

FLORIDA CONSUMER CONFIDENCE INDEX
February 28, 2006
FOR IMMEDIATE RELEASE



**UNIVERSITY OF
FLORIDA**

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Consumer Confidence

Consumer confidence among Floridians fell sharply in February, down eight points from 95 to 87. The falls was broad-based with all five of the index components registering a decline. Perceptions of personal finances now compared to a year ago fell seven points to 81, while expectations about personal finances a year from now fell five points to 94. Perceptions of US economic conditions over the next year fell eight points to 78 while expectations about US economic conditions over the next five years fell 11 points to 79. Perceptions as to whether it is a good time to buy big ticket items, such as cars and major appliances, fell seven points to 102.

“We had been expecting a decline in confidence for the past couple of months, and it finally came in February,” said Chris McCarty, the Survey Director. “Although there have been some positive aspects to the economy recently, there have been some things looming that negatively impact the consumer. The key factors this month to impact consumers are the increase in gasoline prices which now appear to be here to stay for some time, and rising interest rates. The latter has already begun to affect housing sales, and perhaps more importantly for the consumer, opportunities for refinancing and home equity loans. Interest rates are now to a point where it does not pay for consumers to refinance or extract equity. In addition, the increase in the value of homes has been slowing substantially in several Florida markets. This effectively removes what had been a major source of spending power for consumers.”

Breakdowns of the index by age and by income show little difference. Despite clear gains in the stock market during February (including a Dow index above 11,000) consumers making over \$30,000 a year reported a seven point decline in perceptions of personal finances. Some of this may be due to consumers that have begun to figure their 2005 taxes. Given the lack of a last minute fix by Congress, the number of households that qualify for the AMT this year (which will dramatically raise their tax bill) may be six times higher. Most people were probably unaware of that until they started tax preparation for 2005.

“Moving forward we do not expect confidence to rise much, if at all,” said McCarty. “In all likelihood it will go lower as gas prices continue to rise and the effect of rising interest rates and the subsequent cooling of the housing market are fully realized. This may take several months. We do not expect any large increases in consumer confidence for the foreseeable future.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
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Feb-05 Mar-05 Apr-05 May-05 Jun-05 Jul-05 Aug-05 Sep-05 Oct-05 Nov-05 Dec-05 Jan-06* Feb-06†

Consumer Confidence Index

FLORIDA	97	92	91	91	96	95	89	78	80	84	91	95	87
Men	102	96	94	96	99	99	94	85	88	88	96	99	93
Women	92	89	88	87	93	91	86	71	74	80	87	92	82
Under age 60	99	95	96	97	98	97	93	79	82	85	95	96	87
Aged 60 and over	93	88	83	81	91	89	82	74	74	82	83	92	86
Income under \$30,000	82	81	81	77	79	82	75	57	67	72	81	83	77
Income \$30,000 and over	102	98	96	99	101	103	96	86	86	89	97	100	92

Personal financial situation now compared to a year ago

FLORIDA	91	88	90	87	90	87	86	80	79	80	88	88	81
Men	98	94	94	95	92	91	88	90	87	84	90	94	87
Women	85	82	87	81	88	85	85	71	73	76	85	84	76
Under age 60	98	96	99	96	95	93	96	86	86	85	93	93	84
Aged 60 and over	77	71	76	72	80	73	65	66	62	71	76	80	78
Income under \$30,000	68	67	73	61	64	66	61	48	51	54	61	61	67
Income \$30,000 and over	100	101	100	102	100	99	99	94	91	91	98	97	90

Personal financial situation expected one year from now

FLORIDA	99	93	96	96	98	100	97	90	90	92	95	99	94
Men	102	95	99	99	98	102	94	95	94	93	100	104	95
Women	96	92	93	94	98	98	99	86	87	90	92	96	93
Under age 60	106	103	107	107	104	107	104	98	98	101	105	109	105
Aged 60 and over	83	76	76	76	80	83	81	72	71	75	73	83	78
Income under \$30,000	87	83	86	84	88	95	90	74	81	78	89	96	78
Income \$30,000 and over	105	102	100	104	102	106	103	98	96	100	99	104	102

Expected national economic conditions over the next year

FLORIDA	93	83	77	79	84	84	75	56	66	72	84	86	78
Men	100	85	81	86	93	90	83	67	78	74	90	92	83
Women	86	81	74	74	84	79	70	47	58	70	79	81	74
Under age 60	93	82	78	83	90	85	75	53	67	73	87	84	77
Aged 60 and over	96	84	74	69	82	83	76	64	68	72	81	89	79
Income under \$30,000	75	73	69	69	74	71	59	37	61	68	86	80	70
Income \$30,000 and over	100	87	81	83	90	93	80	61	68	73	86	90	82

Expected national economic conditions over the next 5 years

FLORIDA	88	84	80	82	88	88	80	70	76	78	84	90	79
Men	93	89	83	90	95	96	89	76	86	84	91	94	89
Women	83	79	78	76	85	83	74	65	69	73	78	87	70
Under age 60	87	80	79	86	89	87	78	68	74	77	86	86	74
Aged 60 and over	90	91	82	76	93	92	84	72	81	80	81	97	85
Income under \$30,000	72	73	65	70	72	78	70	53	65	74	82	78	67
Income \$30,000 and over	93	86	85	90	93	96	84	76	81	78	86	94	83

Is this a good time to buy major household items?

FLORIDA	113	114	110	111	113	113	109	91	88	98	105	109	102
Men	115	116	114	113	119	115	117	99	95	107	107	109	109
Women	112	113	107	109	110	112	104	85	83	90	103	109	97
Under age 60	113	112	114	111	111	113	111	89	88	91	104	109	97
Aged 60 and over	117	117	104	113	120	113	103	95	90	110	105	113	110
Income under \$30,000	106	108	111	101	96	100	94	72	78	85	89	100	102
Income \$30,000 and over	115	117	111	116	121	119	114	101	96	103	114	113	101

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	491	Race		Gender	
		% Non-white	16	% Male	46
Average age	55	% White	84	% Female	54
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	17	% Yes	11	% North	24
% \$20,000 to \$29,999	14	% No	89	% Central	17
% \$30,000 to \$49,999	23			% Southeast	26
% over \$50,000	46			% Southwest	33