
Consumers in Florida feel things are good now, but are less optimistic about the future

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Consumer Confidence

Consumer confidence among Floridians was unchanged in February. The overall index registered at 97 for February, the same as January. Although the overall index did not change, there were some changes in the five components that make up the index. Perceptions of personal finances rose three points to 88 in February, while perceptions of whether it is a good time to buy rose seven points to 116. These gains were balanced by a decline of eight points in perceptions of long term economic conditions and a decline of two points in perceptions of long term personal finances.

“Consumers in Florida appear to feel that things are good for them now, but are less optimistic about the future,” said Chris McCarty, the Survey Director. “On a national level the job situation seems to be stabilizing, and Florida should be among those states that benefit most from that. There appear to be some permanent job losses from the spate of layoffs that preceded and followed the recession of 2001. Many of those, particularly in manufacturing, will not be back. Florida’s reliance on tourism, agriculture, and increasingly on high tech sectors such as medical supplies and pharmaceuticals puts it in a better position than other state economies to compete in a global economy. “

There are still weaknesses from the consumer side that threaten the recovery. Consumer debt is at record highs, although consumer spending has not adjusted accordingly. The number of mortgages that use adjustable rate or interest only loans is skyrocketing. Loans such as these make sense when interest rates are high and when housing prices are rising. Yet some economists fear that many consumers that can barely afford mortgage payments under these conditions will not be able to do so once interest rates start to rise. When that happens the effects could be far-reaching and will most certainly affect consumer confidence and consumer spending.

“Americans in general must recognize that there has been a tremendous change in employment over the past decade,” said McCarty. “Many people are accustomed to thinking of US prosperity being a function of American ingenuity. With open borders and open trade we cannot assume that American ingenuity will keep us on top, particularly when the education systems in other countries are quickly surpassing ours. Americans must prepare themselves and their children to compete globally. We simply cannot count on certain types of jobs that require less education being there as a safety net.”

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 24, 2004
Bureau of Economic and Business Research
University of Florida

Feb-03 Mar-03 Apr-03 May-03 Jun-03 Jul-03 Aug-03 Sep-03 Oct-03 Nov-03 Dec-03 Jan-04* Feb-04†

Consumer Confidence Index

FLORIDA	79	81	88	91	93	92	90	91	95	94	96	97	97
Men	88	93	96	96	100	96	100	96	99	103	105	102	99
Women	73	71	83	87	87	88	83	86	91	84	89	91	95
Under age 60	81	82	91	92	94	94	93	93	98	97	98	99	100
Aged 60 and over	77	80	81	90	89	86	84	84	87	86	91	93	90
Income under \$30,000	73	75	80	81	82	82	75	80	84	80	83	86	82
Income \$30,000 and over	85	86	93	96	100	97	100	96	101	101	105	102	103

Personal financial situation now compared to a year ago

FLORIDA	78	83	77	85	83	81	82	84	82	81	85	85	88
Men	84	92	79	90	90	81	90	83	84	88	94	90	91
Women	72	76	76	80	77	80	75	84	79	74	78	80	85
Under age 60	86	90	86	91	90	86	88	91	86	87	91	89	93
Aged 60 and over	58	68	52	71	62	68	65	64	72	67	71	77	75
Income under \$30,000	64	76	67	72	70	70	58	74	63	57	74	61	61
Income \$30,000 and over	90	90	85	95	92	87	95	90	91	93	95	96	100

Personal financial situation expected one year from now

FLORIDA	95	98	99	99	102	105	100	101	101	100	100	102	100
Men	97	104	103	106	103	106	104	104	103	106	101	101	98
Women	94	93	96	93	100	103	96	98	99	95	100	103	102
Under age 60	102	105	107	106	108	110	106	109	108	110	108	112	107
Aged 60 and over	76	84	80	81	80	89	82	77	81	80	83	78	84
Income under \$30,000	94	101	92	88	89	98	86	91	96	91	91	90	87
Income \$30,000 and over	98	100	103	107	109	110	109	108	106	106	109	110	106

Expected national economic conditions over the next year

FLORIDA	59	62	81	85	89	88	83	85	91	92	97	97	97
Men	66	78	90	90	97	94	97	95	94	106	110	105	100
Women	53	49	75	81	82	84	72	77	88	79	86	90	95
Under age 60	57	58	81	82	87	92	83	85	95	94	96	98	101
Aged 60 and over	66	74	82	95	95	78	85	86	83	88	96	98	90
Income under \$30,000	56	49	79	72	80	82	74	75	74	84	83	87	85
Income \$30,000 and over	63	68	81	88	95	92	89	89	100	96	106	101	102
	59	62	81	85	89	88	83	85	91	92	97	97	97

Expected national economic conditions over the next 5 years

FLORIDA	74	73	86	88	84	79	82	84	85	88	89	92	84
Men	88	90	97	95	96	87	99	100	93	103	105	101	91
Women	62	59	78	83	75	71	69	72	79	74	78	81	77
Under age 60	73	71	85	83	82	77	82	83	90	91	87	89	83
Aged 60 and over	79	79	88	105	93	85	83	87	77	84	94	97	84
Income under \$30,000	62	65	77	74	70	64	66	74	75	76	76	85	71
Income \$30,000 and over	80	76	91	93	93	86	93	88	92	94	98	93	89

Is this a good time to buy major household items?

FLORIDA	92	90	97	100	106	106	106	100	114	106	107	109	116
Men	103	104	108	100	112	110	110	100	119	114	114	116	117
Women	82	78	88	99	102	103	102	101	110	99	102	102	116
Under age 60	87	88	95	100	104	106	106	99	113	106	106	108	116
Aged 60 and over	107	93	102	99	117	107	106	106	120	111	110	113	117
Income under \$30,000	89	85	83	98	103	98	91	87	110	91	89	109	107
Income \$30,000 and over	95	95	104	100	111	110	114	106	117	114	116	109	120

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	533	Race		Gender	
		% Non-white	23	% Male	45
Average age	49	% White	77	% Female	55
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	18	% Yes	11	% North	21
% \$20,000 to \$29,999	14	% No	89	% Central	19
% \$30,000 to \$49,999	25			% Southeast	27
% over \$50,000	43			% Southwest	33