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Consumer Confidence

Consumer confidence among Floridians declined two points in July to 67 from a revised July index of 69. Four out of the five components that make up the index fell. Perceptions of personal finance now compared to a year ago fell three points to 43 while expectations of personal finances a year from now fell five points to 79. Perceptions of U.S. economic conditions over the year fell one point to 65, while perceptions of U.S. economic conditions over the next five years plummeted nine points to 72. The only component to rise was perceptions as to whether it is a good time to buy big ticket consumer items, which rose seven points to 75. “We had expected consumer confidence to fluctuate between the upper 60s and low 70s for the next few months,” said Chris McCarty, the Survey Director. “However, given the current economic climate, this decline comes as a bit of a surprise. Most of the decline can be attributed to a big drop in consumers’ perceptions of long term economic conditions, and second to perceptions of personal finances. Given that the stock market is now up for the year and housing is showing strong signs of stabilizing, I would attribute much of this decline to the news about employment.”

After falling below 6,500, the Dow is now up from where it was at the beginning of the year. There is speculation as to whether this rally will last as the effects of the stimulus money run out, but in the near term the rally seems stable. Housing in Florida improved again in July overall with the median price of a single family home increasing once again to \$148,000. While still 43% off the peak median price reached in July 2006, prices appear to be increasing, which will help solidify perceptions of wealth. The weak point in the economy at this point is employment. As is typical during a recovery, the unemployment rate will continue to rise until businesses perceive a more positive business environment. Rehiring is among the last things a business will do. Given the massive structural readjustment to U.S. businesses over the past two years, getting back to full employment will no doubt take longer than was the case with past recessions. Florida’s unemployment now stands at 10.6 percent. Most economists believe this is an underestimate as many Floridians have at least temporarily given up looking for work until the economy is in full recovery.

“Moving forward we predict consumer confidence may gain a little in the next month or two given this big of a drop,” said McCarty. “Although there is certainly still room for a decline, the record low was 59 during the worst of the housing crisis and weekly economic horror stories about the largest of financial institutions failing. Barring a particularly bad hurricane season, the biggest concern is likely continued unemployment. There is also some possibility that consumers are reacting to the current debate on healthcare. Without specific polling data it is hard to say whether that would be a reaction to the stalled legislation in Congress or to the possibility of excessive government intervention.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
July 28, 2009
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	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
Consumer Confidence Index													
FLORIDA	61	67	68	63	62	67	66	62	65	72	71	69	67
Men	65	72	71	67	64	69	67	61	63	73	73	69	68
Women	58	63	67	58	60	65	65	62	66	70	70	69	65
Under age 60	61	65	68	64	64	67	67	61	67	71	72	70	71
Aged 60 and over	60	70	68	62	61	67	65	62	62	72	70	69	63
Income under \$30,000	52	69	61	60	61	62	64	63	63	67	64	58	64
Income \$30,000 and over	62	66	68	65	63	70	68	61	65	74	75	74	70
Personal financial situation now compared to a year ago													
FLORIDA	46	51	49	41	40	39	43	41	42	44	41	46	43
Men	53	56	50	43	46	42	45	43	40	47	44	47	44
Women	41	47	49	38	34	36	40	39	43	42	38	45	43
Under age 60	52	52	50	46	43	40	47	40	40	44	41	45	45
Aged 60 and over	38	47	48	35	37	38	37	41	42	44	41	48	42
Income under \$30,000	34	40	30	38	37	24	29	35	34	36	31	29	35
Income \$30,000 and over	51	52	52	45	41	43	49	44	43	48	46	53	47
Personal financial situation expected one year from now													
FLORIDA	80	82	85	86	81	87	83	79	80	85	90	84	79
Men	84	83	84	88	83	88	87	77	79	86	88	84	76
Women	77	81	87	83	78	86	79	82	81	84	91	84	83
Under age 60	85	86	95	87	89	93	92	88	88	88	94	93	92
Aged 60 and over	68	77	72	83	72	78	73	70	73	82	84	74	67
Income under \$30,000	67	79	82	80	76	90	81	81	85	81	87	71	80
Income \$30,000 and over	81	84	86	88	84	90	85	81	80	88	93	90	81
Expected national economic conditions over the next year													
FLORIDA	51	64	65	57	55	62	55	49	60	69	72	66	65
Men	51	69	68	61	47	62	53	41	53	70	72	62	64
Women	51	61	62	53	63	62	58	56	66	68	72	69	65
Under age 60	48	59	63	56	58	58	55	48	61	65	72	66	70
Aged 60 and over	55	73	65	59	52	65	56	49	58	73	71	66	59
Income under \$30,000	46	75	69	57	64	62	70	60	66	68	74	53	65
Income \$30,000 and over	50	60	60	58	52	62	52	44	57	70	74	71	68
Expected national economic conditions over the next 5 years													
FLORIDA	68	80	77	77	73	78	75	67	79	82	80	81	72
Men	72	88	78	82	73	80	70	66	75	82	77	77	73
Women	66	75	76	72	73	77	80	68	82	83	81	84	70
Under age 60	65	76	76	76	75	77	73	64	82	78	79	81	70
Aged 60 and over	73	88	78	79	71	80	78	70	75	86	79	82	73
Income under \$30,000	58	84	78	79	76	85	79	77	79	85	73	73	72
Income \$30,000 and over	70	78	73	77	72	76	74	62	75	82	82	86	74
Is this a good time to buy major household items?													
FLORIDA	59	57	66	54	62	71	74	72	62	78	76	68	75
Men	66	65	73	62	70	74	80	79	69	82	84	75	85
Women	55	52	59	46	54	67	68	67	57	74	67	62	65
Under age 60	55	51	58	55	53	69	67	67	66	80	76	65	77
Aged 60 and over	66	65	74	54	73	73	83	78	59	75	73	74	75
Income under \$30,000	54	64	47	57	53	49	62	61	50	66	57	63	67
Income \$30,000 and over	58	55	69	58	66	78	79	76	67	84	80	72	81

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	422	Race		Gender	
		% Non-white	16	% Male	47
Average age	58	% White	84	% Female	53
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	18	% Yes	8	% North	25
% \$20,000 to \$29,999	12	% No	92	% Central	16
% \$30,000 to \$49,999	25			% Southeast	25
% over \$50,000	45			% Southwest	34