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Consumer Confidence

Consumer confidence rose a point in September to 79 from the revised August index of 78. The slight rise in confidence was due to increases in three of the five components that make up the index. Perceptions of personal finances now compared to a year ago rose one point to 73, while perceptions of personal finances a year from now remained unchanged at 88. Expectations about U.S. economic conditions rose two points to 72 while expectations about U.S. economic conditions over the next five years rose four points to 81. The only component to decline was perceptions of whether it was a good time to buy big ticket consumer items, which fell two points to 83.

“Although consumer confidence rose a point in September, the trend over the last several months appears to be downward,” said Chris McCarty, the Survey Director. “The obvious culprit to lower consumer confidence is the effect of the now burst housing bubble. The argument that the effect of the declining housing market will be contained has now been proven incorrect. What was a surprise was the extent to which investment in the U.S. housing market had become a global phenomena. Central banks around the world have discovered that they cannot insulate themselves from this problem.”

Other factors may be contributing to the downward trend of consumer confidence. Gas prices have risen in September, a time when they typically fall due to lower demand following the summer travel season. Given the Federal Reserves dramatic cut in interest rates, the dollar will be lower with respect to other currencies, which will ultimately make gas more expensive. There is also some indication that the effects of housing are creeping into non-housing related employment. Employment has been the bright spot that had been keeping the economy afloat.

“In the short run we expect things to get a bit worse before they improve, and consumer confidence will decline” said McCarty. “Some economists question whether it was wise for the Federal Reserve to lower interest rates so much. This may simply delay the inevitable, which is that the prices of some houses will have to decline to levels that more closely follow the trend. While housing appreciation does not have to be even across all markets, it is clear the some markets, particularly here in Florida, were excessive.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
September 30, 2007
Bureau of Economic and Business Research
University of Florida

	Sep-06	Oct-06	Nov-06	Dec-05	Jan-07	Feb-07	Mar-07	Apr-06	May-07	Jun-07	Jul-07	Aug-07	Sep-07
Consumer Confidence Index													
FLORIDA	83	90	93	90	89	92	86	85	81	82	81	78	79
Men	90	98	96	95	95	97	90	94	88	89	82	83	83
Women	78	84	91	87	84	87	83	78	76	77	81	75	76
Under age 60	86	94	96	92	91	97	91	89	83	86	83	81	83
Aged 60 and over	80	82	88	87	87	84	79	80	79	77	77	76	75
Income under \$30,000	72	81	83	77	82	81	70	70	68	70	67	67	65
Income \$30,000 and over	89	95	98	98	93	95	92	93	87	89	88	84	83
Personal financial situation now compared to a year ago													
FLORIDA	76	82	84	84	80	84	80	83	77	78	73	72	73
Men	78	95	93	88	87	90	83	93	79	86	71	79	72
Women	75	74	78	81	73	79	78	74	76	72	75	67	75
Under age 60	81	90	92	86	81	94	89	89	83	86	78	78	75
Aged 60 and over	66	69	70	78	78	69	67	75	69	66	64	65	73
Income under \$30,000	53	59	57	62	62	58	48	60	50	51	48	49	42
Income \$30,000 and over	85	91	96	94	88	94	91	94	89	88	83	83	85
Personal financial situation expected one year from now													
FLORIDA	89	97	101	96	92	94	90	93	89	88	89	88	88
Men	90	105	104	95	103	97	92	98	95	94	86	92	92
Women	87	91	97	97	83	92	89	88	84	83	91	85	85
Under age 60	101	109	111	105	108	109	101	106	98	98	99	99	99
Aged 60 and over	69	74	82	81	71	74	73	73	77	72	71	73	75
Income under \$30,000	83	88	84	89	86	86	79	80	80	76	81	83	75
Income \$30,000 and over	93	102	107	101	97	99	93	97	95	97	95	93	93
Expected national economic conditions over the next year													
FLORIDA	73	83	88	84	83	85	78	76	74	75	73	70	72
Men	86	96	93	89	86	92	86	85	86	80	72	75	78
Women	64	75	85	81	80	78	71	68	65	71	73	66	66
Under age 60	72	84	86	85	77	87	80	73	75	75	71	67	74
Aged 60 and over	78	83	93	84	91	82	75	79	74	75	74	76	70
Income under \$30,000	63	73	76	69	78	79	68	61	62	69	60	63	70
Income \$30,000 and over	79	90	91	92	85	86	83	83	79	78	77	71	70
Expected national economic conditions over the next 5 years													
FLORIDA	77	85	93	85	83	87	81	79	76	82	80	77	81
Men	88	92	92	95	88	95	86	89	88	88	83	79	86
Women	70	81	94	77	79	80	77	71	67	79	78	76	76
Under age 60	76	86	94	87	85	87	81	83	76	82	78	75	81
Aged 60 and over	84	84	91	82	82	86	82	74	78	84	83	81	79
Income under \$30,000	70	87	94	70	83	77	64	62	66	75	65	72	75
Income \$30,000 and over	84	87	92	94	84	88	89	85	80	86	88	79	81
Is this a good time to buy major household items?													
FLORIDA	100	101	101	103	106	109	99	97	90	87	91	85	83
Men	108	103	100	110	110	111	100	107	94	97	96	91	86
Women	94	100	101	97	104	108	98	87	87	76	88	80	80
Under age 60	100	102	98	99	102	110	101	96	85	90	90	85	85
Aged 60 and over	102	99	105	109	114	108	97	98	98	85	94	86	79
Income under \$30,000	90	98	104	94	101	106	89	86	81	79	79	68	66
Income \$30,000 and over	108	102	103	107	108	108	101	103	92	94	95	92	87

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	423	Race		Gender	
		% Non-white	14	% Male	43
Average age	56	% White	86	% Female	57
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	17	% Yes	11	% North	25
% \$20,000 to \$29,999	10	% No	89	% Central	20
% \$30,000 to \$49,999	24			% Southeast	26
% over \$50,000	49			% Southwest	29