

From:
UF Survey Research Center
Bureau of Economic and Business Research
College of Liberal Arts and Sciences
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 rose in September to a post-recession high of 79 compared to the revised August reading of 76. All five of the five components that make up consumer confidence increased. Perceptions of personal finances now compared to a year ago rose one point to 62 while expectations of personal finances a year from now rose one point to 86. Expectations of U.S. economic conditions over the next year rose three points to 78 while expectations of U.S. economic conditions over the next five years rose two points to 84. Perceptions as to whether it is a good time to buy big ticket items rose two points to 82.

“The last time Florida consumer confidence hit 79 was in October, 2007,” said Chris McCarty, the Survey Director. “At that time confidence was on its way down as the housing crisis was getting underway. This month’s index comes at a time when the economy is still in recovery. Much of the increase in confidence in September was from lower income households and from seniors. Some of this may have to do with the elections around the corner and anticipation of what it will mean for the future of entitlement programs. So far news about the potential consequences of the fiscal cliff has not unnerved Floridians.”

Economic indicators affecting Floridians are somewhat mixed. Unemployment in August was again unchanged at 8.8 percent, well above the 5.5 to 6 percent that has been considered the natural level of unemployment. The drag on employment continues to be losses in construction and government, and August saw a decline of 10,000 people in the labor force. The reduction in the labor force has been a focus of concern both in Florida and in the U.S. The median price for a single family home in August was up 5.8 percent over the previous year at \$147,000 although down slightly from July. The stock market is getting closer to the all-time record and this along with increases in housing are certainly a boost to consumers’ sense of wealth. Gas prices remain elevated and in the long term will only go higher. While inflation is currently under control, consumers should expect increases in prices next year particularly as the effects of the drought hitting much of the U.S. makes its way into food prices. The recent policy by the Federal Reserve to guarantee low interest rates until at least 2015 is a two-edged sword. While it will stimulate consumption, particularly in the housing market, it is difficult for those approaching retirement who typically put assets into interest-bearing accounts which are considered safer than investments such as the stock market. Seniors may have to change their investment strategies to keep up with inflation next year.

“October will be an interesting month for consumer confidence,” said McCarty. “The presidential debate on October 3rd will focus on domestic policy and will almost certainly include a direct question about the fiscal cliff in January. Those Floridians who are still not aware of the potential effects of the looming cuts and tax increases will certainly know about them after that. There are enormous differences in consumer confidence between Floridians who support Obama (averaging 98) and those who support Romney (averaging 63). Obama levels are consistent with pre-

recession highs while Romney levels are near all-time lows. As most people realize, the economy is center stage in this election with Obama supporters seeing a recovery taking hold and Romney supporters seeing an economy in danger of slipping back into recession. Whether Floridians react negatively or positively to the debates remains to be seen, but it will largely determine consumer confidence as we get past the election and into the holiday shopping season.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
September 25th, 2012
Bureau of Economic and Business Research
University of Florida

	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Consumer Confidence Index													
FLORIDA	64	65	66	70	77	76	75	74	78	73	77	76	79
Men	63	67	67	72	78	78	74	78	79	74	80	78	79
Women	65	63	66	67	76	73	76	70	77	72	74	74	78
Under age 60	68	67	70	77	81	80	76	77	83	78	81	80	79
Aged 60 and over	59	63	62	66	73	71	74	71	74	70	74	74	79
Income under \$30,000	58	51	62	65	73	67	68	70	70	68	66	66	76
Income \$30,000 and over	66	71	71	75	82	81	79	78	84	79	82	82	82
Personal financial situation now compared to a year ago													
FLORIDA	49	54	52	56	61	59	62	63	62	61	64	61	62
Men	52	60	55	60	65	61	61	67	65	60	69	64	64
Women	45	48	49	50	57	57	64	58	59	61	59	57	60
Under age 60	51	64	54	63	66	67	67	71	67	69	72	65	70
Aged 60 and over	47	45	49	51	57	53	58	55	58	54	55	58	54
Income under \$30,000	36	35	46	47	45	38	49	48	47	49	51	47	50
Income \$30,000 and over	54	65	57	61	70	69	69	72	71	68	71	69	70
Personal financial situation expected one year from now													
FLORIDA	74	76	80	78	84	81	82	79	86	76	85	85	86
Men	71	76	80	79	82	82	79	83	87	73	89	85	80
Women	78	76	80	78	87	80	85	76	85	80	80	84	91
Under age 60	87	84	89	89	95	95	92	91	102	88	97	96	91
Aged 60 and over	62	68	70	70	73	69	73	69	74	67	73	74	79
Income under \$30,000	70	57	74	75	78	78	78	81	85	72	76	68	88
Income \$30,000 and over	75	85	85	82	90	87	84	80	91	80	91	94	87
Expected national economic conditions over the next year													
FLORIDA	53	55	53	60	75	74	73	73	76	73	75	75	78
Men	51	55	52	61	73	76	71	77	71	75	76	74	78
Women	56	55	54	59	77	71	75	68	82	71	75	76	79
Under age 60	59	55	59	67	78	76	70	72	81	74	78	78	77
Aged 60 and over	47	57	47	55	73	70	75	71	72	74	73	73	82
Income under \$30,000	51	51	57	64	81	69	71	73	73	67	64	65	84
Income \$30,000 and over	52	57	53	60	75	78	76	73	81	80	78	78	82
Expected national economic conditions over the next 5 years													
FLORIDA	68	67	68	73	83	81	79	76	84	80	79	82	84
Men	63	65	64	73	83	82	78	77	84	81	81	85	84
Women	74	69	72	72	82	81	81	76	85	79	77	78	84
Under age 60	71	64	68	79	85	84	73	76	85	77	79	83	75
Aged 60 and over	63	70	67	68	81	78	85	76	84	84	80	81	94
Income under \$30,000	63	57	66	69	84	78	79	72	76	76	69	80	87
Income \$30,000 and over	69	71	70	75	85	84	81	77	91	86	83	83	85
Is this a good time to buy major household items?													
FLORIDA	74	71	78	85	82	83	79	80	82	77	82	80	82
Men	79	77	82	90	86	87	80	88	88	83	84	84	88
Women	70	66	75	77	78	78	77	73	76	69	80	75	77
Under age 60	71	66	78	87	82	78	77	74	80	82	77	75	81
Aged 60 and over	79	77	80	85	82	87	78	86	83	72	87	71	83
Income under \$30,000	68	57	65	72	76	72	62	60	70	72	70	70	71
Income \$30,000 and over	81	78	88	96	90	87	86	86	86	80	85	84	87

*Revised. †Preliminary.

Sep-11 Oct-11 Nov-11 Dec-11 Jan-12 Feb-12 Mar-12 Apr-12 May-12 Jun-12 Jul-12 Aug-12 Sep-12

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	419	Race		Gender	
		% Non-white	14	% Male	52
Average age	59	% White	86	% Female	48
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	14	% Yes	10	% North	25
% \$20,000 to \$29,999	11	% No	90	% Central	15
% \$30,000 to \$49,999	25			% Southeast	21
% over \$50,000	50			% Southwest	39