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Consumer Sentiment

Consumer sentiment among Floridians fell slightly in July to 89, down less than a point from June. Of the five components that make up the index one increased and four decreased. Perceptions of personal finances now compared to a year ago rose by 5.2 points to 84.5 while expectations of personal finances a year from now fell 1.9 points to 101. Expectations of U.S. economic conditions over the next year fell 3.5 points to 81.5 while expectations of U.S. economic conditions over the next five years fell 2.8 points to 81.7. Perceptions as to whether it is a good time to buy big ticket items fell one point to 96.5.

“While most of the components fell, the biggest change between June and July was the more than five point increase in perceptions of personal finances now compared to a year ago,” said Chris McCarty, the survey director. “Looking at the demographic categories the big increases for that component were among women, whose index increased more than 10 points, and households making more than \$50,000 which increased by 9.7 points. Sentiment among older respondents, those age 60 and over, fell 12.9 points. Meanwhile the other index components were mostly negative across all categories. The personal finances index likely benefited from gains in the stock market early in the month before it fell in the latter part. We expect the personal finance indicator to be lower by the time all responses are collected in July, particularly given the recent market reaction to the decline in the Chinese stock market.”

Economic data in Florida continues to be mostly positive. Unemployment among Floridians continues to fall and in June was at 5.5 percent. This is close to what economists have historically considered the natural rate of unemployment, around 5 percent, although there is debate as to whether 4 percent is now more appropriate given demographic trends such as the mass retirement of the Baby Boomers. While Florida gained jobs in June a big contributor to the lower unemployment rate was a 65,000 person decline in the size of the labor force. And unlike the trend nationally, Florida’s labor force participation rate, the percent of those in the labor force out of the population that could be in it, continues to fall and at 58.9 is now the lowest since 1983. Florida must reverse this trend to make further economic gains. Housing prices continue to rise with the median price of a single family home up to \$203,500 and total June sales up 19.6 percent from a year ago. Housing prices for 2015 are now very near the trend line but are still more than 20 percent lower than peak prices from 2006. New home construction has been weak as many consumers, particularly millennials, opt for renting multi-family units rather than buying homes. This is the main driver of the lowest home ownership rate in 50 years. Inflation remains relatively low although recent readings were high enough that the Federal Reserve will likely raise interest rates in September or December. Gas prices have started to fall again after a six month rise. Given the end of summer and the fall in oil prices this trend is likely to continue through the fall.

“The Federal Reserve will likely raise interest rates in either September or December, although it will almost certainly not be more than a .25 percent increase,” said McCarty. “While questions still remain regarding some underlying weakness in the economy, most indicators, particularly employment, have been positive. Given that the international economic environment is relatively calm with more certainty regarding the situation in Europe and a

possible deal with Iran over nuclear weapons, there is not a better time for the Fed to start undoing the massive monetary intervention they used to guide the economy through the Great Recession. The Fed will remain ready to reverse course on interest rate increases given any sign of an adverse reaction.”

FLORIDA ECONOMIC AND CONSUMER SURVEY†
July 31st, 2015
Bureau of Economic and Business Research
University of Florida

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Consumer Sentiment Index													
FLORIDA	81.5	82.4	82.8	84.3	85.9	87.6	93.1	93.7	97.3	94.7	87.9	89.8	89.0
Men	86.0	84.7	84.5	86.2	88.3	89.5	99.8	97.1	100.1	97.6	89.7	93.4	89.7
Women	76.8	80.0	81.1	82.4	83.3	85.7	86.9	90.5	94.7	92.1	86.2	86.4	88.4
Under age 60	88.2	85.6	88.6	88.8	89.5	91.6	96.2	97.8	101.9	100.1	92.0	94.4	92.6
Aged 60 and over	75.4	79.6	78.1	81.7	82.5	86.0	86.1	82.6	85.5	83.6	76.2	79.5	76.4
Income under \$50,000	73.4	70.9	68.7	82.0	75.2	79.3	88.5	89.5	91.4	90.6	83.3	87.0	82.2
Income \$50,000 and over	86.2	85.0	88.2	86.6	91.6	92.2	101.8	102.8	105.1	101.3	95.4	96.3	96.3
Personal financial situation now compared to a year ago													
FLORIDA	73.5	73.6	75.2	72.6	75.8	73.3	77.5	84.9	88.1	85.3	84.2	79.3	84.5
Men	78.5	80.7	78.6	74.4	80.2	76.6	86.8	90.3	92.3	89.4	88.3	85.2	85.3
Women	68.2	66.3	71.7	70.9	71.0	69.9	68.9	79.8	84.2	81.5	80.5	73.7	83.8
Under age 60	83.0	81.9	84.0	81.2	81.3	79.2	84.2	90.9	93.4	93.7	89.7	83.5	92.3
Aged 60 and over	64.9	66.9	68.6	67.2	71.5	70.5	64.1	68.8	75.3	65.5	69.1	69.5	56.6
Income under \$50,000	51.2	53.7	53.4	71.0	51.8	60.8	68.8	74.6	80.8	76.7	71.6	73.2	68.9
Income \$50,000 and over	82.4	77.5	83.2	73.7	86.5	78.3	89.3	100.9	99.3	100.2	99.8	91.0	100.7
Personal financial situation expected one year from now													
FLORIDA	80.6	84.6	83.4	83.3	81.9	85.7	102.0	101.2	104.7	103.2	94.3	102.9	101.0
Men	82.6	88.6	82.8	87.1	82.2	89.4	105.0	104.2	104.9	105.9	97.0	101.1	101.1
Women	78.5	80.6	83.9	79.7	81.6	81.8	99.2	98.5	104.5	100.7	91.8	104.7	100.8
Under age 60	96.5	100.3	100.0	96.3	91.1	100.4	110.7	107.5	112.6	114.0	102.1	111.0	106.3
Aged 60 and over	67.2	71.6	72.2	75.8	74.7	76.2	82.0	84.2	83.3	78.2	73.3	84.4	81.7
Income under \$50,000	75.9	77.3	80.5	83.1	75.6	77.2	101.0	101.0	101.5	106.2	92.9	106.1	98.7
Income \$50,000 and over	83.4	87.1	86.3	85.7	86.0	92.3	105.6	110.2	109.7	103.3	98.3	101.5	104.2
Expected national economic conditions over the next year													
FLORIDA	80.5	79.8	79.0	82.5	85.8	87.0	95.7	93.4	95.4	93.2	85.6	85.0	81.5
Men	83.2	79.7	80.7	84.0	86.2	88.9	100.5	97.9	97.9	94.2	87.7	90.6	81.2
Women	77.6	79.8	77.3	81.0	85.4	84.9	91.1	89.2	93.1	92.2	83.5	79.7	81.8
Under age 60	85.8	79.9	82.5	86.0	89.1	89.2	97.5	96.7	98.7	97.6	90.6	91.2	83.1
Aged 60 and over	76.0	79.5	75.7	80.7	81.7	86.7	89.2	85.5	86.2	83.9	71.2	71.9	75.8
Income under \$50,000	79.3	68.1	62.5	76.9	82.4	82.1	92.1	90.8	90.4	88.1	84.4	82.6	75.5
Income \$50,000 and over	84.8	84.1	83.5	85.5	88.9	89.8	104.3	98.7	101.5	98.6	89.5	90.9	86.7
Expected national economic conditions over the next 5 years													
FLORIDA	80.6	79.5	80.9	85.6	85.1	87.3	91.9	90.2	92.4	90.0	81.3	84.5	81.7
Men	86.0	79.2	83.4	86.6	87.6	86.7	102.9	90.6	97.7	94.0	81.7	87.0	81.5
Women	74.9	79.8	78.5	84.6	82.5	87.9	81.7	89.8	87.4	86.3	80.8	82.0	81.8
Under age 60	82.5	76.7	82.7	86.4	85.8	85.0	90.7	93.8	96.0	92.6	84.8	89.0	83.7
Aged 60 and over	78.3	81.6	79.1	85.0	82.8	89.3	93.0	80.0	82.7	87.0	70.0	75.1	76.7
Income under \$50,000	75.7	72.0	68.4	93.4	78.8	86.8	88.7	88.8	85.7	88.2	80.8	81.9	77.3
Income \$50,000 and over	84.4	81.6	85.1	85.0	89.6	88.8	99.6	93.0	101.3	92.6	84.0	92.7	85.5
Is this a good time to buy major household items?													
FLORIDA	92.6	94.4	95.5	97.4	100.9	104.9	98.6	98.7	106.0	101.9	94.3	97.5	96.5
Men	99.8	95.3	97.0	98.8	105.4	105.8	104.0	102.6	108.0	104.4	94.0	103.2	99.4
Women	85.0	93.4	93.9	96.0	96.0	104.0	93.5	95.0	104.2	99.6	94.5	92.0	93.8
Under age 60	93.4	89.3	94.0	94.1	100.2	103.9	98.0	100.2	108.9	102.5	92.9	97.3	97.6
Aged 60 and over	90.6	98.6	95.2	99.7	101.8	107.3	102.2	94.7	100.1	103.2	97.3	96.6	91.0
Income under \$50,000	85.0	83.1	78.7	85.6	87.4	89.5	91.9	92.3	98.5	93.9	87.0	91.0	90.6
Income \$50,000 and over	96.2	94.7	102.8	103.2	106.7	111.7	110.3	111.3	113.6	112.0	105.5	105.4	104.4

*Revised. †Preliminary.

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CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH

Sample Size	406	Race		Gender	
		% Non-white	27	% Male	53
Average age	45	% White	73	% Female	47
Income Characteristics		Hispanic Origin		Region	
% less than \$20,000	16	% Yes	22	% North	27
% \$20,000 to \$29,999	16	% No	78	% Central	18
% \$30,000 to \$49,999	17			% Southeast	29
% over \$50,000	51			% Southwest	26

Data Collection Dates: July 1 to 26, 2015