California Consumer Sentiment Slips

ORANGE, CA — The California Composite Index of Consumer Sentiment decreased by about 2 points to a reading of 97.5 in the fourth quarter of 2013 from the third quarter revised reading of 98.9. In spite of higher home prices and equity market, the geographically uneven pace of job creation and unemployment rates seem to have kept some consumers skeptical about the current and future economic conditions. An index level below 100, reflects a higher percentage of pessimistic consumers versus those who are optimistic. Over a comparable time period, the University of Michigan measurement of the U.S. consumer sentiment also declined to a reading of 75.1 in November compared to 82.1 in August of 2013.
The California Composite Index is generated based on three indices: consumers’ outlook on current and future economic conditions, and an index measuring consumers’ spending plan.

The **current** economic conditions index decreased by over 4 points from a revised August reading of 100.4 to a reading of 96.0 in November of 2013. The index measuring **future** economic conditions also decreased, by about 2 points, with a reading of 98.5 in November of 2013 compared to a revised reading of 99.8 in August.

The index measuring consumers’ planned spending on big-ticket items, however, increased by 4 points with a reading of 98.5 in November compared with a revised third quarter reading of 94.5. This may reflect the fact that consumers are finding bargains, and it suggests that consumer spending should pick up steam in this quarter compared to the previous quarter.
BACKGROUND AND METHODOLOGY:

Beginning in the third quarter of 2002, the Anderson Center for Economic Research at Chapman University launched a survey to measure California consumer sentiment. This survey is similar to the monthly national survey of consumer sentiment conducted by the University of Michigan.

A survey comprised of six questions is mailed to a stratified sample of 5,000 residences throughout the state, with a historical response rate of 5 to 10 percent. Three questions relate to the current economic conditions, two questions address future economic conditions (one year outlook) and one question evaluates the consumers’ current plan for purchasing big ticket items.

The results are summarized into four indices. One index measures consumer sentiment about the current economic condition, a second measures consumers’ future economic expectations, the third is a composite index representing overall consumer confidence, and the fourth index measures consumers’ current spending plan on durable goods.
ABOUT THE ANDERSON CENTER FOR ECONOMIC RESEARCH

The A. Gary Anderson Center for Economic Research (ACER) was established in 1979 to provide data, facilities and support in order to encourage the faculty and students at Chapman University to engage in economic and business research of high quality, and to disseminate the results of this research to the community.

ANNUAL SCHEDULE OF CONFERENCES AND PRESS RELEASES

JANUARY
- Economic Forecast Conferences for the Inland Empire
- California Purchasing Managers Survey

FEBRUARY
- California Leading Employment Indicator

MARCH
- California Consumer Sentiment Survey

APRIL
- California Purchasing Managers Survey

MAY
- California Leading Employment Indicator

JUNE
- California Consumer Sentiment Survey
- Economic Forecast Update Conference for the U.S., California, and Orange County

JULY
- California Purchasing Managers Survey

AUGUST
- California Leading Employment Indicator

SEPTEMBER
- California Consumer Sentiment Survey

OCTOBER
- California Purchasing Managers Survey

NOVEMBER
- California Leading Employment Indicator
- Economic Forecast Conference for the U.S., California and Orange County

DECEMBER
- California Consumer Sentiment Survey