

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 fell in May by two points to 78. Of the five components that make up the index two increased, two decreased and one remained unchanged. Perceptions of personal finances now compared to a year ago rose two points to 71, only one point below the post-recession high achieved in March. Expectations of personal finances a year from now remained unchanged at 78. Both short and long term expectations of U.S. economic conditions fell. Expectations of U.S. economic conditions over the next year fell four points to 74 while expectations of economic conditions over the next five years fell five points to 76. Perceptions as to whether it is a good time to buy big ticket items rose three points to 89.

“While the decline in consumer sentiment in Florida was significant the overall index at 78 is well within the range we have been seeing for the past year,” said Chris McCarty, the Survey Director. “Since the Great Recession ended in 2009 consumer sentiment in Florida has not exceeded 81, the level we hit in May and June of last year. Confidence among Floridians seems to be stuck within a five point range, with the exception of last October when the government shut down. This month pessimism seems to be more concentrated among respondents under age 60 and those with slightly higher incomes. Respondents in those categories are particularly pessimistic about U.S. economic conditions in the short and long term.”

The unemployment rate in Florida declined again in April down to 6.2 percent, compared to 6.3 percent in March. Florida is unemployment is now very close to U.S. unemployment which came in at 6.3 percent in April. Professional and Business Services continues to create the most jobs followed by Leisure and Hospitality. Indeed most major categories showed increases with the exception of Manufacturing. Construction continues to add jobs although that category may not be as strong as the year progresses as the recent housing boom slows. Housing has maintained gains but is showing signs that it will not be the driver of economic growth it has been over the past two years. The median price of a single family home in Florida rose \$2,000 to \$175,000 in April, however as expected price gains have slowed. Federal Reserve, FHA and Fannie Mae policy will ultimately result in higher interest rates which will put pressure on home price gains. The more immediate driver of slowdown in housing is that prices have largely returned to their trend price, removing the effect of the housing bubble. We are now at a more sustainable housing price level, but if prices increase too rapidly they will become unaffordable to a large demographic who while employed are in lower paying jobs than they had prior to the recession. In some markets this has already happened and national housing trends are beginning to reflect that. Many economists expect a correction in the stock market soon, although there is debate whether this will happen within months or in a year. There is wide agreement the stock market was supported by favorable fiscal policy and intervention by the Federal Reserve. And depending how one measures it we have past the duration of an average bull market. Florida investors should expect a pullback in the stock market as a natural part of the business cycle. Inflation rose in April to a level more consistent with a growing economy. Gas prices in Florida fell

during May but are expected to increase as the summer approaches, the typical pattern. Prices are not expected to come close to \$4 a gallon before tapering off after Labor Day. A significant rise in gasoline would further slow economic growth.

“The decline in consumer sentiment among Floridians in May is consistent with the overall pattern for the past year,” said McCarty. “Much like other economic indicators, consumer sentiment seems to be stuck in a relatively narrow range; the index is neither trending down or up. Here in Florida we are maintaining economic stability, but there are no signs of breaking out into a solid trajectory of growth compared to previous economic recoveries.”

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
**May 27, 2014**  
**Bureau of Economic and Business Research**  
**University of Florida**

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
<b>Consumer Sentiment Index</b>													
FLORIDA	81	81	77	77	78	70	77	77	78	78	80	80	78
Men	82	85	79	77	82	69	82	79	80	80	83	82	78
Women	79	79	74	77	74	71	72	74	75	75	77	77	77
Under age 60	85	90	80	82	82	78	79	86	79	82	85	83	78
Aged 60 and over	78	74	75	73	74	63	77	71	77	75	77	77	77
Income under \$30,000	73	74	69	70	69	62	65	71	75	61	68	65	68
Income \$30,000 and over	88	86	82	81	82	73	83	79	81	86	86	87	84
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	67	69	63	63	65	61	69	69	66	63	72	69	71
Men	72	76	67	67	71	63	80	75	71	68	77	73	73
Women	62	63	60	58	61	59	58	63	62	58	66	64	70
Under age 60	73	82	72	68	75	68	69	80	67	69	74	77	70
Aged 60 and over	63	58	57	57	59	54	68	61	65	59	69	65	72
Income under \$30,000	56	54	50	52	49	43	45	50	56	39	49	47	49
Income \$30,000 and over	75	77	69	66	73	70	79	75	70	74	81	81	80
<b>Personal financial situation expected one year from now</b>													
FLORIDA	82	82	75	81	80	74	74	78	80	76	83	78	78
Men	82	82	77	80	81	71	77	79	83	78	86	80	80
Women	82	82	72	83	79	76	70	77	76	74	79	75	75
Under age 60	94	101	85	94	96	93	82	96	96	91	98	92	92
Aged 60 and over	72	66	68	69	66	58	68	67	71	66	72	70	66
Income under \$30,000	71	82	68	76	71	66	65	77	77	68	80	70	69
Income \$30,000 and over	90	86	79	86	86	77	78	81	84	84	88	85	83
<b>Expected national economic conditions over the next year</b>													
FLORIDA	81	82	79	76	76	66	76	73	76	79	82	78	74
Men	79	82	78	70	79	62	77	76	73	82	85	83	75
Women	83	82	79	82	74	69	75	70	78	77	79	73	72
Under age 60	84	88	79	83	76	73	76	77	75	82	86	79	76
Aged 60 and over	80	79	79	71	76	60	77	69	77	77	80	77	71
Income under \$30,000	75	78	76	73	76	64	66	72	77	58	69	66	69
Income \$30,000 and over	88	85	83	78	77	66	81	73	78	89	87	87	79
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	82	82	75	78	75	71	76	74	81	79	77	81	76
Men	82	83	77	77	80	69	74	76	80	82	78	83	75
Women	82	81	73	79	71	73	78	71	82	77	75	79	77
Under age 60	82	89	77	81	81	77	74	75	80	79	81	79	72
Aged 60 and over	83	77	75	76	71	67	78	72	82	80	75	81	78
Income under \$30,000	83	69	77	73	75	70	73	67	86	58	73	69	71
Income \$30,000 and over	86	86	80	81	77	70	78	75	82	89	83	86	82
<b>Is this a good time to buy major household items?</b>													
FLORIDA	90	91	92	92	87	91	78	92	91	86	90	86	89
Men	89	94	100	96	91	100	81	105	90	93	89	87	88
Women	91	88	85	88	83	83	75	80	91	80	92	84	91
Under age 60	87	90	92	87	82	82	79	93	101	78	87	85	79
Aged 60 and over	93	93	92	96	92	99	77	93	83	91	93	87	100
Income under \$30,000	72	81	88	76	76	73	67	78	86	80	81	71	83
Income \$30,000 and over	94	100	95	100	91	96	83	100	93	92	95	90	95
*Revised. †Preliminary.	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	402	<b>Race</b>		<b>Gender</b>	
		% Non-white	16	% Male	52
<b>Average age</b>	61	% White	84	% Female	48
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	19	% Yes	10	% North	26
% \$20,000 to \$29,999	10	% No	90	% Central	19
% \$30,000 to \$49,999	21			% Southeast	22
% over \$50,000	50			% Southwest	33

**Data Collection Dates:** May 1 to 22, 2014