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### *Consumer Sentiment*

Confidence among Floridians fell sharply in October to 71, down seven points from September. This is the lowest reading since December 2011 following the last debt ceiling showdown in August of that same year. Of the five components that make up the index, all five declined. Perceptions of personal finances now compared to a year ago fell three points to 62 while expectations of personal finances a year from now fell six points to 74. Expectations of U.S. economic conditions over the next year fell eight points to 68 while expectations of U.S. economic conditions over the next five years fell two points to 73. Both of those components are the lowest since December 2011. Perceptions as to whether it is a good time to buy big ticket items fell 11 points to 80.

“Confidence among Floridians was already declining prior to any indication of a shutdown and debt ceiling debate,” said Chris McCarty, the Survey Director. “However there is no doubt that confidence in September took a hit as we replayed the events of August 2011, the last time the U.S. was precariously close to a default. Confidence dropped severely this month among seniors, likely over the prospect of the potential for a default to delay Social Security checks and the effect of default on the stock market, and thus retirement accounts. Confidence among seniors declined in all five components, yet the declines in two components were dramatic. Respondents age 60 and over registered a 12 point drop in expectations of U.S. economic conditions over the next year and a 20 point drop in perceptions as to whether it is a good time to buy big-ticket items. Given that the solution to the shutdown and debt ceiling talks was a postponement it is unlikely that confidence among seniors will rise any time soon.”

While we can attribute much of the sharp decline in September’s confidence to the debate over the shutdown and debt ceiling, there are other factors at play. Unfortunately, one effect of the shutdown is that state-level unemployment estimates have been canceled this month, therefore we must rely on national estimates which came out late. U.S. unemployment fell in September by .1 percent to 7.2. While a decline is good it appears that job creation was tepid, particularly in leisure and hospitality, an important employment category for Florida. While that category had already been on the decline in Florida, it is likely that we will take a disproportionate hit in employment for September when those numbers are released next month. The decline is due to a pullback in consumer discretionary spending that will show up in retail sales data, another indicator with a delayed release date as the Census was part of the shutdown. While Florida state revenues are still showing a surplus, that surplus may be smaller by the beginning of the year as consumers both here in Florida and those visiting Florida pull back. The median price of a single family home fell in September to \$170,000 from a post-recession high of \$177,500 in July. These estimates are current as they are provided by the Florida Association of Realtors which was not affected by the shutdown. New listings were up over 20 percent compared to September last year as some try to sell before mortgage rates increase beyond the reach of some buyers. While the Federal Reserve is unlikely to make any changes until the New Year they are likely to begin some tapering of

their purchase of mortgage backed securities in the first quarter. The stock market continues to hold onto near record highs as investors mostly shrugged off the debates in Washington.

“Much like the rest of the country, Floridians were not happy with the prospect of defaulting on our national debt and a prolonged shutdown of federal services,” said McCarty. “While we may regain some of the loss in confidence by November we will likely not get up to the post-recession highs we hit in May and June. As the holiday season is upon us, we estimate weaker than usual sales as the Florida consumer remains pessimistic, particularly since new debates among lawmakers are due in January. The effect of this could be reversed if lawmakers signal agreement on the postponed debt-ceiling debate sooner.””

**FLORIDA ECONOMIC AND CONSUMER SURVEY†**  
**October 29, 2013**  
**Bureau of Economic and Business Research**  
**University of Florida**

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
<b>Consumer Sentiment Index</b>													
FLORIDA	80	74	76	75	73	76	79	81	81	77	77	78	71
Men	80	70	75	75	71	78	78	82	85	79	77	82	72
Women	80	77	76	74	76	75	80	79	79	74	77	74	71
Under age 60	84	79	83	80	77	77	86	85	90	80	82	82	79
Aged 60 and over	77	70	70	72	71	75	74	78	74	75	73	74	65
Income under \$30,000	77	71	72	74	72	67	62	73	74	69	70	69	62
Income \$30,000 and over	82	74	80	74	75	81	84	88	86	82	81	82	76
<b>Personal financial situation now compared to a year ago</b>													
FLORIDA	64	57	62	59	64	65	71	67	69	63	63	65	62
Men	66	59	65	60	63	72	70	72	76	67	67	71	64
Women	61	56	60	58	64	58	71	62	63	60	58	61	61
Under age 60	70	64	71	65	69	64	78	73	82	72	68	75	71
Aged 60 and over	57	53	55	56	60	65	63	63	58	57	57	59	54
Income under \$30,000	52	43	43	51	55	51	47	56	54	50	52	49	42
Income \$30,000 and over	69	61	74	60	65	71	77	75	77	69	66	73	73
<b>Personal financial situation expected one year from now</b>													
FLORIDA	85	77	76	75	74	72	79	82	82	75	81	80	74
Men	84	70	76	78	70	74	77	82	82	77	80	81	73
Women	85	84	77	72	80	71	82	82	82	72	83	79	75
Under age 60	94	91	95	88	91	82	95	94	101	85	94	96	94
Aged 60 and over	76	66	61	66	66	64	66	72	66	68	69	66	57
Income under \$30,000	89	78	85	76	76	66	64	71	82	68	76	71	64
Income \$30,000 and over	86	75	78	74	74	78	84	90	86	79	86	86	78
<b>Expected national economic conditions over the next year</b>													
FLORIDA	85	79	76	76	72	77	79	81	82	79	76	76	68
Men	85	71	75	75	67	75	77	79	82	78	70	79	66
Women	86	88	76	78	77	79	82	83	82	79	82	74	69
Under age 60	87	78	80	79	69	76	86	84	88	79	83	76	72
Aged 60 and over	84	80	72	75	74	76	75	80	79	79	71	76	64
Income under \$30,000	83	80	77	86	74	67	62	75	78	76	73	76	65
Income \$30,000 and over	84	77	77	72	74	80	84	88	85	83	78	77	69
<b>Expected national economic conditions over the next 5 years</b>													
FLORIDA	86	77	78	76	69	76	77	82	82	75	78	75	73
Men	85	81	74	77	66	75	78	82	83	77	77	80	72
Women	88	82	81	75	72	78	76	82	81	73	79	71	73
Under age 60	87	80	80	80	72	75	82	82	89	77	81	81	75
Aged 60 and over	86	75	76	74	68	78	73	83	77	75	76	71	70
Income under \$30,000	85	81	77	76	72	74	65	83	69	77	73	75	69
Income \$30,000 and over	86	76	80	74	71	78	81	86	86	80	81	77	73
<b>Is this a good time to buy major household items?</b>													
FLORIDA	79	78	86	87	88	90	90	91	92	92	87	91	80
Men	78	81	87	86	90	93	89	94	100	96	91	100	83
Women	81	75	84	88	85	87	91	88	85	88	83	83	77
Under age 60	80	81	86	89	87	87	87	90	92	87	82	82	82
Aged 60 and over	79	75	86	87	89	92	93	93	92	96	92	99	79
Income under \$30,000	77	73	79	82	82	76	72	81	88	76	76	73	70
Income \$30,000 and over	82	80	89	90	92	96	94	100	95	100	91	96	85

\*Revised. †Preliminary.

**Oct-12 Nov-12 Dec-12 Jan-13 Feb-13 Mar-13 Apr-13 May-13 Jun-13 Jul-13 Aug-13 Sep-13 Oct-13**

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**CHARACTERISTICS OF SURVEY RESPONDENTS FOR CURRENT MONTH**

<b>Sample Size</b>	411	<b>Race</b>		<b>Gender</b>	
		% Non-white	14	% Male	47
<b>Average age</b>	61	% White	86	% Female	53
<b>Income Characteristics</b>		<b>Hispanic Origin</b>		<b>Region</b>	
% less than \$20,000	20	% Yes	10	% North	26
% \$20,000 to \$29,999	12	% No	90	% Central	17
% \$30,000 to \$49,999	21			% Southeast	21
% over \$50,000	47			% Southwest	36