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Consumer Confidence

Consumer confidence among Floridians inched higher in January after a large increase from November to December. The preliminary index for January was 68, up one point from the revised December index of 67. Consumer confidence in November was 62. The make-up of the index this month is quite different from the previous month. Breaking a fourth month trend downward, perceptions of personal finances now compared to a year ago rose five points from last month's record low of 39. Balancing this was a decline in perceptions of future finances a year from now from 87 in December to 84 in January. Perceptions of U.S. economic conditions over the next year fell four points to 58 while perceptions of economic conditions over the next five years fell one point to 77. Perceptions as to whether it is a good time to buy big-ticket consumer items rose five points to 76.

"Overall Floridians are more optimistic this month than last month, although the overall numbers are still historically low," said Chris McCarty, the Survey Director. "Last month perceptions of personal finances had hit an all time low of 39, a very low number by any measure. We were not surprised that component increased this month given that it was so low. At 44 Floridians are still very pessimistic about their personal finances. However the question asks how their finances are compared to a year ago. At some point things cannot get much worse, at least we hope they won't. So answers to this question have to turn the corner at some time. Similarly, the optimism last month about future finances and U.S. economic conditions may have been out of line with actual events and more about expectations from the transition to a new administration. When we compare responses from the first to the second half of the month we see a drop in both of these components. Perceptions as to whether it is a good time to buy big-ticket items has risen for the fourth month and reflects the continued deep discounting from retailers across the board. The problem is, and will continue to be, access to the credit that is often necessary for big-ticket purchases. Although loans are available to many consumers, first time buyers of items from cars to homes often find it difficult to get financing."

Retail sales for the holiday season ultimately proved to be even lower than many forecasts, and sales will continue to be weak as consumers cut back in reaction to the recession. Employment nationally has fallen dramatically and Florida is tied for 10th place in the percent unemployed. This is a combination of the near halt in construction, which two years ago represented one of the largest percentages of Florida employment, and the decline in service sector jobs related to the real estate decline as well as declines in the tourist industry, another casualty of a pullback in consumer discretionary spending. Most economists forecast higher unemployment through 2009 and some even into 2010. These forecasts do not include any intervention on the part of the federal government, such as the \$825 billion stimulus package making its way through Congress.

"Moving forward there is no reason to believe that the economy will improve dramatically for the next two quarters," said McCarty. "This recession is more severe than most, and there are some aspects that are different than others. However it is worth noting that the pullback in consumer spending and the loss of jobs is

characteristic of most recessions, although the job losses are occurring much earlier than is typical. Nobody is quite sure why the economy moves in up and down cycles, but it has since economic measures have been collected. Some of the downturns are less severe than others, such as the recession of 2001. Others, like this one, are more severe. A pullback in consumer spending and a reallocation of jobs to different sectors of the economy is painful, but normal. Eventually this recession will turn around, and pent up consumer demand and reorganized businesses will lead to economic growth. Unfortunately that will probably not begin to occur until the fourth quarter of 2009 or the first quarter of 2010 when bank balance sheets have fully processed the extent of the bad loans.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
January 27, 2009
Bureau of Economic and Business Research
University of Florida

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-07	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Consumer Confidence Index													
FLORIDA	70	73	70	66	63	59	61	67	68	63	62	67	68
Men	75	79	74	67	70	61	65	72	71	67	64	69	69
Women	66	68	66	65	59	57	58	63	67	58	60	65	66
Under age 60	72	73	69	67	64	58	61	65	68	64	64	67	70
Aged 60 and over	68	74	70	64	63	60	60	70	68	62	61	67	65
Income under \$30,000	58	66	62	60	58	56	52	69	61	60	61	62	63
Income \$30,000 and over	74	76	74	67	66	59	62	66	68	65	63	70	70
Personal financial situation now compared to a year ago													
FLORIDA	65	65	64	59	55	51	46	51	49	41	40	39	44
Men	75	71	69	61	68	53	53	56	50	43	46	42	48
Women	56	59	59	58	47	50	41	47	49	38	34	36	41
Under age 60	67	66	67	63	56	56	52	52	50	46	43	40	50
Aged 60 and over	62	64	59	54	56	46	38	47	48	35	37	38	37
Income under \$30,000	42	50	47	40	43	35	34	40	30	38	37	24	29
Income \$30,000 and over	73	71	71	64	61	55	51	52	52	45	41	43	51
Personal financial situation expected one year from now													
FLORIDA	82	84	88	79	77	73	80	82	85	86	81	87	84
Men	83	89	90	80	82	72	84	83	84	88	83	88	89
Women	82	80	87	78	73	73	77	81	87	83	78	86	78
Under age 60	92	91	98	89	84	84	85	86	95	87	89	93	92
Aged 60 and over	70	76	73	65	65	57	68	77	72	83	72	78	74
Income under \$30,000	77	75	72	56	70	68	67	79	82	80	76	90	80
Income \$30,000 and over	89	89	94	85	78	74	81	84	86	88	84	90	86
Expected national economic conditions over the next year													
FLORIDA	55	65	58	52	51	51	51	64	65	57	55	62	58
Men	56	72	60	55	54	54	51	69	68	61	47	62	54
Women	54	59	56	50	48	48	51	61	62	53	63	62	62
Under age 60	56	64	50	49	49	47	48	59	63	56	58	58	61
Aged 60 and over	54	66	67	55	53	55	55	73	65	59	52	65	55
Income under \$30,000	52	66	54	48	50	58	46	75	69	57	64	62	68
Income \$30,000 and over	56	64	60	51	52	48	50	60	60	58	52	62	54
Expected national economic conditions over the next 5 years													
FLORIDA	74	83	76	72	70	69	68	80	77	77	73	78	77
Men	79	86	82	71	75	73	72	88	78	82	73	80	74
Women	71	80	71	73	66	66	66	75	76	72	73	77	80
Under age 60	72	81	71	69	69	64	65	76	76	76	75	77	78
Aged 60 and over	79	86	83	76	71	76	73	88	78	79	71	80	76
Income under \$30,000	58	77	70	46	69	78	58	84	78	79	76	85	79
Income \$30,000 and over	78	84	80	71	72	67	70	78	73	77	72	76	77
Is this a good time to buy major household items?													
FLORIDA	74	69	64	67	64	50	59	57	66	54	62	71	76
Men	81	75	71	69	71	51	66	65	73	62	70	74	82
Women	68	64	58	66	59	50	55	52	59	46	54	67	82
Under age 60	72	62	60	65	60	41	55	51	58	55	53	69	71
Aged 60 and over	77	75	70	68	71	65	66	65	74	54	73	73	82
Income under \$30,000	63	64	68	56	60	42	54	64	47	57	53	49	61
Income \$30,000 and over	75	70	66	64	64	50	58	55	69	58	66	78	82

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	417	Race		Gender	
		% Non-white	18	% Male	51
Average age	56	% White	82	% Female	49
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	14	% Yes	11	% North	24
% \$20,000 to \$29,999	16	% No	89	% Central	16
% \$30,000 to \$49,999	21			% Southeast	27
% over \$50,000	49			% Southwest	33