

Florida's consumer confidence shows post-election decline, study finds

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Florida's consumer confidence declined in November to 76, down four points from the revised October reading of 80, according to a new University of Florida study. However, while consumer confidence is historically low, it is still relatively high post-recession, said Chris McCarty, director of UF's Survey Research Center in the Bureau of Economic and Business Research.

The decline was not a surprise.

"We expected it for two reasons," McCarty said. "The main reason 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."

In fact, 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, according to McCarty's analysis.

The survey also reflects worry about the "fiscal cliff" if scheduled tax increases and [government spending](#) cuts happen early next year. [Public awareness](#) of the potential effects if this occurs has risen because [media coverage](#) has increased since the presidential campaigns ended, McCarty said.

He said Floridians should watch how Congress handles the Alternative Minimum Tax, or AMT, which was created to ensure that high-income

individuals, corporations, trusts and estates pay a minimum amount of tax regardless of deductions, credits or exemptions.

"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."

If that happens, many [Floridians](#) will be unprepared for the immediate [tax increase](#) in April, McCarty warned. "Those who rely on refunds to pay for holiday spending should consider that without [Congressional action](#), their refund could be delayed as the IRS makes adjustments."

Such economic concerns may explain why four of the five components used in the survey declined. Respondents' overall view that they are better off financially than a year ago fell five points to 59, while their expectations their personal finances will rise by this time next year also fell five points to 80.

In addition, their confidence in U.S. economic conditions over the next year dropped three points to 82, while their trust in the national economy over the next five years fell six points to 80.

Only one component showed no decline. Respondents' expectation that now is a good time to buy an expensive consumer item such as a refrigerator was unchanged at 79.

Despite the pessimistic mood suggested by the study, other economic indicators offer reasons for optimism. For example, Florida's unemployment rate declined again in October to 8.2 percent, the lowest since the depth of the recession in 2008, with an increase in new jobs primarily in health care, tourism and real estate sectors.

Demand for Florida homes is picking up with the median price for an existing single-family home at \$145,000, up 9 percent over last year. "With interest rates at a record low, the demand for housing is likely to continue well into 2013," McCarty said.

Gas prices have declined steadily since Labor Day and may stay relatively low for several years if fracking of shale oil in the Midwest develops into a reliable source of energy, McCarty said. In addition, the stock market is still holding onto the gains made this year.

Meanwhile, "the holiday season got off to an earlier start this year, but early sales figures were mixed," McCarty said. "Thanksgiving sales were relatively strong, but clearly robbed Black Friday sales.

McCarty expects holiday sales growth to be positive, yet modest, with an increase of 2 percent as predicted by the Ball State Center for Economic and Business Research.

Conducted Nov. 12-21, the UF study reflects the responses of 420 individuals who represent a demographic cross-section of Florida.

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.

More information: www.bebr.ufl.edu/cci

Provided by University of Florida

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