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California Consumer Sentiment Holds Steady

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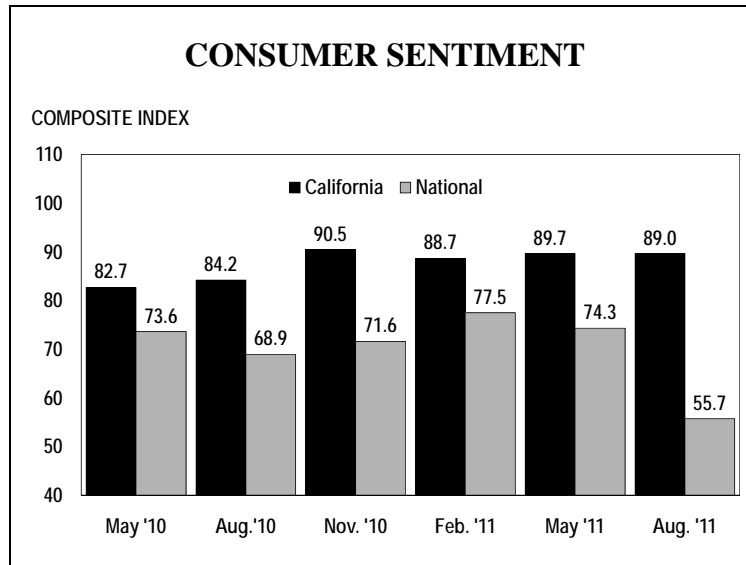
A. GARY ANDERSON CENTER FOR ECONOMIC RESEARCH

For Release:
Friday, September 9, 2011

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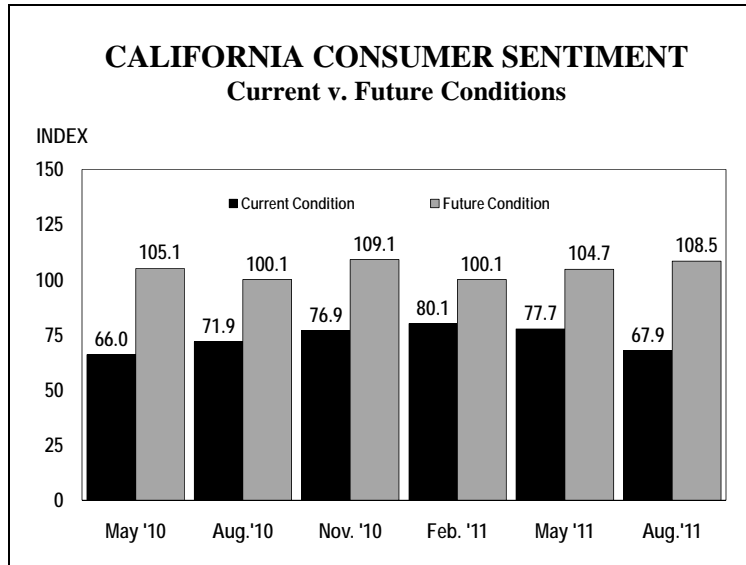
California Consumer Sentiment Holds Steady

ORANGE, CA — The California Composite Index of Consumer Confidence is virtually unchanged at 89.0 in the third quarter of 2011 compared to the second quarter. An index level of 89.0 however is below 100 reflecting a higher percentage of pessimistic consumers versus those who are optimistic. In contrast, the survey of consumer confidence at the national level conducted by the University of Michigan showed a reading of 55.7 in the month of August tumbling from the May reading of 74.3.

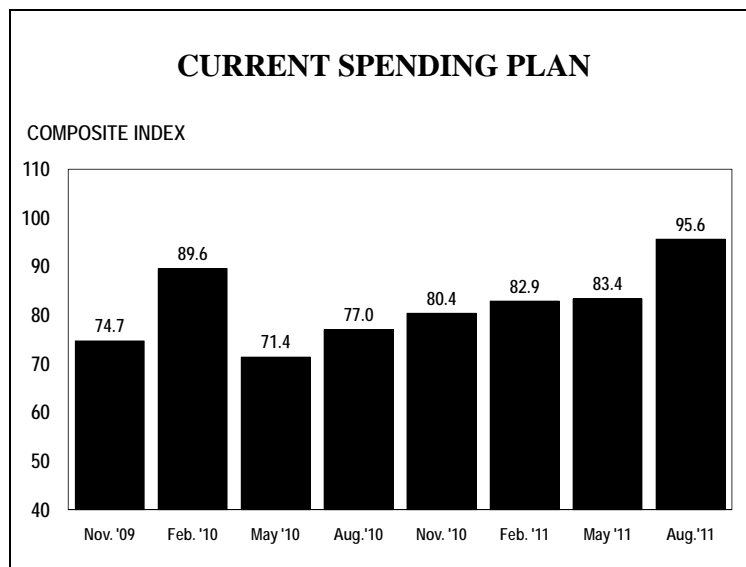


The California Composite Index is generated based on three indices: consumers' outlook on current and future economic conditions, and an index measuring consumers' spending plan. While similar to the national survey, the index measuring current economic conditions showed a decline of nearly 10 points, the other two indices improved over the last three months.

Mainly as a result of the volatile stock market, consumer assessment of the **current** economic conditions deteriorated sharply. This index declined to a reading of 67.9 in August of 2011 from 77.7 in May of 2011. Surprisingly, the index measuring **future** economic conditions increased moderately to a reading of 108.5 in August from a reading of 104.7 in May of 2011 inching closer to the high of 109.1 in November of 2010.



Moreover, the index measuring consumers' planned spending on big-ticket items increased sharply from the May reading of 83.4. The current reading of 95.6 is the highest reading for this index since the first quarter of 2007. The uptick in the index suggests consumer spending should significantly improve over the next six months compared to the first half of the year.



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.

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| 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 |
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