

FLORIDA CONSUMER CONFIDENCE INDEX
May 31, 2005
FOR IMMEDIATE RELEASE



**UNIVERSITY OF
FLORIDA**

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Consumer Confidence

Consumer confidence among Floridians fell two points in May. The index now stands at 89. The primary source of the drop was a four point decline in perceptions of personal finances now compared to a year ago which is now at 86. That component had shown some signs of improvement the month before. Three other components fell by a point. Perceptions of personal finances a year from now fell from 96 in April to 95 in May, expectations about the US economy over the next year fell from 77 to 76, and perceptions as to whether it is a good time to buy big ticket items fell from 110 to 109. The only component to rise was perceptions of the US economy over the next five years which rose two points to 82. That particular component had been showing steady declines for several months and is now eight points lower than it was at the same time last year.

“Consumer confidence among Floridians is now four points lower than it was in May of 2004,” said Chris McCarty, the Survey Director. “Nationally consumer confidence as measured by the University of Michigan stands at 86.9, roughly three points lower than May 2004. The lower consumer confidence comes at a time when employment finally seems to have picked up after the long period of low growth following the recession of 2001. Gas prices have temporarily declined, although they have been high and will no doubt increase again over the summer. The stock market has also seen some recent gains. Overall consumers are reacting negatively to the high price of gasoline, and energy prices in general. Rising interest rates are also putting pressure on households carrying large amounts of debt. Particularly at risk are those with adjustable rate and interest only mortgages that are seeing the cost of housing rise. The record sales of existing and new homes may be deceptive, reflecting an increase in buying for investments, rather than people buying homes to live in.”

The decline in confidence in May was mostly among lower income households. Respondents from households with annual incomes of less than \$30,000 registered consumer confidence of 74 in May compared to 81 in April — a seven point drop. Respondents from households with incomes over \$30,000 actually increased by two points to 98. The largest contributor to that fall was the personal finances question. The index for low income households fell by 12 points to 61, while higher income households remained the same. Respondents over age 60 experienced a seven point decline for the same component.

“I think it is safe to say that we are in a delicate time right now in terms of consumer confidence,” said McCarty. “There are certainly some positive signs that things are getting better. But as has been the pattern for some time now, things seem to be getting better for those with higher incomes than for the majority of people with moderate to low incomes. Rising interest rates will continue to effect many households that were able to enjoy a higher standard of living when the cost of borrowing money was cheap. Moving forward, I do not expect any large increases in consumer confidence, at least until the price of gasoline falls significantly, or consumers permanently factor the higher prices into their household spending.”

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May-04 Jun-04 Jul-04 Aug-04 Sep-04 Oct-04 Nov-04 Dec-04 Jan-05 Feb-05 Mar-05 Apr-05* May-05†

Consumer Confidence Index												
FLORIDA	93	95	94	95	93	93	91	93	97	92	91	89
Men	97	100	98	105	102	100	103	97	99	102	96	94
Women	89	91	92	89	87	88	87	86	89	92	89	88
Under age 60	94	99	97	102	97	96	96	96	96	99	95	96
Aged 60 and over	91	86	87	81	84	85	90	82	90	93	88	83
Income under \$30,000	84	79	80	85	81	83	78	75	82	82	81	81
Income \$30,000 and over	100	102	102	103	100	100	102	99	101	102	98	96

Personal financial situation now compared to a year ago												
FLORIDA	82	86	83	88	85	81	85	87	85	91	88	90
Men	89	89	83	98	92	83	97	90	90	98	94	94
Women	77	83	83	82	80	78	76	84	80	85	82	87
Under age 60	90	91	90	100	90	87	94	93	90	98	96	99
Aged 60 and over	65	72	67	60	71	67	69	75	75	77	71	76
Income under \$30,000	67	58	61	69	67	62	52	64	65	68	67	73
Income \$30,000 and over	94	98	96	100	97	91	103	98	97	100	101	100

Personal financial situation expected one year from now												
FLORIDA	99	104	95	103	100	101	100	94	98	99	93	96
Men	98	109	99	113	109	109	108	99	102	102	95	99
Women	100	99	93	97	94	95	94	91	94	96	92	93
Under age 60	106	111	101	115	110	111	107	107	104	106	103	107
Aged 60 and over	85	85	81	77	77	79	86	69	86	83	76	76
Income under \$30,000	95	87	85	99	92	95	92	84	91	87	83	86
Income \$30,000 and over	106	109	102	107	108	107	106	101	104	105	102	100

Expected national economic conditions over the next year												
FLORIDA	85	88	91	89	87	87	88	82	87	93	83	77
Men	93	93	95	99	98	95	97	90	95	100	85	81
Women	79	85	89	83	79	80	82	76	81	86	81	74
Under age 60	81	91	93	91	91	86	86	86	87	93	82	78
Aged 60 and over	95	83	88	85	78	87	92	76	88	96	84	74
Income under \$30,000	78	71	82	84	77	79	74	67	77	75	73	69
Income \$30,000 and over	88	97	98	94	91	91	96	89	95	100	87	81

Expected national economic conditions over the next 5 years												
FLORIDA	90	88	94	89	90	92	85	87	88	88	84	80
Men	100	95	99	102	98	104	99	95	93	93	89	83
Women	83	81	91	81	85	82	74	81	84	83	79	78
Under age 60	89	89	93	92	91	95	80	88	87	87	80	79
Aged 60 and over	94	84	97	82	91	85	94	87	90	90	91	82
Income under \$30,000	80	78	84	74	82	86	74	65	76	72	73	65
Income \$30,000 and over	97	91	98	99	93	98	91	96	94	93	86	85

Is this a good time to buy major household items?												
FLORIDA	107	109	107	108	102	105	109	104	110	113	114	110
Men	107	112	112	115	112	107	112	112	114	115	116	114
Women	107	107	105	104	96	102	107	97	106	112	113	107
Under age 60	103	110	109	112	102	103	110	106	110	113	112	114
Aged 60 and over	114	107	103	101	103	108	108	102	109	117	117	104
Income under \$30,000	99	102	89	97	86	93	99	96	99	106	108	111
Income \$30,000 and over	113	113	116	118	111	110	114	108	116	115	117	111

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	424	Race		Gender	
		% Non-white	13	% Male	46
Average age	52	% White	87	% Female	54
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	13	% North	25
% \$20,000 to \$29,999	14	% No	87	% Central	20
% \$30,000 to \$49,999	24			% Southeast	26
% over \$50,000	46			% Southwest	29