Consumers Remain Pessimistic

ORANGE, CA — The California Composite Index of Consumer Confidence increased by one point to 89.7 in the month of May compared to a reading of 88.7 in February of 2011. An index level below 100, however, reflects a higher percentage of pessimistic consumers as compared to those who are optimistic. High gasoline prices, high unemployment rate and anemic job growth are negatively impacting consumers’ confidence. The survey of consumer confidence at the national level conducted by the University of Michigan showed a reading of 74.3 in the month of May lower than the February reading of 77.5.

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. Two of the three indices improved over the last three months while the index measuring current economic conditions showed a decline.
The index measuring **current** economic conditions declined about 3 points to a reading of 77.7 from 80.1 in February of 2011. The index measuring **future** economic conditions increased to 104.7 in May, an increase of almost 5 points from a reading of 100.1 in February of 2011 but it remains well below the reading of 109.1 in November of 2010.

The index measuring consumers’ planned spending on big-ticket items is virtually unchanged from the November reading of 82.9. The current reading of 83.4 is suggesting that consumer spending over the next six months should remain steady at the current level, barring any further spikes in gasoline prices.
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 Los Angeles County and 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  
› Economic Forecast Update Conference for the U.S., California, Orange and Los Angeles counties, and the Inland Empire  
› California Consumer Sentiment Survey

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

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