
Consumer perceptions lead to modest holiday expectations

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Consumer Confidence

Consumer confidence among Floridians declined by two points to 93 in November. The source of the drop was almost entirely due to a decline in the component measuring whether it is a good time to buy big ticket items, such as appliances, furniture and cars. This component fell eight points from 114 in October to 106 in November. It now stands at 106, the same level it was for the months of June, July and August. The other four components were far more stable. There were one point declines in perceptions of personal finances now compared to a year ago, and a year from now. Expectations about economic conditions in the U.S. rose one point for the short term and three points for the long term.

“There is extreme volatility in consumer perceptions about their spending right now,” said Chris McCarty, the Survey Director. “In the past three months perceptions of whether it is a good time to buy big ticket items that often must be purchased on credit fell six points, then rose 14 then fell by eight. Consumers see real bargains out there from a very competitive retail market, but are still uncertain about taking on new debt, given lingering uncertainty about jobs, and the huge increase in non-revolving debt already being serviced. Sources to pay for new spending, such as tax rebate checks and mortgage refinancing, are now virtually gone. So the consumer sees bargains, but is uncertain whether they should act on those bargains.”

Recent indicators suggest improvement in the job market. The number of new claims for unemployment has consistently been well below 400,000 and the number of new jobs created in October, as reported by the Department of Labor, rose to 126,000. Some debate remains about the meaning of these numbers. Many interpret them as an indication that recovery is finally on its way and these are signs of re-hiring. Others say many of the jobs are temporary and the net increase in jobs actually represents an abatement in layoffs, rather

than an actual increase in the number of jobs. The coming months should tell whether the recovery is on its way or stalled.

“For the holiday season I think we can expect modest growth,” said McCarty. “We have to keep in mind that the comparison to the last holiday season is an easy one, so a growth of five percent may be easy to achieve. Growth of three percent or less, particularly when compared to last year, would be quite a blow for retailers. Indicators such as falling chain-store sales and lower total retail sales for October show a slowing in consumer spending. This is in no small part due to lack of new sources of income for consumers, such as tax rebates and mortgage refinancing that has fueled spending throughout the recession and the early part of the recovery. We must also keep in mind that retailers, including auto manufacturers, are pricing aggressively to maintain sales levels and market share. Even with a five percent growth over last year, many retailers are sacrificing profits, which will affect their bottom line.”

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
November 25, 2003
Bureau of Economic and Business Research
University of Florida

Nov-02 Dec-02 Jan-03 Feb-03 Mar-03 Apr-03 May-03 Jun-03 Jul-03 Aug-03 Sep-03 Oct-03* Nov-03†

Consumer Confidence Index

FLORIDA	90	86	83	79	81	88	91	93	92	90	91	95	93
Men	95	92	91	88	93	96	96	100	96	100	96	99	104
Women	85	79	76	73	71	83	87	87	88	83	86	91	83
Under age 60	91	88	86	81	82	91	92	94	94	93	93	98	98
Aged 60 and over	88	80	76	77	80	81	90	89	86	84	84	87	85
Income under \$30,000	80	79	75	73	75	80	81	82	82	75	80	84	82
Income \$30,000 and over	95	89	88	85	86	93	96	100	97	100	96	101	99

Personal financial situation now compared to a year ago

FLORIDA	80	74	77	78	83	77	85	83	81	82	84	82	81
Men	89	75	81	84	92	79	90	90	81	90	83	84	90
Women	72	72	73	72	76	76	80	77	80	75	84	79	73
Under age 60	84	79	83	86	90	86	91	90	86	88	91	86	89
Aged 60 and over	65	60	63	58	68	52	71	62	68	65	64	72	66
Income under \$30,000	69	66	64	64	76	67	72	70	70	58	74	63	58
Income \$30,000 and over	86	78	86	90	90	85	95	92	87	95	90	91	93

Personal financial situation expected one year from now

FLORIDA	99	98	97	95	98	99	99	102	105	100	101	101	100
Men	103	103	101	97	104	103	106	103	106	104	104	103	106
Women	96	93	93	94	93	96	93	100	103	96	98	99	94
Under age 60	103	107	105	102	105	107	106	108	110	106	109	108	109
Aged 60 and over	82	79	76	76	84	80	81	80	89	82	77	81	80
Income under \$30,000	94	91	91	94	101	92	88	89	98	86	91	96	94
Income \$30,000 and over	104	105	104	98	100	103	107	109	110	109	108	106	103

Expected national economic conditions over the next year

FLORIDA	81	75	67	59	62	81	85	89	88	83	85	91	92
Men	83	83	79	66	78	90	90	97	94	97	95	94	106
Women	79	66	58	53	49	75	81	82	84	72	77	88	78
Under age 60	80	74	70	57	58	81	82	87	92	83	85	95	95
Aged 60 and over	84	78	60	66	74	82	95	95	78	85	86	83	86
Income under \$30,000	69	75	60	56	49	79	72	80	82	74	75	74	85
Income \$30,000 and over	83	76	70	63	68	81	88	95	92	89	89	100	94

Expected national economic conditions over the next 5 years

FLORIDA	85	77	73	74	73	86	88	84	79	82	84	85	88
Men	93	91	83	88	90	97	95	96	87	99	100	93	103
Women	79	63	66	62	59	78	83	75	71	69	72	79	74
Under age 60	82	79	74	73	71	85	83	82	77	82	83	90	90
Aged 60 and over	99	76	72	79	79	88	105	93	85	83	87	77	84
Income under \$30,000	69	66	69	62	65	77	74	70	64	66	74	75	78
Income \$30,000 and over	92	83	74	80	76	91	93	93	86	93	88	92	93

Is this a good time to buy major household items?

FLORIDA	105	103	100	92	90	97	100	106	106	100	100	114	106
Men	110	105	112	103	104	108	100	112	110	110	100	119	115
Women	101	102	92	82	78	88	99	102	103	102	101	110	97
Under age 60	104	101	97	87	88	95	100	104	106	106	99	113	105
Aged 60 and over	107	110	111	107	93	102	99	117	107	106	106	120	110
Income under \$30,000	96	98	89	89	85	83	98	103	98	91	87	110	94
Income \$30,000 and over	110	102	109	95	95	104	100	111	110	114	106	117	112

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	467	Race		Gender	
		% Non-white	22	% Male	47
Average age	50	% White	78	% Female	53
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	18	% Yes	14	% North	25
% \$20,000 to \$29,999	18	% No	86	% Central	18
% \$30,000 to \$49,999	22			% Southeast	27
% over \$50,000	42			% Southwest	30