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Consumer Confidence

Consumer confidence among Floridians fell six points in March, from 92 in February to 86 this month. The decline in confidence was broad-based with all five components experiencing declines. Personal finances now compared to a year ago fell two points to 82. Expectations of personal finances a year from now fell three points to 91. Expectations of US economic conditions over the next year fell six points to 79 while expectations of US economic conditions over the next five years fell five points to 82. The largest decline was the index measuring whether it is a good time to buy big ticket items which fell 11 points to 98.

“I had been expecting a large decline in consumer confidence in Florida for the past several months,” said Chris McCarty, the Survey Director. “The main factor underlying this forecast was an expectation that housing would deteriorate nationally, and particularly here in Florida where much of the home buying in recent years has been fueled by exotic loans, and speculative buying has been rampant. In addition, gasoline prices rose considerably, which they normally do in the Spring, and the stock market experienced a large one day decline, although much of that loss in value has been recovered.”

Gasoline prices in Florida have risen approximately 30 cents since last month. Gasoline prices typically rise during the Spring as the summer traveling season approaches. They are not expected to fall significantly until the end of summer. Housing remains the big question among economists. It is now clear that the decline in real estate was worse than many had imagined, although there have been those who predicted this decline. The question remains how much this will ultimately impact the greater economy. Credit problems are now spreading from the subprime market, loans to those with low credit scores, and now threatens to impact the Alt-A market, those with good credit who took out unconventional loans to afford very expensive housing. The decline in house values is expected to continue as the full impact of these loans unfolds through the second quarter.

“Our expectation is that confidence will stay low and perhaps decline further through the second quarter,” said McCarty. “While consumer confidence is down most among low income households, it also declined among upper income households. The most recent report from the Florida Association of Realtors shows prices for single family homes down three percent from a year ago, some areas of Florida (mostly coastal) are affected more than others. Our expectation is that housing values in Florida will continue to decline at least through the second quarter and probably the third as well. This, along with rising gas prices and volatility in the stock market will result in consumer confidence levels in the low to mid 80 level. Further deterioration in housing may force the index much lower. This will result in a pullback of consumer spending as Floridians conserve their resources.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†

March 27, 2007

Bureau of Economic and Business Research

University of Florida

Mar-06 Apr-06 May-06 Jun-06 Jul-06 Aug-06 Sep-06 Oct-06 Nov-06 Dec-06 Jan-07 Feb-07* Mar-07†

Consumer Confidence Index

FLORIDA	91	86	86	88	87	77	83	90	93	90	89	92	86
Men	99	94	93	91	92	84	90	98	96	95	95	97	89
Women	84	82	81	86	84	72	78	84	91	87	84	87	84
Under age 60	94	91	87	93	90	79	86	94	96	92	91	97	91
Aged 60 and over	86	81	83	82	79	73	80	82	88	87	87	84	79
Income under \$30,000	77	75	67	70	74	62	72	81	83	77	82	81	70
Income \$30,000 and over	97	93	92	95	91	83	89	95	98	98	93	95	92

Personal financial situation now compared to a year ago

FLORIDA	89	84	88	87	80	74	76	82	84	84	80	84	82
Men	95	91	95	92	87	76	78	95	93	88	87	90	83
Women	83	80	84	83	76	72	75	74	78	81	73	79	80
Under age 60	98	94	97	93	87	79	81	90	92	86	81	94	91
Aged 60 and over	73	67	72	78	65	62	66	69	70	78	78	69	69
Income under \$30,000	66	65	51	61	47	52	53	59	57	62	62	58	50
Income \$30,000 and over	101	94	102	96	91	81	85	91	96	94	88	94	91

Personal financial situation expected one year from now

FLORIDA	96	92	92	94	98	91	89	97	101	96	92	94	91
Men	102	95	99	92	103	98	90	105	104	95	103	97	91
Women	90	90	88	95	95	86	87	91	97	97	83	92	90
Under age 60	107	107	99	106	107	100	101	109	111	105	108	109	101
Aged 60 and over	75	68	77	72	76	71	69	74	82	81	71	74	72
Income under \$30,000	85	82	74	77	82	77	83	88	84	89	86	86	82
Income \$30,000 and over	101	101	99	102	104	98	93	102	107	101	97	99	92

Expected national economic conditions over the next year

FLORIDA	81	76	73	77	76	62	73	83	88	84	83	85	79
Men	93	88	85	87	78	68	86	96	93	89	86	92	84
Women	70	68	66	69	74	57	64	75	85	81	80	78	74
Under age 60	78	74	70	80	76	60	72	84	86	85	77	87	78
Aged 60 and over	86	80	81	76	73	64	78	83	93	84	91	82	79
Income under \$30,000	71	71	61	61	74	49	63	73	76	69	78	79	71
Income \$30,000 and over	82	79	78	85	75	65	79	90	91	92	85	86	84

Expected national economic conditions over the next 5 years

FLORIDA	83	78	75	86	82	73	77	85	93	85	83	87	82
Men	96	91	80	89	89	85	88	92	92	95	88	95	89
Women	72	70	72	83	77	65	70	81	94	77	79	80	77
Under age 60	84	79	73	86	82	71	76	86	94	87	85	87	82
Aged 60 and over	84	80	79	85	81	79	84	84	91	82	82	86	82
Income under \$30,000	73	68	61	65	76	60	70	87	94	70	83	77	66
Income \$30,000 and over	86	86	80	90	83	76	84	87	92	94	84	88	91

Is this a good time to buy major household items?

FLORIDA	106	102	100	98	100	87	100	101	101	103	106	109	98
Men	109	104	108	97	105	93	108	103	100	110	110	111	98
Women	104	101	95	100	96	82	94	100	101	97	104	108	98
Under age 60	104	101	97	98	100	84	100	102	98	99	102	110	101
Aged 60 and over	110	107	106	99	98	92	102	99	105	109	114	108	95
Income under \$30,000	91	91	87	88	89	74	90	98	104	94	101	106	83
Income \$30,000 and over	112	107	103	102	103	92	108	102	103	107	108	108	101

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	433	Race		Gender	
		% Non-white	16	% Male	45
Average age	54	% White	84	% Female	55
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	14	% Yes	10	% North	23
% \$20,000 to \$29,999	11	% No	90	% Central	17
% \$30,000 to \$49,999	24			% Southeast	25
% over \$50,000	51			% Southwest	35