
There are clear signs that the economy is improving

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Consumer Confidence

Consumer confidence in Florida remained unchanged in April at 94, the same as in March. There was little change in the five components making up the index compared to previous months. The largest change was a four point increase in perceptions as to whether it is a good time to buy big ticket items, such as furniture and appliances, while expectations about the short term performance of the US economy increased by two points. This was balanced out by a three point decline in perceptions of the US economy over the next five years and a one point decline in perceptions of personal finances a year from now. Perceptions of current finances remained the same.

“It appears that the recent rise in consumer confidence from the first part of the year was due to the receipt of tax refunds from those who benefited from the tax cuts,” said Chris McCarty, the Survey Director. “Those who were due rebates have probably received them already. Confidence levels in April are still relatively high and are six points above where they were at the same time last year.”

There are clear signs that the economy is improving. Weekly jobless claims have been falling and have been below 350,000 for most of the year, with the exception of a recent rise in April. Demand for durable goods rose in March driven primarily by non-defense orders, implying the manufacturing sector is also in recovery. Retail and chain store sales data reflect healthy spending by consumers, although it may be difficult for consumers to keep up that pace.

“The real question on everyone’s mind right now is what will happen when interest rates rise,” said McCarty. “We are already seeing a decrease in mortgage activity, particularly refinancing, due to rises in mortgage rates. The Federal Reserve Chairman Greenspan is signaling that increases in historically low interest rates may come sooner rather than later. Some consumers will be strongly affected by those increases,

particularly those with high debt burdens and those with adjustable rate mortgages. While the effect may not be immediate, increases in interest rates will eventually put a damper on consumer confidence and consumer spending.”

Survey Method

The consumer confidence index and its five component indexes are not percentages. The minimum value these indexes can take is 2 if all respondents answered pessimistically on all five questions, and 150 if all respondents answered optimistically on all five questions. The index is benchmarked to 1966, so that a value of 100 represents the same level of confidence for that year. The value of the index is in comparing changes over time rather than looking at an isolated month.

Consumer confidence is designed to measure the mood of consumers towards buying, and thus help to predict buying patterns. Although other economic indicators are also predictors of buying patterns, consumer confidence tends to be available sooner than these indicators. Consumer confidence is also designed to capture the effect of events that may affect buying patterns, but are not immediately reflected in other economic indicators.

The Florida Consumer Attitude Survey is conducted monthly by the UF Survey Research Center of the Bureau of Economic and Business Research at the University of Florida. This 70-station computerized lab surveys Floridians throughout the state through random-digit dialing. Responses are weighted to account for variable response rates across counties.

FLORIDA ECONOMIC AND CONSUMER SURVEY
April 26, 2004
Bureau of Economic and Business Research
University of Florida

Apr-03 May-03 Jun-03 Jul-03 Aug-03 Sep-03 Oct-03 Nov-03 Dec-03 Jan-04 Feb-04 Mar-04* Apr-04†

Consumer Confidence Index

FLORIDA	88	91	93	92	90	91	95	94	96	97	97	94	94
Men	96	96	100	96	100	96	99	103	105	102	100	101	99
Women	83	87	87	88	83	86	91	84	89	91	95	88	90
Under age 60	91	92	94	94	93	93	98	97	98	99	100	96	97
Aged 60 and over	81	90	89	86	84	84	87	86	91	93	91	88	88
Income under \$30,000	80	81	82	82	75	80	84	80	83	86	83	81	83
Income \$30,000 and over	93	96	100	97	100	96	101	101	105	102	103	101	100

Personal financial situation now compared to a year ago

FLORIDA	77	85	83	81	82	84	82	81	85	85	88	84	84
Men	79	90	90	81	90	83	84	88	94	90	90	89	89
Women	76	80	77	80	75	84	79	74	78	80	86	81	80
Under age 60	86	91	90	86	88	91	86	87	91	89	93	88	94
Aged 60 and over	52	71	62	68	65	64	72	67	71	77	75	75	66
Income under \$30,000	67	72	70	70	58	74	63	57	74	61	64	63	63
Income \$30,000 and over	85	95	92	87	95	90	91	93	95	96	100	96	93

Personal financial situation expected one year from now

FLORIDA	99	99	102	105	100	101	101	100	100	102	100	101	100
Men	103	106	103	106	104	104	103	106	101	101	98	113	106
Women	96	93	100	103	96	98	99	95	100	103	102	92	94
Under age 60	107	106	108	110	106	109	108	110	108	112	107	110	110
Aged 60 and over	80	81	80	89	82	77	81	80	83	78	84	81	79
Income under \$30,000	92	88	89	98	86	91	96	91	91	90	90	91	93
Income \$30,000 and over	103	107	109	110	109	108	106	106	109	110	105	107	105

Expected national economic conditions over the next year

FLORIDA	81	85	89	88	83	85	91	92	97	97	97	87	89
Men	90	90	97	94	97	95	94	106	110	105	101	96	93
Women	75	81	82	84	72	77	88	79	86	90	94	81	86
Under age 60	81	82	87	92	83	85	95	94	96	98	100	88	92
Aged 60 and over	82	95	95	78	85	86	83	88	96	98	92	85	87
Income under \$30,000	79	72	80	82	74	75	74	84	83	87	86	79	78
Income \$30,000 and over	81	88	95	92	89	89	100	96	106	101	102	93	95

Expected national economic conditions over the next 5 years

FLORIDA	86	88	84	79	82	84	85	88	89	92	84	88	85
Men	97	95	96	87	99	100	93	103	105	101	91	96	91
Women	78	83	75	71	69	72	79	74	78	81	79	82	81
Under age 60	85	83	82	77	82	83	90	91	87	89	84	87	84
Aged 60 and over	88	105	93	85	83	87	77	84	94	97	85	87	89
Income under \$30,000	77	74	70	64	66	74	75	76	76	85	70	78	81
Income \$30,000 and over	91	93	93	86	93	88	92	94	98	93	90	93	88

Is this a good time to buy major household items?

FLORIDA	97	100	106	106	106	100	114	106	107	109	117	108	112
Men	108	100	112	110	110	100	119	114	114	116	118	111	116
Women	88	99	102	103	102	101	110	99	102	102	115	105	108
Under age 60	95	100	104	106	106	99	113	106	106	108	116	106	108
Aged 60 and over	102	99	117	107	106	106	120	111	110	113	118	112	121
Income under \$30,000	83	98	103	98	91	87	110	91	89	109	107	94	101
Income \$30,000 and over	104	100	111	110	114	106	117	114	116	109	121	116	117

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	426	Race		Gender	
		% Non-white	16	% Male	47
Average age	51	% White	84	% Female	53
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	13	% North	25
% \$20,000 to \$29,999	16	% No	87	% Central	17
% \$30,000 to \$49,999	21			% Southeast	25
% over \$50,000	47			% Southwest	33