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**Decline in confidence among lower income respondents and the elderly**

From:  
UF Survey Research Center  
Bureau of Economic and Business Research  
Warrington College of Business Administration  
University of Florida  
P. O. Box 117145, Gainesville, Florida 32611-7145

Contact:  
Chris McCarty, Survey Director  
Office: (352) 392-2908 ext. 100

*Consumer Confidence*

Consumer confidence among Floridians declined two points in August among growing concerns over personal finances and short term economic conditions. The overall index was down from 92 in July to 90 in August. The main source of the decline was in perceptions of short-term economic conditions which fell seven points to 81. Expectations about personal finances over the next year fell four points to 101. These declines were balanced by an increase of four points in optimism over long-term economic conditions. The other two components were relatively unchanged.

“We had been anticipating somewhat of a decline for the past few months,” said Chris McCarty, the Survey Director. “Although there are signs of an economic recovery, it appears to be unlike previous recoveries in that many people are still without jobs. On the positive side, surveys of business managers suggest that companies are more confident than they were a year ago and are starting to expand operations or launch new business ventures. This is a critical part of any recovery. Due to the low interest rates and the tax cuts, consumer spending remains strong and is providing a much needed infusion of capital. The down side still remains to be jobs.”

One of the primary measures of job growth is the number of people filing each week for unemployment insurance claims. For the past few weeks this number has been teetering above and below 400,000 claims, a level considered to be associated with a declining labor market. Recent data suggest a trend toward fewer claims, which is typically indicative of an expanding labor market. However, some economists have suggested that the declining claims may reflect workers who are simply sunning out of benefits, or who have taken temporary or low paying jobs. The latter scenario would not be a solid foundation for a recovery.

“This month’s decline in confidence appears to be more pronounced among lower income respondents and the elderly,” said McCarty. “These respondents are the most likely to be impacted by the current job climate. What remains to be seen is how many of the jobs lost during the last recession are permanently lost due either to productivity gains or export of certain jobs to other countries.”

### *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**  
**August 25, 2003**  
**Bureau of Economic and Business Research**  
**University of Florida**

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

**Consumer Confidence Index**

FLORIDA	88	90	82	90	86	83	79	81	88	91	93	92	90
Men	96	94	87	95	92	91	88	93	96	96	100	96	99
Women	81	85	78	85	79	76	73	71	83	87	87	88	83
Under age 60	91	92	85	91	88	86	81	82	91	92	94	94	93
Aged 60 and over	81	83	76	88	80	76	77	80	81	90	89	86	83
Income under \$30,000	82	78	77	80	79	75	73	75	80	81	82	82	75
Income \$30,000 and over	93	97	87	95	89	88	85	86	93	96	100	97	98

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

FLORIDA	75	78	70	80	74	77	78	83	77	85	83	81	80
Men	80	83	72	89	75	81	84	92	79	90	90	81	89
Women	71	73	68	72	72	73	72	76	76	80	77	80	73
Under age 60	83	84	77	84	79	83	86	90	86	91	90	86	86
Aged 60 and over	55	58	51	65	60	63	58	68	52	71	62	68	63
Income under \$30,000	69	66	54	69	66	64	64	76	67	72	70	70	54
Income \$30,000 and over	81	89	79	86	78	86	90	90	85	95	92	87	92

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

FLORIDA	102	108	101	99	98	97	95	98	99	99	102	105	101
Men	106	108	103	103	103	101	97	104	103	106	103	106	105
Women	98	108	99	96	93	93	94	93	96	93	100	103	97
Under age 60	110	116	108	103	107	105	102	105	107	106	108	110	109
Aged 60 and over	80	81	81	82	79	76	76	84	80	81	80	89	79
Income under \$30,000	98	105	98	94	91	91	94	101	92	88	89	98	87
Income \$30,000 and over	106	114	104	104	105	104	98	100	103	107	109	110	110

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

FLORIDA	76	84	68	81	75	67	59	62	81	85	89	88	81
Men	88	87	75	83	83	79	66	78	90	90	97	94	95
Women	66	81	62	79	66	58	53	49	75	81	82	84	69
Under age 60	75	85	68	80	74	70	57	58	81	82	87	92	81
Aged 60 and over	82	82	71	84	78	60	66	74	82	95	95	78	83
Income under \$30,000	73	73	69	69	75	60	56	49	79	72	80	82	72
Income \$30,000 and over	79	92	70	83	76	70	63	68	81	88	95	92	86

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

FLORIDA	84	80	75	85	77	73	74	73	86	88	84	79	83
Men	102	90	82	93	91	83	88	90	97	95	96	87	97
Women	69	70	68	79	63	66	62	59	78	83	75	71	71
Under age 60	83	79	73	82	79	74	73	71	85	83	82	77	82
Aged 60 and over	87	83	81	99	76	72	79	79	88	105	93	85	84
Income under \$30,000	75	61	68	69	66	69	62	65	77	74	70	64	68
Income \$30,000 and over	92	87	81	92	83	74	80	76	91	93	93	86	92

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

FLORIDA	101	99	98	105	103	100	92	90	97	100	106	106	107
Men	103	103	104	110	105	112	103	104	108	100	112	110	111
Women	100	95	92	101	102	92	82	78	88	99	102	103	104
Under age 60	103	96	98	104	101	97	87	88	95	100	104	106	107
Aged 60 and over	98	109	96	107	110	111	107	93	102	99	117	107	107
Income under \$30,000	94	87	95	96	98	89	89	85	83	98	103	98	92
Income \$30,000 and over	105	104	99	110	102	109	95	95	104	100	111	110	113

\*Revised. †Preliminary.

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

Sample Size	391	Race		Gender	
		% Non-white	18	% Male	45
Average age	48	% White	82	% Female	55
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	11	% North	28
% \$20,000 to \$29,999	15	% No	89	% Central	19
% \$30,000 to \$49,999	27			% Southeast	25
% over \$50,000	42			% Southwest	28