
Confidence continues to rise in May

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Consumer Confidence

Consumer confidence among Floridians rose three points in May to 91. The increase was driven by a rise on four of the five components that make up the index. The largest gain was in perceptions of personal finances which rose seven points to 84. Perceptions of long-term business conditions rose six points to 92. The only component to fall was the one gauging consumers' perceptions of their personal finances a year from now. That fell three points to 96.

“Consumers have definitely shaken off any pessimism due to the war or the threat of terrorism, at least in terms of their outlook on the economy,” said Chris McCarty, the Survey Director. “The sharp increase in perceptions of current personal finances is a good sign. I expected confidence to rise last month given the successful outcome of the war in Iraq. However, I am somewhat surprised that confidence continues to rise, given relative weakness in other areas of the economy.”

The major obstacle to the road to recovery continues to be the lack of jobs. First time claims for unemployment insurance remain well above 400,000 a week, a level considered to be associated with a contracting labor market. Retail sales minus autos fell much more than expected in April, although consumers were responding to new promotions for auto sales. On the positive side, durable goods orders were up both for defense and non-defense.

“A new round of refinancing, given recent drops in mortgage rates, continues to increase the bottom line of consumers,” said McCarty. “Those who still have jobs are enjoying cheap goods and opportunities to get some of the lowest mortgage rates ever. The average 30-year mortgage is approaching 5 percent. At the same time there is concern that companies have not yet rehired from massive layoffs made in 2000 and 2001. In fact, many companies continue to lay workers off as a way of becoming more profitable. Until the trend turns to

hiring, the economy remains in danger of recession. However, a confident consumer who is willing to spend is certainly vital to the recovery at this point.”

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
May 27, 2003
Bureau of Economic and Business Research
University of Florida

May-02 Jun-02 Jul-02 Aug-02 Sep-02 Oct-02 Nov-02 Dec-02 Jan-03 Feb-03 Mar-03 Apr-03* May-03†

Consumer Confidence Index

FLORIDA	93	94	90	88	90	82	90	86	83	79	81	88	91
Men	98	100	98	96	94	87	95	92	91	88	93	96	95
Women	88	89	84	81	85	78	85	79	76	73	71	83	88
Under age 60	96	97	93	91	92	85	91	88	86	81	82	91	92
Aged 60 and over	83	88	81	81	83	76	88	80	76	77	80	81	91
Income under \$30,000	78	93	83	82	78	77	80	79	75	73	75	80	82
Income \$30,000 and over	101	97	95	93	97	87	95	89	88	85	86	93	96

Personal financial situation now compared to a year ago

FLORIDA	83	88	87	75	78	70	80	74	77	78	83	77	84
Men	83	92	94	80	83	72	89	75	81	84	92	79	89
Women	83	84	81	71	73	68	72	72	73	72	76	76	79
Under age 60	90	95	94	83	84	77	84	79	83	86	90	86	89
Aged 60 and over	64	73	66	55	58	51	65	60	63	58	68	52	75
Income under \$30,000	60	78	75	69	66	54	69	66	64	64	76	67	71
Income \$30,000 and over	96	99	94	81	89	79	86	78	86	90	90	85	94

Personal financial situation expected one year from now

FLORIDA	102	106	103	102	108	101	99	98	97	95	98	99	96
Men	105	108	105	106	108	103	103	103	101	97	104	103	103
Women	99	104	101	98	108	99	96	93	93	94	93	96	90
Under age 60	111	115	111	110	116	108	103	107	105	102	105	107	103
Aged 60 and over	77	83	81	80	81	81	82	79	76	76	84	80	78
Income under \$30,000	96	107	100	98	105	98	94	91	91	94	101	92	85
Income \$30,000 and over	108	109	108	106	114	104	104	105	104	98	100	103	104

Expected national economic conditions over the next year

FLORIDA	96	84	76	76	84	68	81	75	67	59	62	81	85
Men	100	90	85	88	87	75	83	83	79	66	78	90	88
Women	92	78	69	66	81	62	79	66	58	53	49	75	82
Under age 60	96	83	77	75	85	68	80	74	70	57	58	81	80
Aged 60 and over	94	87	75	82	82	71	84	78	60	66	74	82	97
Income under \$30,000	83	91	72	73	73	69	69	75	60	56	49	79	76
Income \$30,000 and over	100	83	80	79	92	70	83	76	70	63	68	81	86

Expected national economic conditions over the next 5 years

FLORIDA	81	85	82	84	80	75	85	77	73	74	73	86	92
Men	93	98	94	102	90	82	93	91	83	88	90	97	98
Women	71	74	72	69	70	68	79	63	66	62	59	78	87
Under age 60	80	85	83	83	79	73	82	79	74	73	71	85	87
Aged 60 and over	85	88	78	87	83	81	99	76	72	79	79	88	106
Income under \$30,000	62	81	78	75	61	68	69	66	69	62	65	77	77
Income \$30,000 and over	91	86	86	92	87	81	92	83	74	80	76	91	97

Is this a good time to buy major household items?

FLORIDA	102	108	101	101	99	98	105	103	100	92	90	97	100
Men	108	110	109	103	103	104	110	105	112	103	104	108	99
Women	97	107	95	100	95	92	101	102	92	82	78	88	101
Under age 60	104	108	100	103	96	98	104	101	97	87	88	95	101
Aged 60 and over	96	110	103	98	109	96	107	110	111	107	93	102	98
Income under \$30,000	87	109	91	94	87	95	96	98	89	89	85	83	103
Income \$30,000 and over	111	112	108	105	104	99	110	102	109	95	95	104	99

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	391	Race		Gender	
		% Non-white	20	% Male	48
Average age	48	% White	80	% Female	52
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	19	% Yes	10	% North	25
% \$20,000 to \$29,999	17	% No	90	% Central	19
% \$30,000 to \$49,999	22			% Southeast	21
% over \$50,000	42			% Southwest	35