

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

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

### *Consumer Sentiment*

Consumer sentiment among Floridians came in at 93.3 in January. Perceptions of personal finances now compared to a year ago was 78.5 while expectations of personal finances a year from now was 100.7. Expectations of U.S. economic conditions over the next year was 95.5 while expectations of U.S. economic conditions over the next five years was 92.1. Perceptions as to whether it is a good time to buy major household items was 99.5.

“The main story this month is a change in the methodology we use to collect our survey data for the consumer sentiment index,” said Chris McCarty, the Survey Director. “Since 2008 there has been a shift in the telephone survey industry away from landline phones to cell phones. According to the most recent report from the CDC about 53 percent of households have a landline, which is the way we have contacted respondents since our survey began in 1985. This is in contrast to 89 percent of households who own cell phones. Some survey organizations mix the two approaches, but many are shifting to a cell phone only method of contacting respondents. The University of Michigan which measures consumer sentiment nationally has switched to a cell only approach beginning this month. We are doing the same for our Florida survey.”

There are several effects to a cell only methodology. Generally the sample of respondents more closely matches the demographics of the state. In addition, we weight the results of our cell phone survey by county, age, sex and minority status so that the results match the distribution of these variables in the state. The overall effect is an increase in the consumer sentiment index as younger respondents are more represented.

Those who follow our index will notice a few other changes. In order to match the University of Michigan national release, we will now post our results the last Friday of the month rather than the last Tuesday which the Conference Board did for its consumer confidence release. We are also reporting the first decimal rather than rounding the result up or down. We have made a small adjustment in the release to break the index down by households making more or less than \$50,000 a year rather than \$30,000. The median annual income of Florida households is close to \$50,000.

“Over the past 30 years we have minimized the changes to our methodology to maintain an index that reflects changes in consumer attitudes rather than changes in method. Given the University of Michigan shift in methodology and the start of a new year we decided now is the time to implement it. It is also a good time given the relatively stable economic environment both in Florida and nationally.”

While some of the change to the index between December and January was due to the switch to cell phones, there continues to be positive economic news that has lifted consumer sentiment. Unemployment fell in Florida to 5.6 percent in December matching U.S. unemployment. The unemployment rate fell in December as a combination of job gains and a decline in the size of the labor force. The median price for an existing single family home rose to \$185,000 in December after a two month decline, while interest rates remain at historically low levels. The stock market remains near record highs. Housing and stock market investments are by far the greatest contributors to household wealth.

Meanwhile gas prices have plummeted over the month and now average just over \$2 a gallon. The last time gas prices were this low was at the end of the Great Recession in 2009 when demand for gas sank.

“Overall the economy has improved for most consumers,” said McCarty. “The dramatic fall in gas prices is a windfall for many consumers. Despite the decline in gas purchases retail sales for the holiday season rose 4.7 percent compared to 2013. In the short run we anticipate that the economic environment will be favorable for consumers with gas prices expected to stay low and housing prices to remain stable. Expectations that the Federal Reserve will begin to raise short term interest rates by June will ultimately translate into higher mortgage and loan rates. Until then we expect consumer sentiment to continue to rise.”

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
**January 30, 2015**  
**Bureau of Economic and Business Research**  
**University of Florida**

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
<b>Consumer Sentiment Index</b>													
FLORIDA	77.7	77.5	80.0	79.6	77.5	82.2	81.5	82.4	82.8	84.3	85.9	87.6	93.3
Men	80.0	79.7	82.8	82.1	80.0	84.7	86.0	84.7	84.5	86.2	88.3	89.5	99.8
Women	75.4	75.4	76.8	76.9	74.9	79.8	76.8	80.0	81.1	82.4	83.3	85.7	87.2
Under age 60	79.0	81.6	84.7	82.8	78.4	88.4	88.2	85.6	88.6	88.8	89.5	91.6	95.8
Aged 60 and over	77.3	75.0	76.7	77.4	77.0	78.6	75.4	79.6	78.1	81.7	82.5	86.0	87.5
Income under \$50,000	75.3	60.8	68.3	65.5	66.4	73.9	73.4	70.9	68.7	82.0	75.2	79.3	87.8
Income \$50,000 and over	81.0	86.2	85.9	86.9	83.8	86.7	86.2	85.0	88.2	86.6	91.6	92.2	103.0
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	66.1	62.9	71.7	68.7	71.1	76.0	73.5	73.6	75.2	72.6	75.8	73.3	78.5
Men	70.8	68.2	77.3	73.4	75.2	79.4	78.5	80.7	78.6	74.4	80.2	76.6	87.1
Women	61.7	57.5	65.5	63.8	66.7	72.9	68.2	66.3	71.7	70.9	71.0	69.9	70.6
Under age 60	67.4	69.1	74.2	77.1	69.8	81.7	83.0	81.9	84.0	81.2	81.3	79.2	85.0
Aged 60 and over	65.2	59.0	69.1	64.6	72.4	72.9	64.9	66.9	68.6	67.2	71.5	70.5	64.6
Income under \$50,000	55.9	39.1	48.7	47.0	49.4	65.7	51.2	53.7	53.4	71.0	51.8	60.8	69.5
Income \$50,000 and over	70.0	73.8	81.3	80.8	79.7	81.1	82.4	77.5	83.2	73.7	86.5	78.3	92.3
<b>Personal financial situation expected one year from now</b>													
FLORIDA	79.7	75.8	83.0	77.5	75.6	82.7	80.6	84.6	83.4	83.3	81.9	85.7	100.7
Men	83.3	77.8	86.2	79.6	78.0	85.5	82.6	88.6	82.8	87.1	82.2	89.4	106.3
Women	76.2	73.9	79.4	75.3	73.0	80.1	78.5	80.6	83.9	79.7	81.6	81.8	95.5
Under age 60	95.5	90.6	97.9	92.3	88.7	101.9	96.5	100.3	100.0	96.3	91.1	100.4	109.4
Aged 60 and over	70.6	66.3	72.3	69.7	64.7	70.7	67.2	71.6	72.2	75.8	74.7	76.2	80.8
Income under \$50,000	77.0	68.0	79.7	70.0	66.0	81.5	75.9	77.3	80.5	83.1	75.6	77.2	99.7
Income \$50,000 and over	83.9	84.0	88.5	84.8	79.5	86.8	83.4	87.1	86.3	85.7	86.0	92.3	106.4
<b>Expected national economic conditions over the next year</b>													
FLORIDA	75.6	79.1	82.4	78.2	74.4	80.1	80.5	79.8	79.0	82.5	85.8	87.0	95.5
Men	73.2	81.6	85.1	82.5	76.4	76.9	83.2	79.7	80.7	84.0	86.2	88.9	99.3
Women	78.0	76.6	79.4	73.5	72.2	83.0	77.6	79.8	77.3	81.0	85.4	84.9	91.9
Under age 60	74.7	82.5	85.5	79.3	77.6	84.6	85.8	79.9	82.5	86.0	89.1	89.2	97.1
Aged 60 and over	77.1	77.0	79.9	77.4	71.3	77.1	76.0	79.5	75.7	80.7	81.7	86.7	90.4
Income under \$50,000	77.3	57.6	68.9	66.5	67.0	76.9	79.3	68.1	62.5	76.9	82.4	82.1	90.1
Income \$50,000 and over	77.6	89.0	86.9	86.6	80.1	83.2	84.8	84.1	83.5	85.5	88.9	89.8	104.8
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	81.0	79.5	76.9	81.3	76.1	78.1	80.6	79.5	80.9	85.6	85.1	87.3	92.1
Men	80.3	81.9	78.2	83.3	78.0	80.8	86.0	79.2	83.4	86.6	87.6	86.7	103.7
Women	81.6	77.0	75.5	79.2	74.1	75.6	74.9	79.8	78.5	84.6	82.5	87.9	81.5
Under age 60	79.9	78.8	80.9	78.6	74.2	83.3	82.5	76.7	82.7	86.4	85.8	85.0	91.2
Aged 60 and over	82.3	80.2	74.9	81.4	77.4	75.0	78.3	81.6	79.1	85.0	82.8	89.3	93.5
Income under \$50,000	86.2	58.4	72.8	69.4	68.6	70.8	75.7	72.0	68.4	93.4	78.8	86.8	87.0
Income \$50,000 and over	81.8	89.5	82.8	86.2	82.3	83.3	84.4	81.6	85.1	85.0	89.6	88.8	99.9
<b>Is this a good time to buy major household items?</b>													
FLORIDA	86.1	90.4	85.8	92.1	90.4	94.0	92.6	94.4	95.5	97.4	100.9	104.9	99.5
Men	92.6	88.8	87.0	91.7	92.2	101.1	99.8	95.3	97.0	98.8	105.4	105.8	102.8
Women	79.8	92.0	84.4	92.5	88.5	87.5	85.0	93.4	93.9	96.0	96.0	104.0	96.4
Under age 60	77.5	87.1	84.8	86.7	81.6	90.5	93.4	89.3	94.0	94.1	100.2	103.9	96.3
Aged 60 and over	91.2	92.5	87.2	94.2	99.2	97.5	90.6	98.6	95.2	99.7	101.8	107.3	108.2
Income under \$50,000	80.2	80.7	71.5	74.4	80.8	74.7	85.0	83.1	78.7	85.6	87.4	89.5	92.8
Income \$50,000 and over	91.8	94.8	90.0	96.3	97.5	99.1	96.2	94.7	102.8	103.2	106.7	111.7	111.4
*Revised. †Preliminary.	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	417	<b>Race</b>		<b>Gender</b>	
		% Non-white	28	% Male	61
<b>Average age</b>	48	% White	72	% Female	39
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	21	% Yes	24	% North	24
% \$20,000 to \$29,999	14	% No	76	% Central	17
% \$30,000 to \$49,999	19			% Southeast	33
% over \$50,000	46			% Southwest	26

**Data Collection Dates:** January 2 to 25, 2015