

From:
UF Survey Research Center
Bureau of Economic and Business Research
Warrington College of Business Administration
University of Florida
P. O. Box 117145, Gainesville, Florida 32611-7145

Contact:
Chris McCarty, Survey Director
Office: (352) 392-2908 ext. 100

Consumer Confidence

Consumer confidence among Floridians fell again in April to 68, down four points from March. Four of the five components that make up the index registered declines while one was unchanged. Perceptions of personal finances now compared to a year ago fell one point to 57, while expectations of personal finances a year from now fell eleven points to a record low of 69. This is the largest single month decline in this component since July 1990 when tensions in the Middle East and an oncoming recession led to a similar decline. Expectations of U.S. economic conditions over the next year fell two points to 65 while expectations of U.S. economic conditions over the next five years remained unchanged at 74. Perceptions as to whether it is a good time to buy big ticket consumer items fell five points to 75.

“Much as we had expected consumer confidence declined in April as details of budget cuts have been released,” said Chris McCarty, the Survey Director. “Last month’s decline was driven mostly by negative international news, including upheaval in the Middle East and the earthquake in Japan, as well as rising gasoline prices. This was reflected in the sharp decline in the component measuring short term expectations of the U.S. economy. This month the primary driver of the decline is perceptions of personal finances a year from now. While perceptions of current finances are down one point, expectations of personal finances dropped precipitously, breaking the previous record low of 73 in June 2008, near the peak of the last recession. We speculated that this sharp drop was disproportionately among seniors, who are increasingly hearing deficit reduction plans that include Medicare, and low income households who at the state level are anticipating cuts to Medicaid and other programs. A further examination of the data shows that the component declined across all categories, and dropped 17 points among respondents under age 60. It appears that the public is beginning to understand that budget cuts at the state level and deficit reduction at the national level will likely affect everyone in the U.S., young and old, rich and poor.”

Gas prices across the U.S. increased to near or above \$4 a gallon. Most of those in the oil industry do not expect prices to decline anytime soon as gas prices typically increase around Memorial Day in anticipation of summer vacations. Florida home sales have increased, and the median price of a single family home in Florida came in at \$126,300 for March, up \$4,400 from the previous month, but still consistent with 2001 prices. The employment picture in Florida improved in March as the unemployment rate fell to 11.1 from 11.5 in February. While there was a gain of 25,000 jobs since February, it is notable that the labor force in Florida declined by 14,000. Nationally unemployment declined and the labor force expanded. Over the next five years the unemployment rate will decline as a combination of both job creation and a declining labor force as the baby boom generation moves into retirement.

“We think Floridians have for the most part processed the news from Libya and Japan and are now focused on state and national debates about the budget,” said McCarty. “At the state level many people know the options the

Florida Legislature is considering, although it is still unclear what will actually become law. At the national level the conversation has only begun, at least in the public eye. Inevitably deficit reduction will have to involve modifications to at least one of the big three entitlement programs, Medicare, Medicaid and Social Security, and very likely all three. As details of those modifications unfold consumer confidence may decline further as those three programs collectively affect virtually all Floridians. Cuts to defense spending may affect particular areas of Florida with military bases and large military industrial sectors.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
April 26th, 2011
Bureau of Economic and Business Research
University of Florida

	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11
Consumer Confidence Index													
FLORIDA	78	70	67	66	66	68	73	71	70	77	76	72	68
Men	78	75	67	68	70	69	75	73	73	80	76	74	73
Women	78	66	67	64	63	68	72	70	67	74	77	69	64
Under age 60	81	72	70	70	67	72	74	72	75	80	81	75	73
Aged 60 and over	73	68	64	62	65	64	73	70	66	74	73	69	63
Income under \$30,000	70	58	65	58	59	63	61	65	65	71	66	61	60
Income \$30,000 and over	82	75	69	71	70	69	79	74	74	80	80	76	70
Personal financial situation now compared to a year ago													
FLORIDA	57	54	46	48	51	49	54	56	51	58	56	58	57
Men	57	62	45	52	58	54	59	58	55	59	59	61	60
Women	57	48	47	44	46	44	51	55	45	57	53	54	54
Under age 60	59	63	51	53	55	53	55	54	52	64	59	59	65
Aged 60 and over	55	46	40	43	47	45	54	58	49	53	54	56	48
Income under \$30,000	34	29	36	35	39	31	34	42	38	44	36	41	46
Income \$30,000 and over	65	63	51	55	59	55	63	62	56	65	64	62	62
Personal financial situation expected one year from now													
FLORIDA	84	79	76	75	78	78	84	78	81	84	81	80	69
Men	82	83	76	76	78	77	85	80	84	86	81	82	76
Women	86	74	75	73	77	79	83	76	76	82	81	77	64
Under age 60	97	88	85	89	88	90	91	90	100	97	95	97	80
Aged 60 and over	68	68	66	62	68	66	79	66	64	74	68	65	57
Income under \$30,000	90	68	76	68	73	74	76	67	78	84	83	76	67
Income \$30,000 and over	86	84	77	80	83	79	89	83	86	85	83	82	71
Expected national economic conditions over the next year													
FLORIDA	82	66	64	61	58	63	67	69	66	77	77	67	65
Men	83	69	63	63	58	62	67	71	68	78	76	69	69
Women	80	63	66	60	57	63	68	68	63	75	79	66	62
Under age 60	86	67	67	65	60	69	69	71	68	79	83	70	70
Aged 60 and over	78	66	60	58	56	55	67	67	64	76	72	64	60
Income under \$30,000	75	57	65	59	54	68	61	74	67	74	68	57	52
Income \$30,000 and over	88	70	66	64	61	59	69	67	68	77	80	72	67
Expected national economic conditions over the next 5 years													
FLORIDA	79	72	71	70	69	76	77	77	78	81	80	74	74
Men	81	71	73	68	73	71	76	78	77	86	77	76	81
Women	77	74	70	72	65	80	77	76	78	76	84	71	68
Under age 60	83	71	72	68	65	74	77	77	79	82	84	73	76
Aged 60 and over	75	73	71	73	72	79	78	75	75	80	76	73	73
Income under \$30,000	69	68	74	65	64	81	65	71	79	77	72	64	69
Income \$30,000 and over	85	74	72	71	73	73	83	79	79	81	81	78	76
Is this a good time to buy major household items?													
FLORIDA	87	80	77	75	74	75	84	77	76	85	88	80	75
Men	85	87	79	81	81	79	87	78	82	92	89	82	78
Women	89	73	75	69	68	72	81	75	70	78	86	78	73
Under age 60	81	72	72	76	68	75	79	71	75	79	83	74	74
Aged 60 and over	92	88	84	74	81	76	89	82	77	90	92	84	78
Income under \$30,000	79	71	72	64	66	62	71	69	64	75	70	63	64
Income \$30,000 and over	86	83	78	84	76	80	89	80	82	89	91	84	76

*Revised. †Preliminary.

Apr-10 May-10 Jun-10 Jul-10 Aug-10 Sep-10 Oct-10 Nov-10 Dec-10 Jan-11 Feb-11 Mar-11 Apr-11

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	402	Race		Gender	
		% Non-white	14	% Male	45
Average age	60	% White	86	% Female	55
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	19	% Yes	9	% North	21
% \$20,000 to \$29,999	15	% No	91	% Central	18
% \$30,000 to \$49,999	18			% Southeast	21
% over \$50,000	48			% Southwest	40