

**FLORIDA CONSUMER SENTIMENT INDEX**  
**August 27, 2013**  
**FOR IMMEDIATE RELEASE**



From:  
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*Consumer Sentiment*

Consumer sentiment among Floridians remained at a lower level in August at 77, the same as the July reading that was revised down one point. Three of the five components that make up the index declined while two increased. Perceptions of personal finances now compared to a year ago fell one point to 62 while expectations of personal finances a year from now rose six points to 81. Expectations of U.S. economic conditions over the next year fell three points to 76 while expectations of economic conditions over the next five years rose three points to 78. Perceptions as to whether it is a good time to buy big ticket items fell six points to 86.

“The slide in our index last month came as somewhat of a surprise,” said Chris McCarty, the Survey Director. “However, the preliminary August index for the University of Michigan measuring consumer sentiment at the national level fell five points. The continued decline for Florida in August suggests a trend where consumers are becoming more pessimistic. The source of that decline is primarily in negative responses about their current personal finances and the sudden decline in optimism about buying conditions. While the big drop in confidence for July was mainly from low income and younger Floridians, a group who remains more pessimistic, there was slightly growing pessimism among older and higher income Floridians as well in August.”

The decrease in confidence comes at a time when other Florida economic indicators are positive. Unemployment was unchanged in July at 7.1 percent, lower than the national level of 7.4 percent. Unlike recent months the labor force contracted by 15,000 jobs which would often lead to a decline in unemployment, but it didn't in July. In a positive trend construction jobs once again increased, although they are half what they were at the peak of the housing boom in 2006. Housing prices continued to rise in July with the median price for an existing single family home in Florida increasing by \$4,500 to \$179,500. The last time home prices were this high was August of 2008 when the median price was \$186,900. The peak was June 2006 when the median price was \$257,800. While it is now known that that was an unsustainable price, there is a large gap between prices now and the peak. However a conservative estimate puts current prices close to what the trend would have been over the past 10 years. It is unlikely that housing prices will continue rising a lot higher, particularly when interest rates have jumped 1.2 percent since February. While Floridians have recovered some of their losses in equity since the trough in prices in February 2011, they should not expect prices to go a lot higher when the Federal Reserve is considering an exit strategy from quantitative easing and a lower federal funds rate. Meanwhile anticipation of a pullback from the Federal Reserve is largely responsible for the recent decline in the stock market which is down more than 3 percent from its record high in early August. Gas prices declined slightly in August and inflation overall has not been a significant burden on consumers.

“With two back to back months of lower consumer sentiment we expect more of the same over the next couple of months,” said McCarty. “There are two events in September that may contribute to a further decline. First is the

Federal Reserve meeting in September where many expect the Fed to announce a pullback in the purchase of mortgage backed securities associated with quantitative easing. This event has been dubbed 'Septaper'. The second is what is likely to be another contentious debate in Washington over raising the debt ceiling. Sequestration was the result of a compromise between Congress and the White House over raising the debt ceiling in August of 2011. The Treasury Department estimates that the U.S. will run out of funds sometime in September unless the debt ceiling is raised again. Both of these events will likely lead to pessimism among consumers as they weigh the effects, such as a lower stock market and discussions about who is going to shoulder budget cuts."

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
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	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
<b>Consumer Sentiment Index</b>													
FLORIDA	76	80	80	74	76	75	73	76	79	81	81	77	77
Men	78	79	80	70	75	75	71	78	78	82	85	79	76
Women	74	80	80	77	76	74	76	75	80	79	79	74	78
Under age 60	80	81	84	79	83	80	77	77	86	85	90	80	81
Aged 60 and over	74	80	77	70	70	72	71	75	74	78	74	75	73
Income under \$30,000	66	76	77	71	72	74	72	67	62	73	74	69	68
Income \$30,000 and over	82	83	82	74	80	74	75	81	84	88	86	82	80
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	61	64	64	57	62	59	64	65	71	67	69	63	62
Men	64	65	66	59	65	60	63	72	70	72	76	67	66
Women	57	63	61	56	60	58	64	58	71	62	63	60	57
Under age 60	65	71	70	64	71	65	69	64	78	73	82	72	67
Aged 60 and over	58	57	57	53	55	56	60	65	63	63	58	57	57
Income under \$30,000	47	50	52	43	43	51	55	51	47	56	54	50	50
Income \$30,000 and over	69	72	69	61	74	60	65	71	77	75	77	69	65
<b>Personal financial situation expected one year from now</b>													
FLORIDA	85	86	85	77	76	75	74	72	79	82	82	75	81
Men	85	81	84	70	76	78	70	74	77	82	82	77	78
Women	84	90	85	84	77	72	80	71	82	82	82	72	86
Under age 60	96	92	94	91	95	88	91	82	95	94	101	85	95
Aged 60 and over	74	80	76	66	61	66	66	64	66	72	66	68	68
Income under \$30,000	68	85	89	78	85	76	76	66	64	71	82	68	73
Income \$30,000 and over	94	87	86	75	78	74	74	78	84	90	86	79	86
<b>Expected national economic conditions over the next year</b>													
FLORIDA	75	81	85	79	76	76	72	77	79	81	82	79	76
Men	74	77	85	71	75	75	67	75	77	79	82	78	70
Women	76	84	86	88	76	78	77	79	82	83	82	79	84
Under age 60	78	81	87	78	80	79	69	76	86	84	88	79	82
Aged 60 and over	73	83	84	80	72	75	74	76	75	80	79	79	71
Income under \$30,000	65	82	83	80	77	86	74	67	62	75	78	76	73
Income \$30,000 and over	78	84	84	77	77	72	74	80	84	88	85	83	77
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	82	84	86	77	78	76	69	76	77	82	82	75	78
Men	85	83	85	81	74	77	66	75	78	82	83	77	76
Women	78	85	88	82	81	75	72	78	76	82	81	73	80
Under age 60	83	77	87	80	80	80	72	75	82	82	89	77	81
Aged 60 and over	81	93	86	75	76	74	68	78	73	83	77	75	75
Income under \$30,000	80	84	85	81	77	76	72	74	65	83	69	77	72
Income \$30,000 and over	83	84	86	76	80	74	71	78	81	86	86	80	80
<b>Is this a good time to buy major household items?</b>													
FLORIDA	80	85	79	78	86	87	88	90	90	91	92	92	86
Men	84	92	78	81	87	86	90	93	89	94	100	96	89
Women	75	79	81	75	84	88	85	87	91	88	85	88	82
Under age 60	75	83	80	81	86	89	87	87	87	90	92	87	81
Aged 60 and over	71	87	79	75	86	87	89	92	93	93	92	96	91
Income under \$30,000	70	76	77	73	79	82	82	76	72	81	88	76	71
Income \$30,000 and over	84	88	82	80	89	90	92	96	94	100	95	100	91

\*Revised. †Preliminary.

**Aug-12 Sep-12 Oct-12 Nov-12 Dec-12 Jan-13 Feb-13 Mar-13 Apr-13 May-13 Jun-13 Jul-13 Aug-13**

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	415	<b>Race</b>		<b>Gender</b>	
		% Non-white	18	% Male	53
<b>Average age</b>	59	% White	82	% Female	47
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	19	% Yes	8	% North	24
% \$20,000 to \$29,999	12	% No	92	% Central	20
% \$30,000 to \$49,999	22			% Southeast	21
% over \$50,000	47			% Southwest	35