

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:  
Hector Sandoval, Director of Economic Analysis  
Office: (352) 392-2908 ext. 219

### *Consumer Sentiment*

Consumer sentiment among Floridians plummeted 4.8 points in August to 88.2, according to the latest University of Florida consumer survey. This is the lowest reading in the last year, and all five components that make up the index declined.

Perceptions of one's personal financial situation now compared with a year ago dropped most sharply, down 10.5 points from 86.7 to 76.2. Expectations of personal finances a year from now fell by 7.8 points to 98.6. Opinions as to whether now is a good time to buy a big-ticket item such as a car declined by 3.1 points from 101.9 to 98.8.

These downward readings were shared by all Floridians with the exception of those aged 60 and over, whose readings showed little change.

"Most of the pessimism in August stems from the perceptions of personal finance situation now compared with a year ago and the expectations of personal finance situation one year from now, as these two components account for more than three-quarters of the change in the index," said Hector H. Sandoval, director of the Economic Analysis Program at UF's Bureau of Economic and Business Research (BEBR).

Readings on U.S. economic conditions were down slightly for both short- and long-term expectations: dropping 1.9 points to 85.1 for conditions over the next year and down nine-tenths of a point to 82.1 for the next five years.

Five years ago in August 2011, as Florida was recovering from the Great Recession, consumer sentiment among Floridians was at its lowest level of 61.4 points. The effects of the recession were still felt in Florida, with high levels of unemployment at 9.6 percent, and negative state Gross Domestic Product (GDP) growth rates, a negative 2 percent in 2011.

Today, Florida's consumer sentiment is 26.8 points higher, Florida GDP increased by 2.1 percent in the first quarter of 2016 and ranked 10th in the nation, slightly higher than the 1.9 percent growth rate for the U.S. Furthermore, the real GDP growth rate in Florida has remained positive since 2012. Unemployment levels in Florida are currently at their lowest since the last recession, with an unemployment rate of 4.7 percent, unchanged from the previous two months.

"Despite the positive economic signals, consumer sentiment among Floridians seems to remain gloomy," Sandoval said. "Except for July's reading, consumer sentiment has followed a slightly downward trajectory over the last six months."

Sandoval said that the state's job market may be having an influence. "Although the number of jobs added statewide has remained positive for an outstanding 72 consecutive months, the unemployment levels haven't decreased for the past three months, suggesting that the labor market has reached its 'natural' unemployment level. It is possible that economic agents are expecting a downturn in the economic activity in the medium-run, which is reflected in the latest trends of the consumer sentiment index."

Some of the biggest drops in August were among those with incomes of \$50,000 and over, down 10.4 points on expectations of their personal financial situation in a year. This may be partially due to concerns over decisions regarding retirement savings like IRAs and 401ks, whether to move money out of the stock market over predictions of an upcoming correction after seven years of record increases.

“We should keep in mind that consumer sentiment is in part designed to predict consumer spending,” said Chris McCarty, BEBR director. “Like much of the rest of the country, retail sales in Florida have been boosted by auto sales which are supported by historically low interest rates. Taking auto sales out of the picture, consumer demand for goods and services has been tepid and inflation well below the target rate of 2 percent. This is one of the indicators that raises questions for Federal Reserve Board members when they consider whether to raise interest rates in their September meeting. Most economists do not expect a rate increase any time soon.”

Conducted Aug. 1-21, the UF study reflects the responses of 415 individuals who were reached on cellphones, representing a demographic cross-section of Florida.

The index used by UF researchers is benchmarked to 1966, which means a value of 100 represents the same level of confidence for that year. The lowest index possible is a 2, the highest is 150.

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
**August 26, 2016**  
**Bureau of Economic and Business Research**  
**University of Florida**

	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
<b>Consumer Sentiment Index</b>													
FLORIDA	90.7	89.0	89.2	91.1	91.6	92.4	91.8	94.1	91.0	90.0	89.7	93.0	88.2
Men	95.9	91.5	90.3	93.7	96.6	94.7	93.9	96.9	95.5	91.2	93.6	96.6	92.2
Women	85.9	86.5	88.2	88.7	86.9	90.1	89.8	91.6	86.7	88.8	85.9	89.5	84.5
Under age 60	93.1	93.4	93.8	93.4	96.3	96.4	97.6	96.1	95.5	95.2	93.2	95.1	91.1
Aged 60 and over	84.9	77.0	78.2	85.0	79.4	80.9	78.2	88.9	80.0	77.5	79.5	85.2	81.5
Income under \$50,000	85.8	87.8	85.3	89.4	87.3	91.8	89.7	91.7	87.1	85.6	84.2	87.0	85.0
Income \$50,000 and over	98.2	92.1	95.1	97.0	99.3	94.8	97.4	98.8	95.1	95.9	97.0	99.3	91.9
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	82.6	81.2	79.8	86.9	80.7	83.4	83.9	84.2	80.4	85.5	83.5	86.7	76.2
Men	89.7	86.3	83.1	88.7	88.0	84.6	92.7	89.5	85.1	89.4	85.7	93.2	83.6
Women	76.0	76.3	76.7	85.3	73.9	82.4	75.7	79.3	76.0	81.8	81.4	80.4	69.6
Under age 60	87.0	86.3	85.8	91.7	90.2	87.7	92.6	89.1	88.9	95.9	91.3	92.9	80.7
Aged 60 and over	71.3	66.3	64.5	72.4	57.9	71.6	62.7	70.6	59.4	58.5	61.8	67.1	67.8
Income under \$50,000	71.8	75.0	70.5	77.6	72.1	78.8	77.8	76.4	71.3	78.2	72.3	78.2	67.2
Income \$50,000 and over	96.4	88.4	91.0	101.1	91.7	89.6	94.5	94.4	89.0	92.6	97.7	94.0	88.0
<b>Personal financial situation expected one year from now</b>													
FLORIDA	100.4	97.0	98.4	98.5	98.5	104.0	99.4	105.7	101.2	102.5	101.4	106.4	98.6
Men	100.2	97.6	98.2	102.9	104.8	103.3	102.5	105.3	103.6	105.2	103.9	107.5	104.0
Women	100.6	96.4	98.5	94.5	92.6	104.7	96.5	105.9	98.9	99.9	99.1	105.3	93.7
Under age 60	106.7	106.8	108.7	105.0	107.0	112.2	108.7	112.2	110.5	111.0	109.3	113.9	106.5
Aged 60 and over	80.0	72.5	72.7	79.9	77.6	81.6	77.5	86.8	77.2	82.4	80.0	83.5	81.4
Income under \$50,000	102.3	98.7	96.3	100.6	100.1	106.8	98.7	109.8	104.2	101.7	99.9	103.4	100.3
Income \$50,000 and over	101.8	95.9	102.7	103.5	100.6	104.2	104.1	106.5	101.8	106.1	104.4	108.9	98.5
<b>Expected national economic conditions over the next year</b>													
FLORIDA	88.9	85.3	84.8	84.8	85.9	85.0	87.3	89.5	85.6	82.9	83.8	87.0	85.1
Men	95.8	83.9	83.3	88.1	89.4	85.9	86.3	95.9	93.7	82.8	88.0	89.3	87.6
Women	82.6	86.6	86.3	81.8	82.6	84.2	88.2	83.6	78.2	83.0	79.7	84.8	82.9
Under age 60	90.6	89.0	87.3	86.0	89.0	88.9	92.2	91.1	88.6	84.7	86.6	88.4	87.3
Aged 60 and over	86.8	75.6	79.0	81.5	76.8	74.6	76.2	85.6	79.0	78.7	74.0	81.2	78.3
Income under \$50,000	82.5	88.1	82.4	88.2	81.9	89.4	89.5	89.4	83.2	79.1	81.9	81.6	85.7
Income \$50,000 and over	97.6	82.0	86.9	85.2	91.0	83.4	87.5	91.2	88.2	88.3	88.2	94.0	85.1
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	88.4	85.2	86.2	86.7	90.8	88.2	87.3	90.0	86.2	84.9	83.1	83.0	82.1
Men	97.1	87.3	85.2	88.9	93.4	94.2	88.5	92.7	92.2	84.5	88.0	88.5	85.1
Women	80.3	83.2	87.2	84.7	88.5	82.7	86.1	87.5	80.6	85.3	78.4	77.7	79.5
Under age 60	88.7	87.9	89.1	87.5	93.3	91.9	90.9	89.8	88.1	87.8	81.7	80.1	80.3
Aged 60 and over	89.5	78.4	80.7	85.7	83.2	77.8	79.7	91.7	82.9	78.8	87.0	88.5	86.2
Income under \$50,000	83.4	84.6	83.9	86.4	87.5	88.5	83.7	87.6	80.9	80.7	80.2	75.3	81.0
Income \$50,000 and over	98.3	88.8	90.2	89.7	98.6	88.5	96.3	93.6	89.4	89.3	86.7	91.8	82.2
<b>Is this a good time to buy major household items?</b>													
FLORIDA	93.2	96.2	96.8	98.7	101.9	101.1	101.1	101.4	101.4	94.2	96.5	101.9	98.8
Men	96.6	102.7	101.6	100.1	107.5	105.6	99.8	101.0	103.1	94.3	102.3	104.4	100.7
Women	90.1	90.1	92.2	97.4	96.8	96.9	102.4	101.7	99.9	94.2	90.9	99.6	97.1
Under age 60	92.7	97.1	97.9	96.8	101.9	101.5	103.7	98.4	101.4	96.8	97.4	100.0	100.8
Aged 60 and over	97.0	92.3	94.0	105.2	101.7	99.1	94.7	110.1	101.2	89.2	94.7	105.7	94.0
Income under \$50,000	89.0	92.5	93.2	94.3	94.9	95.2	98.8	95.2	95.7	88.1	87.0	96.4	91.0
Income \$50,000 and over	96.9	105.4	104.6	105.5	114.6	108.4	104.8	108.5	106.9	103.1	108.0	107.8	105.7
*Revised. †Preliminary.	<b>Aug-15</b>	<b>Sep-15</b>	<b>Oct-15</b>	<b>Nov-15</b>	<b>Dec-15</b>	<b>Jan-16</b>	<b>Feb-16</b>	<b>Mar-16</b>	<b>Apr-16</b>	<b>May-16</b>	<b>Jun-16</b>	<b>Jul-16</b>	<b>Aug-16</b>

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	415	<b>Race</b>		<b>Gender</b>	
		% Non-white	27	% Male	58
<b>Average age</b>	48	% White	73	% Female	42
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	14	% Yes	21	% North	23
% \$20,000 to \$29,999	12	% No	79	% Central	17
% \$30,000 to \$49,999	17			% Southeast	32
% over \$50,000	57			% Southwest	28

**Data Collection Dates:** August 1 to 21, 2016