

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 recovered much of the losses from the previous month as the overall index increased seven points to 84. Confidence fell between July and August by ten points to 77, but increased optimism in all but one of the five components led to a recovery. Perceptions of personal finances now compared to a year ago rose five points to 79, while perceptions about personal finances a year from now actually fell a point to 90. Expectations about national economic conditions over the next year jumped eleven points to 73, while expectations about US economic conditions over the next five years rose six points to 79. Perceptions of whether it is a good time to buy big-ticket items rose eleven points to 98.

“The increase in confidence this month is in large part due to a dramatic change in gasoline prices which have fallen close to nineteen cents in Florida compared to a year ago,” said Chris McCarty, the Survey Director. “We attributed a large part of the decline last month to sustained high gas prices and the effect of the erosion in the housing market. September consumer confidence reflects the natural decrease in the price of gasoline as demand decreases following the start of the school year. In addition, recovery of Gulf Coast refineries, discovery of new oil fields in the Gulf of Mexico, and some positive news on the confrontation with Iran over nuclear weapons has resulted in a decrease in the price of crude oil. In response to the falling price of crude oil, OPEC countries are planning to decrease production to raise prices. However, it is unlikely that this will push the price of a gallon of gasoline to the levels it was a year ago.”

Retail sales in August were down compared to July. Much of the sales gains in August were due to auto sales. As expected, sales of home furnishing, building materials and appliances were low compared to previous months. Much of this is due to the lower demand as the housing market stagnates. Chain store sales fell in September following the back-to-school sales in August. Chain store sales have been particularly impacted by high gasoline prices.

“Moving forward, the question is how lower energy prices will balance out the problems in real estate,” said McCarty. “We have definitely begun to see the effect of declining housing sales. As we reported in earlier releases, Florida is among a few markets in the country that can expect strong corrections in some areas. As inventory continues to build and houses sit on the market longer, sellers will ultimately realize that they have to reduce their asking prices. This will have multiple effects, particularly on those that are in a position where they must sell, and those that rely on their homes as their primary source of wealth. We expect that in Florida the effects of housing will become more pronounced through the next few quarters, and will affect holiday sales. While holiday sales enjoy a relatively easy comparison to last year, they will remain mediocre.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
September 26, 2006
Bureau of Economic and Business Research
University of Florida

Sep-05 Oct-05 Nov-05 Dec-05 Jan-06 Feb-06 Mar-06 Apr-06 May-06 Jun-06 Jul-06 Aug-06* Sep-06†

Consumer Confidence Index

FLORIDA	78	80	84	91	95	87	91	86	86	88	87	77	82
Men	85	88	88	96	99	92	99	94	93	91	92	84	90
Women	71	74	80	87	92	83	84	82	81	86	84	72	76
Under age 60	79	82	85	95	96	89	94	91	87	93	90	79	84
Aged 60 and over	74	74	82	83	92	84	86	81	83	82	79	73	80
Income under \$30,000	57	67	72	81	83	77	77	75	67	70	74	62	70
Income \$30,000 and over	86	86	89	97	100	92	97	93	92	95	91	83	89

Personal financial situation now compared to a year ago

FLORIDA	80	79	80	88	88	83	89	84	88	87	80	74	78
Men	90	87	84	90	94	89	95	91	95	92	87	76	79
Women	71	73	76	85	84	78	83	80	84	83	76	72	76
Under age 60	86	86	85	93	93	88	98	94	97	93	87	79	83
Aged 60 and over	66	62	71	76	80	76	73	67	72	78	65	62	67
Income under \$30,000	48	51	54	61	61	71	66	65	51	61	47	52	58
Income \$30,000 and over	94	91	91	98	97	91	101	94	102	96	91	81	86

Personal financial situation expected one year from now

FLORIDA	90	90	92	95	99	95	96	92	92	94	98	91	88
Men	95	94	93	100	104	97	102	95	99	92	103	98	91
Women	86	87	90	92	96	93	90	90	88	95	95	86	86
Under age 60	98	98	101	105	109	106	107	107	99	106	107	100	98
Aged 60 and over	72	71	75	73	83	77	75	68	77	72	76	71	71
Income under \$30,000	74	81	78	89	96	81	85	82	74	77	82	77	84
Income \$30,000 and over	98	96	100	99	104	103	101	101	99	102	104	98	91

Expected national economic conditions over the next year

FLORIDA	56	66	72	84	86	77	81	76	73	77	76	62	72
Men	67	78	74	90	92	81	93	88	85	87	78	68	87
Women	47	58	70	79	81	74	70	68	66	69	74	57	61
Under age 60	53	67	73	87	84	78	78	74	70	80	76	60	69
Aged 60 and over	64	68	72	81	89	76	86	80	81	76	73	64	79
Income under \$30,000	37	61	68	86	80	69	71	71	61	61	74	49	57
Income \$30,000 and over	61	68	73	86	90	81	82	79	78	85	75	65	78

Expected national economic conditions over the next 5 years

FLORIDA	70	76	78	84	90	79	83	78	75	86	82	73	77
Men	76	86	84	91	94	85	96	91	80	89	89	85	89
Women	65	69	73	78	87	74	72	70	72	83	77	65	68
Under age 60	68	74	77	86	86	76	84	79	73	86	82	71	74
Aged 60 and over	72	81	80	81	97	84	84	80	79	85	81	79	85
Income under \$30,000	53	65	74	82	78	66	73	68	61	65	76	60	65
Income \$30,000 and over	76	81	78	86	94	84	86	86	80	90	83	76	84

Is this a good time to buy major household items?

FLORIDA	91	88	98	105	109	102	106	102	100	98	100	87	97
Men	99	95	107	107	109	107	109	104	108	97	105	93	106
Women	85	83	90	103	109	97	104	101	95	100	96	82	91
Under age 60	89	88	91	104	109	98	104	101	97	98	100	84	98
Aged 60 and over	95	90	110	105	113	107	110	107	106	99	98	92	99
Income under \$30,000	72	78	85	89	100	101	91	91	87	88	89	74	85
Income \$30,000 and over	101	96	103	114	113	101	112	107	103	102	103	92	106

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	357	Race		Gender	
		% Non-white	17	% Male	43
Average age	53	% White	83	% Female	57
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	15	% Yes	13	% North	25
% \$20,000 to \$29,999	13	% No	87	% Central	14
% \$30,000 to \$49,999	25			% Southeast	28
% over \$50,000	47			% Southwest	33