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**Confidence among Floridians reflects national concerns**

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*Consumer Confidence*

Consumer confidence among Floridians fell sharply in March, down four points to 93. The source of the decline was in three of the five components. The biggest decline occurred in perceptions of the US economy over the next year which fell eleven points to 86. At the same a year ago that component was at 62, primarily due to the onset of combat in Iraq. The other two components to decline were perceptions as to whether it is a good time to buy big ticket items, which fell nine points to 108, and perceptions of personal finances now compared to a year ago which fell four points to 88. Perceptions of future finances stayed the same while perceptions of the US economy over the long term actually rose three points to 87.

“Confidence among Floridians appears to have gone down the same road as the national index did last month,” said Chris McCarty, the Survey Director. “Perceptions of the US economy over the short term were no doubt shaken by the terrorist attacks in Spain and questions arising over the possibility of continued terrorist attacks. Fears of continued terrorism have had a clear effect on the stock market. This coupled with continued pessimism over the net loss of jobs, which as time goes on is looking like a permanent loss, affects perceptions of buying conditions as well. The fall in perceptions of personal finances may be a return to levels consistent with what was happening prior to February when many consumers may have received tax refunds that reflected tax cuts that were favorable for many Floridians.”

Most economists attribute the sluggish recovery from the 2001 recession to lackluster job growth. In recent months jobless claims have consistently fallen below 350,000 each week, falling to 339,000 for the week beginning March 20th. In past recoveries when claims fall below 350,000 net job creation begins to rise rapidly. This has yet to

happen with this recovery and many economists are wondering if it does not reflect a permanent structural change where many jobs have been outsourced, replaced by temporary workers who do not receive costly health care benefits, or simply eliminated by increases in productivity.

“Going forward we expect consumer confidence to remain somewhere in the 90s over the next several months, fluctuating between the low and high 90s depending largely on the opinions of middle and upper class consumers,” said McCarty. “If you look at the trend in confidence over the past ten months it appears that consumers making less than \$30,000 annually have fallen nearly twenty points below their more wealthy counterparts. Confidence will depend largely on how middle and upper middle income consumers fare in the coming months. Many middle income people were buffered from the effects of the recession by lowered interest rates and tax cuts. The big test will come when interest rates begin to rise, which they eventually must. With further tax cuts anything but certain, these middle and upper income consumers may react strongly to the eventual tax increases. However, we are unlikely to see such increases before the election this fall.”

### *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**  
**March 30, 2004**  
**Bureau of Economic and Business Research**  
**University of Florida**

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

**Consumer Confidence Index**

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

**Personal financial situation now compared to a year ago**

FLORIDA	83	77	85	83	81	82	84	82	81	85	85	88	84
Men	92	79	90	90	81	90	83	84	88	94	90	90	89
Women	76	76	80	77	80	75	84	79	74	78	80	86	81
Under age 60	90	86	91	90	86	88	91	86	87	91	89	93	89
Aged 60 and over	68	52	71	62	68	65	64	72	67	71	77	75	73
Income under \$30,000	76	67	72	70	70	58	74	63	57	74	61	64	62
Income \$30,000 and over	90	85	95	92	87	95	90	91	93	95	96	100	97

**Personal financial situation expected one year from now**

FLORIDA	98	99	99	102	105	100	101	101	100	100	102	100	100
Men	104	103	106	103	106	104	104	103	106	101	101	98	111
Women	93	96	93	100	103	96	98	99	95	100	103	102	91
Under age 60	105	107	106	108	110	106	109	108	110	108	112	107	110
Aged 60 and over	84	80	81	80	89	82	77	81	80	83	78	84	80
Income under \$30,000	101	92	88	89	98	86	91	96	91	91	90	90	89
Income \$30,000 and over	100	103	107	109	110	109	108	106	106	109	110	105	107

**Expected national economic conditions over the next year**

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

**Expected national economic conditions over the next 5 years**

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

**Is this a good time to buy major household items?**

FLORIDA	90	97	100	106	106	106	100	114	106	107	109	117	108
Men	104	108	100	112	110	110	100	119	114	114	116	118	111
Women	78	88	99	102	103	102	101	110	99	102	102	115	105
Under age 60	88	95	100	104	106	106	99	113	106	106	108	116	105
Aged 60 and over	93	102	99	117	107	106	106	120	111	110	113	118	114
Income under \$30,000	85	83	98	103	98	91	87	110	91	89	109	107	92
Income \$30,000 and over	95	104	100	111	110	114	106	117	114	116	109	121	116

\*Revised. †Preliminary.

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

Sample Size	537	Race		Gender	
		% Non-white	20	% Male	41
Average age	50	% White	80	% Female	59
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	20	% Yes	12	% North	24
% \$20,000 to \$29,999	15	% No	88	% Central	18
% \$30,000 to \$49,999	23			% Southeast	27
% over \$50,000	42			% Southwest	31