
War possibility causes confidence to fall

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Consumer Confidence

Consumer confidence among Floridians fell another three points in February, down to 80 from 83 in January. Consumer confidence is now at its lowest level since November 1992. The source of the decline was in two of the five components tracked by the survey of Florida's consumers. Expectations about US business conditions over the next year fell eight points to 59 overall, and 14 points for those under age 60. Perceptions as to whether it is a good time to buy big-ticket household items fell six points to 94.

“The component measuring perceptions of short term business conditions tends to be quite volatile,” said Chris McCarty, the Survey Director. “This particular component fell dramatically following Iraqi invasion of Kuwait in the early 1990s, and following 9/11. The fall is no doubt due in some part to rising tensions among consumers over the possible war with Iraq. Given the lower value for perceptions as to whether it is a good time to buy, it appears likely that consumers are also becoming skeptical about the potential for the economy to recover anytime soon.”

Although the housing market remains healthy, fueled by record low rates for new mortgages and refinancing, most signs indicate that the economy is at a standstill. The primary culprit is a weak labor market. Businesses have not begun to hire back the hundreds of thousands of workers who are pared from their payrolls following the massive declines in the stock market. Retail sales in January made a reversal with auto sales taking the back seat to other kinds of spending.

“Auto sales fell dramatically in January, but sales of fundamentals, such as groceries and gasoline were well above expectations,” said McCarty. “With consumer confidence declining and the labor market what it is, consumers will refrain from making large purchases that may involve loans, despite record low interest rates. The Federal Reserve and Congress are running out of options for stimulating an economy that many consider in

danger of dipping back into a recession. Business confidence, both from foreign investors as well as those domestically, must pick up soon to provide balance for the recovery.”

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
February 25, 2003
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University of Florida

| | Feb-02 | Mar-02 | Apr-02 | May-02 | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 | Jan-03* | Feb-03† |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| Consumer Confidence Index | | | | | | | | | | | | | |
| FLORIDA | 91 | 102 | 95 | 93 | 94 | 90 | 88 | 90 | 82 | 90 | 86 | 83 | 80 |
| Men | 102 | 107 | 104 | 98 | 100 | 98 | 96 | 94 | 87 | 95 | 92 | 91 | 88 |
| Women | 83 | 97 | 86 | 88 | 89 | 84 | 81 | 85 | 78 | 85 | 79 | 76 | 74 |
| Under age 60 | 95 | 105 | 98 | 96 | 97 | 93 | 91 | 92 | 85 | 91 | 88 | 86 | 81 |
| Aged 60 and over | 83 | 95 | 88 | 83 | 88 | 81 | 81 | 83 | 76 | 88 | 80 | 76 | 79 |
| Income under \$30,000 | 82 | 96 | 86 | 78 | 93 | 83 | 82 | 78 | 77 | 80 | 79 | 75 | 73 |
| Income \$30,000 and over | 98 | 106 | 100 | 101 | 97 | 95 | 93 | 97 | 87 | 95 | 89 | 88 | 86 |
| Personal financial situation now compared to a year ago | | | | | | | | | | | | | |
| FLORIDA | 80 | 87 | 82 | 83 | 88 | 87 | 75 | 78 | 70 | 80 | 74 | 77 | 77 |
| Men | 88 | 86 | 94 | 83 | 92 | 94 | 80 | 83 | 72 | 89 | 75 | 81 | 84 |
| Women | 73 | 88 | 71 | 83 | 84 | 81 | 71 | 73 | 68 | 72 | 72 | 73 | 71 |
| Under age 60 | 89 | 95 | 92 | 90 | 95 | 94 | 83 | 84 | 77 | 84 | 79 | 83 | 85 |
| Aged 60 and over | 58 | 62 | 61 | 64 | 73 | 66 | 55 | 58 | 51 | 65 | 60 | 63 | 60 |
| Income under \$30,000 | 74 | 75 | 69 | 60 | 78 | 75 | 69 | 66 | 54 | 69 | 66 | 64 | 63 |
| Income \$30,000 and over | 87 | 96 | 91 | 96 | 99 | 94 | 81 | 89 | 79 | 86 | 78 | 86 | 89 |
| Personal financial situation expected one year from now | | | | | | | | | | | | | |
| FLORIDA | 102 | 108 | 103 | 102 | 106 | 103 | 102 | 108 | 101 | 99 | 98 | 97 | 95 |
| Men | 111 | 113 | 106 | 105 | 108 | 105 | 106 | 108 | 103 | 103 | 103 | 101 | 96 |
| Women | 95 | 103 | 100 | 99 | 104 | 101 | 98 | 108 | 99 | 96 | 93 | 93 | 93 |
| Under age 60 | 112 | 117 | 111 | 111 | 115 | 111 | 110 | 116 | 108 | 103 | 107 | 105 | 101 |
| Aged 60 and over | 78 | 82 | 83 | 77 | 83 | 81 | 80 | 81 | 81 | 82 | 79 | 76 | 80 |
| Income under \$30,000 | 94 | 108 | 96 | 96 | 107 | 100 | 98 | 105 | 98 | 94 | 91 | 91 | 94 |
| Income \$30,000 and over | 111 | 110 | 110 | 108 | 109 | 108 | 106 | 114 | 104 | 104 | 105 | 104 | 96 |
| Expected national economic conditions over the next year | | | | | | | | | | | | | |
| FLORIDA | 86 | 102 | 98 | 96 | 84 | 76 | 76 | 84 | 68 | 81 | 75 | 67 | 59 |
| Men | 100 | 111 | 108 | 100 | 90 | 85 | 88 | 87 | 75 | 83 | 83 | 79 | 66 |
| Women | 74 | 95 | 89 | 92 | 78 | 69 | 66 | 81 | 62 | 79 | 66 | 58 | 54 |
| Under age 60 | 88 | 102 | 98 | 96 | 83 | 77 | 75 | 85 | 68 | 80 | 74 | 70 | 56 |
| Aged 60 and over | 82 | 107 | 98 | 94 | 87 | 75 | 82 | 82 | 71 | 84 | 78 | 60 | 68 |
| Income under \$30,000 | 76 | 104 | 97 | 83 | 91 | 72 | 73 | 73 | 69 | 69 | 75 | 60 | 54 |
| Income \$30,000 and over | 92 | 103 | 97 | 100 | 83 | 80 | 79 | 92 | 70 | 83 | 76 | 70 | 65 |
| Expected national economic conditions over the next 5 years | | | | | | | | | | | | | |
| FLORIDA | 85 | 98 | 87 | 81 | 85 | 82 | 84 | 80 | 75 | 85 | 77 | 73 | 76 |
| Men | 100 | 111 | 97 | 93 | 98 | 94 | 102 | 90 | 82 | 93 | 91 | 83 | 87 |
| Women | 72 | 86 | 77 | 71 | 74 | 72 | 69 | 70 | 68 | 79 | 63 | 66 | 67 |
| Under age 60 | 83 | 97 | 86 | 80 | 85 | 83 | 83 | 79 | 73 | 82 | 79 | 74 | 73 |
| Aged 60 and over | 90 | 104 | 91 | 85 | 88 | 78 | 87 | 83 | 81 | 99 | 76 | 72 | 82 |
| Income under \$30,000 | 77 | 85 | 74 | 62 | 81 | 78 | 75 | 61 | 68 | 69 | 66 | 69 | 62 |
| Income \$30,000 and over | 91 | 106 | 92 | 91 | 86 | 86 | 92 | 87 | 81 | 92 | 83 | 74 | 83 |
| Is this a good time to buy major household items? | | | | | | | | | | | | | |
| FLORIDA | 104 | 115 | 103 | 102 | 108 | 101 | 101 | 99 | 98 | 105 | 103 | 100 | 94 |
| Men | 111 | 117 | 115 | 108 | 110 | 109 | 103 | 103 | 104 | 110 | 105 | 112 | 105 |
| Women | 99 | 113 | 91 | 97 | 107 | 95 | 100 | 95 | 92 | 101 | 102 | 92 | 84 |
| Under age 60 | 103 | 114 | 100 | 104 | 108 | 100 | 103 | 96 | 98 | 104 | 101 | 97 | 89 |
| Aged 60 and over | 105 | 118 | 107 | 96 | 110 | 103 | 98 | 109 | 96 | 107 | 110 | 111 | 105 |
| Income under \$30,000 | 91 | 109 | 95 | 87 | 109 | 91 | 94 | 87 | 95 | 96 | 98 | 89 | 93 |
| Income \$30,000 and over | 111 | 117 | 107 | 111 | 112 | 108 | 105 | 104 | 99 | 110 | 102 | 109 | 97 |

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

| | | | | | |
|------------------------|-----|-----------------|-----|-------------|----|
| Sample Size | 496 | Race | | Gender | |
| | | % Non-white | 18 | % Male | 46 |
| Average age | 50 | % White | 82 | % Female | 54 |
| | | | | | |
| Income Characteristics | | Hispanic Origin | | Region | |
| % less than \$20,000 | 19 | % Yes | 153 | % North | 25 |
| % \$20,000 to \$29,999 | 16 | % No | 85 | % Central | 17 |
| % \$30,000 to \$49,999 | 24 | | | % Southeast | 27 |
| % over \$50,000 | 41 | | | % Southwest | 31 |