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Consumer Confidence

Consumer confidence among Floridians declined in November to 76, down four points from the revised October reading of 80. Four of the five components that make up the index fell and one remained the same. Perceptions of personal finances now compared to a year ago fell five points to 59 while expectations of personal finances a year from now also fell five points to 80. Expectations of U.S. economic conditions over the next year fell three points to 80 while expectations of U.S. economic conditions over the next five years fell six points to 80. Perceptions as to whether it is a good time to buy big ticket consumer items was unchanged at 79.

“We expected a decline in consumer confidence for two reasons,” said Chris McCarty, the Survey Director. “The main reason for the decline was the outcome of the elections. Florida was the most divided state in the country, with President Obama winning by 73,309 votes. No matter who won, half of the state was not going to be happy with the outcome. Given that most of the election revolved around economic issues, many which will have immediate effects on Floridians, it was almost certain that confidence would decline. An analysis of the results by political party bears this out. Confidence among Democrats in Florida rose from 99 in October to 103 in November, while confidence among Republicans fell from 62 in October to 50 in November. The components responsible for the biggest drop among Republicans were expectations of personal finances a year from now, which fell 23 points, and expectations of U.S. economic conditions over the next five years which fell 18 points. The other reason for the decline is the sudden burst of media coverage regarding the fiscal cliff. While some media outlets have been covering this since the beginning of the year, the set of tax increases and spending cuts due in January were not mentioned much by either party during the campaign. Now with the election over Floridians are hearing daily about the potential consequences. This is likely to continue into December.”

Aside from the election, economic indicators in Florida remain relatively positive. Unemployment declined again in October to 8.2 percent, the lowest since the deepest part of the recession in 2008. Once again, the labor force increased while adding jobs primarily associated with health care, tourism and real estate. Housing continued to hold onto gains with the median price for an existing single family home the same as September at \$145,000, up 9 percent over last year. Housing stock is declining which is increasing demand for new homes. With interest rates at record low the demand for housing is likely to continue well into 2013. Gas prices have declined steadily since Labor Day, as they typically do. Recent predictions of a U.S. oil boom due to fracking of shale oil in the Midwest may keep gas prices somewhat lower for the next several years. The stock market is still holding onto the gains from this year, despite concerns over the fiscal cliff.

“The holiday season got off to an earlier start this year, but early sales figures were mixed,” said McCarty. “Thanksgiving sales were relatively strong, but clearly robbed Black Friday sales. While consumer confidence is

historically low, it is still relatively high post-recession. We expect holiday sales growth to be positive, but not as high as the 4.1 percent predicted by the National Retail Federation. More likely is an increase of 2 percent as predicted by the Ball State Center for Economic and Business Research. We expect holiday sales to be tied to the fiscal cliff. In particular, Floridians should be following whether Congress passes another patch for the Alternative Minimum Tax. Without a fix the AMT for 2012 will expand greatly from about 4 million to over 30 million Americans. While most of the effects from the fiscal cliff will occur over the year, the AMT would be calculated on this year's tax bill, potentially slowing refunds and increasing taxes for many middle class households. Many Floridians will not be prepared for the immediate tax increase in April. Those who rely on refunds to pay for holiday spending may need to keep in mind that without a patch their refund could be delayed as the IRS makes adjustments."

FLORIDA ECONOMIC AND CONSUMER SURVEY†
November 27th, 2012
Bureau of Economic and Business Research
University of Florida

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Consumer Confidence Index													
FLORIDA	66	70	77	76	75	74	78	73	77	76	80	80	76
Men	67	72	78	78	74	78	79	74	80	78	79	80	72
Women	66	67	76	73	76	70	77	72	74	74	80	80	81
Under age 60	70	77	81	80	76	77	83	78	81	80	81	84	80
Aged 60 and over	62	66	73	71	74	71	74	70	74	74	80	77	73
Income under \$30,000	62	65	73	67	68	70	70	68	66	66	76	77	73
Income \$30,000 and over	71	75	82	81	79	78	84	79	82	82	83	82	76
Personal financial situation now compared to a year ago													
FLORIDA	52	56	61	59	62	63	62	61	64	61	64	64	59
Men	55	60	65	61	61	67	65	60	69	64	65	66	60
Women	49	50	57	57	64	58	59	61	59	57	63	61	58
Under age 60	54	63	66	67	67	71	67	69	72	65	71	70	64
Aged 60 and over	49	51	57	53	58	55	58	54	55	58	57	57	56
Income under \$30,000	46	47	45	38	49	48	47	49	51	47	50	52	45
Income \$30,000 and over	57	61	70	69	69	72	71	68	71	69	72	69	63
Personal financial situation expected one year from now													
FLORIDA	80	78	84	81	82	79	86	76	85	85	86	85	80
Men	80	79	82	82	79	83	87	73	89	85	81	84	71
Women	80	78	87	80	85	76	85	80	80	84	90	85	89
Under age 60	89	89	95	95	92	91	102	88	97	96	92	94	95
Aged 60 and over	70	70	73	69	73	69	74	67	73	74	80	76	69
Income under \$30,000	74	75	78	78	78	81	85	72	76	68	85	89	81
Income \$30,000 and over	85	82	90	87	84	80	91	80	91	94	87	86	78
Expected national economic conditions over the next year													
FLORIDA	53	60	75	74	73	73	76	73	75	75	81	85	82
Men	52	61	73	76	71	77	71	75	76	74	77	85	74
Women	54	59	77	71	75	68	82	71	75	76	84	86	90
Under age 60	59	67	78	76	70	72	81	74	78	78	81	87	79
Aged 60 and over	47	55	73	70	75	71	72	74	73	73	83	84	84
Income under \$30,000	57	64	81	69	71	73	73	67	64	65	82	83	85
Income \$30,000 and over	53	60	75	78	76	73	81	80	78	78	84	84	79
Expected national economic conditions over the next 5 years													
FLORIDA	68	73	83	81	79	76	84	80	79	82	84	86	80
Men	64	73	83	82	78	77	84	81	81	85	83	85	73
Women	72	72	82	81	81	76	85	79	77	78	85	88	87
Under age 60	68	79	85	84	73	76	85	77	79	83	77	87	81
Aged 60 and over	67	68	81	78	85	76	84	84	80	81	93	86	79
Income under \$30,000	66	69	84	78	79	72	76	76	69	80	84	85	80
Income \$30,000 and over	70	75	85	84	81	77	91	86	83	83	84	86	80
Is this a good time to buy major household items?													
FLORIDA	78	85	82	83	79	80	82	77	82	80	85	79	79
Men	82	90	86	87	80	88	88	83	84	84	92	78	81
Women	75	77	78	78	77	73	76	69	80	75	79	81	77
Under age 60	78	87	82	78	77	74	80	82	77	75	83	80	83
Aged 60 and over	80	85	82	87	78	86	83	72	87	71	87	79	75
Income under \$30,000	65	72	76	72	62	60	70	72	70	70	76	77	76
Income \$30,000 and over	88	96	90	87	86	86	86	80	85	84	88	82	80
*Revised. †Preliminary.	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	420	Race		Gender	
		% Non-white	14	% Male	49
Average age	61	% White	86	% Female	51
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	10	% North	26
% \$20,000 to \$29,999	14	% No	90	% Central	17
% \$30,000 to \$49,999	23			% Southeast	24
% over \$50,000	47			% Southwest	33