

UF: Florida consumers remain mildly optimistic

February 29 2012, by John Dunn

Consumer confidence among Floridians dropped one point in February to 76 from January, according to a University of Florida survey. The modest decline followed two months of rising levels of confidence in the economy.

“The pattern of consumer confidence in Florida over the last three months is exactly the same as it was a year ago,” said Chris McCarty, director of UF’s Survey Research Center in the Bureau of Economic and Business Research. “From December 2010 to February 2011, the overall level of confidence went from 70 to 77, then 76, the same as this year.”

The test of whether the confidence is sustained will come in March, he said. In 2011, it dropped four points. It continued to decline steadily until August as Americans reacted pessimistically to events at home and abroad.

For the moment, however, various economic indicators show why [Floridians](#) remain modestly optimistic. For example, recent stock market activity reached post-recession highs, lifting the Dow Jones industrial average over 13,000. This rise, McCarty said, tops a “psychological barrier that if passed could lead to increased investment.”

Florida’s unemployment rate in December dropped to 9.9 percent. Most of the new jobs were in trade, transportation and utilities. Home prices, which edged up to an average \$134,300 in December, have stabilized since, though they are expected to [decline](#) again later in the year if the

Florida Legislature approves legislation to speed up foreclosures on 368,000 properties, McCarty said.

Three of the five categories measured by the survey revealed a drop in confidence among respondents in February. For instance, their overall perception of being personally better off financially now than a year ago fell one point to 60. Meanwhile, expectations that personal finances will improve by this time next year dropped three points to 81. In addition, trust in the U.S. economy over the next five years also declined, dropping one point to 82.

Respondents, however, were upbeat in their assessment of whether now is a good time to buy big-ticket items such as a computer or washing machine, registering an increase of confidence, rising three points to 85.

Only one category showed no change. Confidence in the U.S. economy a year from now remains at 75.

While women's confidence in the [economy](#) dipped three points from 76 to 73, men's rose one point, from 78 to 79. Overall, those under 60 were more positive than their older counterparts.

Meanwhile, a recent University of Michigan study showed consumer sentiment across the nation, like that in Florida, also remained relatively unchanged, rising slightly to 75.3 from a January mark of 75.

New concerns could negatively affect Floridians' assessment of coming economic conditions in 2012.

“This year we have concerns over Syria and Iran, and the overhang of the European debt crisis,” McCarty said. In addition, gas prices, which rose 25 cents in January, are likely to top \$4 a gallon this summer. They could increase even more if tensions between the U.S. and Iran intensify.

Floridians' economic outlook is clouded by a host of issues: the presidential election, the possible expiration of the Bush tax cuts in 2013, a fresh round of budget cuts mandated by Congress and possible fallout from steps taken to avert default in countries such as Italy, Spain and Greece.

“The sustained level of consumer confidence is welcome news, but it will be interesting to see how consumers react going forward,” McCarty said. “[Consumer confidence](#) in March should give us a good indication as to whether we will trend down or hold onto these gains.”

The index used by UF researchers is benchmarked to 1966, which means a value of 100 represents the same level of confidence for that year. The lowest index possible is a 2; the highest is 150.

The UF survey was conducted between Feb. 12 and Feb. 23, and reflects the responses of 403 people statewide.

Provided by University of Florida

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