9	81.7	89.8	87.4	86.3	80.8	82.0	82.2	80.3	83.2	87.2	84.7	87.7
Under age 60	85.0	90.7	93.8	96.0	92.6	84.8	89.0	84.8	88.7	87.9	89.1	87.5	90.5
Aged 60 and over	89.3	93.0	80.0	82.7	87.0	70.0	75.1	79.5	89.5	78.4	80.7	85.7	84.4
Income under \$50,000	86.8	88.7	88.8	85.7	88.2	80.8	81.9	80.1	83.4	84.6	83.9	86.4	86.5
Income \$50,000 and over	88.8	99.6	93.0	101.3	92.6	84.0	92.7	85.5	98.3	88.8	90.2	89.7	96.5
Is this a good time to buy major household items?													
FLORIDA	104.9	98.6	98.7	106.0	101.9	94.3	97.5	97.6	93.2	96.2	96.8	98.7	99.3
Men	105.8	104.0	102.6	108.0	104.4	94.0	103.2	102.1	96.6	102.7	101.6	100.1	105.9
Women	104.0	93.5	95.0	104.2	99.6	94.5	92.0	93.4	90.1	90.1	92.2	97.4	93.2
Under age 60	103.9	98.0	100.2	108.9	102.5	92.9	97.3	98.5	92.7	97.1	97.9	96.8	99.0
Aged 60 and over	107.3	102.2	94.7	100.1	103.2	97.3	96.6	93.1	97.0	92.3	94.0	105.2	99.8
Income under \$50,000	89.5	91.9	92.3	98.5	93.9	87.0	91.0	92.2	89.0	92.5	93.2	94.3	90.8
Income \$50,000 and over	111.7	110.3	111.3	113.6	112.0	105.5	105.4	105.8	96.9	105.4	104.6	105.5	114.7
*Revised. †Preliminary.	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	432	Race		Gender	
		% Non-white	27	% Male	59
Average age	46	% White	73	% Female	41
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	21	% Yes	25	% North	21
% \$20,000 to \$29,999	11	% No	75	% Central	18
% \$30,000 to \$49,999	21			% Southeast	31
% over \$50,000	47			% Southwest	30

Data Collection Dates: December 1 to 20, 2015