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Consumer Confidence

Consumer confidence among Floridians jumped three points in September to 74. Of the five components that make up the index, three rose and one declined and one was unchanged. Perceptions of personal finances now compared to a year ago remained unchanged at 44, only five points above its all time low of 39 from December 2008. Expectations about personal finances a year from now fell three points to 81. Perceptions of U.S. economic conditions over the next year rose three points to 75 while expectations about economic conditions over the next five years rose five points to 86. Perceptions as to whether it is a good time to buy big ticket items, such as appliances and cars rose nine points to 84.

“Once again Florida consumers have surprised us with a higher than expected index,” said Chris McCarty, the Survey Director. “It is worth noting that the two index components that gauge perceptions of personal finances both now and in the future are flat or down. All of the increase is in perceptions of future economic conditions and the perception that if you have the money it’s a good time to buy. I think Florida consumers are buying into the argument that the worst of the recession is over and we have avoided a complete meltdown.”

There are some signs that things are improving. Once again the median price of a single family home is virtually flat compared to the previous month, and up for the year. This suggests that many areas of Florida have bottomed out in terms of housing prices. Foreclosures are still high, but the rate seems to be decreasing. Inflation, and in particular gas prices, remain low overall compared to a year ago. In the past few years gas prices dominated the consumer confidence index. Stock indexes are still up for the year and, at least for now, appear stable.

On the negative side unemployment remains elevated at 10.7 percent for Florida. This number is not expected to improve much until next year, and it could still get worse. Florida lost population this past year and could do so again as the underlying problems preventing people from moving are still in place. Tourism both domestically and internationally are down as consumers trim discretionary spending. Retail sales were at least temporarily lifted by such programs as Cash for Clunkers, but sales tax revenues in Florida are down 10 percent from a year ago.

“In the near term we expect consumer confidence to decline at least a point or two as the holiday season nears and stimulus programs like Cash for Clunkers and rebates for first time homebuyers expire,” said McCarty. “The discussion about health care reform will be at center stage this fall and may affect confidence if the plans involve increased payments from the middle class. At some point extended unemployment benefits will also run out putting more pressure on the unemployed. In the long term we have to be prepared for the inevitable drawing back of stimulus money from the economy. The U.S. government effectively printed money

to avoid a depression, and at some point most of that money will have to be withdrawn from the economy to avoid inflation and a very weak dollar. When that happens, interest rates will rise dramatically. We also have to think about how the Florida economy will adjust moving forward. It is likely that discussions about off-shore drilling will receive much more attention as Florida looks for industries to replace those dependent on population growth.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
September 25, 2009
Bureau of Economic and Business Research
University of Florida

	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Consumer Confidence Index													
FLORIDA	68	63	62	67	66	62	65	72	71	69	67	71	74
Men	71	67	64	69	67	61	63	73	73	69	67	74	76
Women	67	58	60	65	65	62	66	70	70	69	66	69	72
Under age 60	68	64	64	67	67	61	67	71	72	70	71	72	79
Aged 60 and over	68	62	61	67	65	62	62	72	70	69	63	70	69
Income under \$30,000	61	60	61	62	64	63	63	67	64	58	63	68	69
Income \$30,000 and over	68	65	63	70	68	61	65	74	75	74	71	73	78
Personal financial situation now compared to a year ago													
FLORIDA	49	41	40	39	43	41	42	44	41	46	43	44	44
Men	50	43	46	42	45	43	40	47	44	47	44	46	43
Women	49	38	34	36	40	39	43	42	38	45	43	41	44
Under age 60	50	46	43	40	47	40	40	44	41	45	45	44	46
Aged 60 and over	48	35	37	38	37	41	42	44	41	48	42	43	41
Income under \$30,000	30	38	37	24	29	35	34	36	31	29	34	39	35
Income \$30,000 and over	52	45	41	43	49	44	43	48	46	53	48	45	49
Personal financial situation expected one year from now													
FLORIDA	85	86	81	87	83	79	80	85	90	84	79	84	81
Men	84	88	83	88	87	77	79	86	88	84	75	84	91
Women	87	83	78	86	79	82	81	84	91	84	83	85	73
Under age 60	95	87	89	93	92	88	88	88	94	93	92	94	97
Aged 60 and over	72	83	72	78	73	70	73	82	84	74	66	72	65
Income under \$30,000	82	80	76	90	81	81	85	81	87	71	78	81	74
Income \$30,000 and over	86	88	84	90	85	81	80	88	93	90	82	88	87
Expected national economic conditions over the next year													
FLORIDA	65	57	55	62	55	49	60	69	72	66	63	72	75
Men	68	61	47	62	53	41	53	70	72	62	62	75	70
Women	62	53	63	62	58	56	66	68	72	69	64	70	79
Under age 60	63	56	58	58	55	48	61	65	72	66	69	72	77
Aged 60 and over	65	59	52	65	56	49	58	73	71	66	58	74	72
Income under \$30,000	69	57	64	62	70	60	66	68	74	53	62	70	78
Income \$30,000 and over	60	58	52	62	52	44	57	70	74	71	67	74	75
Expected national economic conditions over the next 5 years													
FLORIDA	77	77	73	78	75	67	79	82	80	81	72	81	86
Men	78	82	73	80	70	66	75	82	77	77	72	79	83
Women	76	72	73	77	80	68	82	83	81	84	73	82	88
Under age 60	76	76	75	77	73	64	82	78	79	81	72	79	89
Aged 60 and over	78	79	71	80	78	70	75	86	79	82	73	83	82
Income under \$30,000	78	79	76	85	79	77	79	85	73	73	70	89	86
Income \$30,000 and over	73	77	72	76	74	62	75	82	82	86	75	78	86
Is this a good time to buy major household items?													
FLORIDA	66	54	62	71	74	72	62	78	76	68	77	75	84
Men	73	62	70	74	80	79	69	82	84	75	84	86	95
Women	59	46	54	67	68	67	57	74	67	62	69	65	75
Under age 60	58	55	53	69	67	67	66	80	76	65	77	73	84
Aged 60 and over	74	54	73	73	83	78	59	75	73	74	77	79	86
Income under \$30,000	47	57	53	49	62	61	50	66	57	63	71	58	71
Income \$30,000 and over	69	58	66	78	79	76	67	84	80	72	81	82	93

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	412	Race		Gender	
		% Non-white	19	% Male	46
Average age	57	% White	81	% Female	54
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	15	% Yes	10	% North	25
% \$20,000 to \$29,999	19	% No	90	% Central	18
% \$30,000 to \$49,999	20			% Southeast	25
% over \$50,000	46			% Southwest	32