

Study: Florida consumer confidence rises to highest level in more than two years

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(PhysOrg.com) -- Florida's consumer confidence unexpectedly rose in January by five points to 74, possibly a sign of post-holiday relief, according to a new University of Florida survey.

“The sharp rise was somewhat of a surprise,” said Chris McCarty, survey director of UF’s Bureau of Economic and Business Research. “In the past we have seen similar jumps in the January index, perhaps in response to the financial stress associated with the holidays and the economic turbulence of the past year.”

This month’s increase in consumer confidence was broad-based across age and income levels, pushing the index to its highest level in more than two years, McCarty said.

All five components making up the index increased. The biggest jump was in perceptions of whether it is a good time to buy big-ticket consumer items, which rose eight points to 83. Perceptions of personal finances now compared with a year ago increased five points to 50, while expectations of personal finances a year from now rose five points to 85. Perceptions of U.S. [economic conditions](#) over the next year rose six points to 73, while perceptions of U.S. business conditions over the next five years rose four points to 78.

“On the positive side, the stock market seems to have held onto the big increase from 2009, and housing prices, though down at the end of the year, seem at least temporarily stable,” McCarty said. The extension of

the tax rebate to existing homeowners should help support home prices, he said.

However, the stability of housing prices could be threatened by a continued rise in unemployment, McCarty said. The [Florida](#) Agency for Workforce Innovation released December unemployment figures on Friday, which show that the rate increased to 11.8 percent, up .3 percent from 11.5 percent for November, he said.

“We believe that once we have collected an extra week’s worth of data (for the end of the month), consumer confidence will edge downward,” McCarty said. “These data do not reflect the negative employment report that was released on Friday.”

They also do not reflect the potential changes to health care reform as a result of the Republican Party’s win in the Massachusetts senatorial race, although it is unclear whether the prospect of reform is viewed positively or negatively here in Florida, he said.

In another area of economic concern, retail sales over the holidays were mixed but overall weak by most measures, McCarty said.

Holiday sales, as defined by those transactions taking place between Nov. 1 and Dec. 24, rose 3.6 percent according to Spending Pulse, but that included an extra shopping day, McCarty said. The previous year there had been 27 days between Thanksgiving and Christmas because of the way the dates fell, in contrast to 28 days this past year, he said.

Without the extra day, growth appears to have been 1 percent, close to the projections for a flat holiday season, he said.

“It remains to be seen how this affects big retailers who employ many Floridians,” he said.

Also on the negative side are rising gas prices, which now average \$2.78 per gallon in Florida, he said.

McCarty said he expects [consumer confidence](#) to decline several points over the next month. January's overall index was the highest since December 2007. The preliminary index for September 2009 was 74, but it was revised to 72 after a full month of data was collected.

The research center conducts the Florida Consumer Attitude Survey monthly. Respondents are 18 or older and live in households telephoned randomly. The preliminary index for January was 424 responses. The index is benchmarked to 1966, so a value of 100 represents the same level of confidence for that year.

Provided by University of Florida

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