California Consumer Sentiment Takes a Dive

ORANGE, CA — The California Composite Index of Consumer Sentiment decreased to 96.8 in the third quarter of 2015 from the revised reading of 102.2 in the second quarter of 2015. An index level below 100 indicates a higher percentage of pessimistic consumers versus those who are optimistic.

It seems that in spite of a relatively strong job market, the recent volatility in the stock market and stubbornly high gas prices have negatively affected consumers’ perception of current and future economic conditions.
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 is at 98.4 in August of 2015, a decrease of 5.4 points from the revised reading of 103.8 in May of 2015. The index measuring future economic conditions also decreased to 94.7 in August, compared to the revised reading of 103.0 in May 2015.

![California Consumer Sentiment Current v. Future Conditions](chart1.png)

The index measuring consumers’ planned spending on big-ticket items is holding steady at a reading of 97.8 compared to a revised reading of 97.6 in May 2015. This suggests that consumers’ spending over the next six months should remain about the same level as the second quarter of 2015.

![Current Spending Plan](chart2.png)
**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

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› 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

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AUGUST
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NOVEMBER
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DECEMBER
› Economic Forecast Conference for the U.S., California and Orange County
› California Consumer Sentiment Survey