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California Consumer Sentiment Ticks Down

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A. Gary Anderson Center for Economic Research

For Release:

December 11, 2012

Contact:

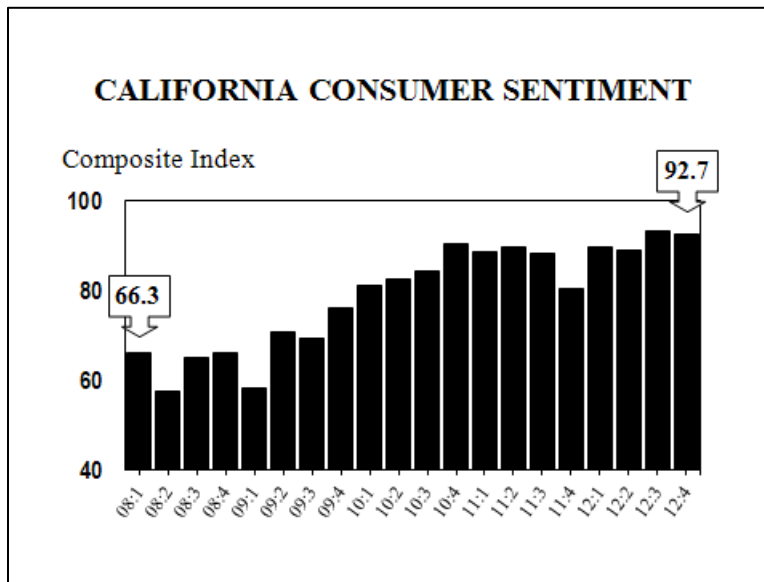
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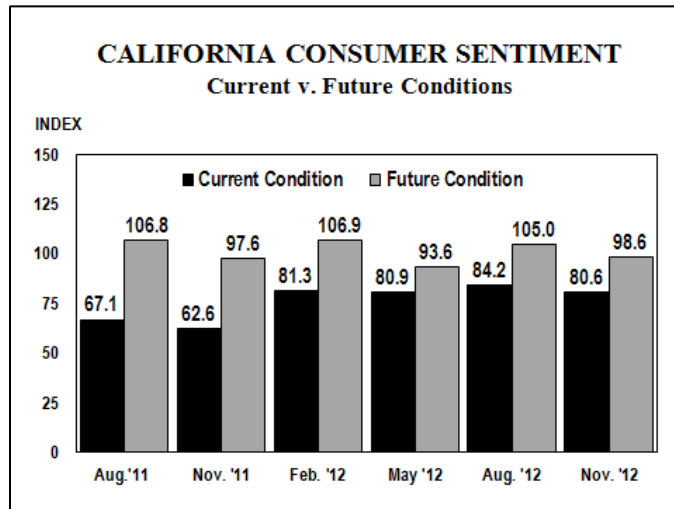
California Consumer Sentiment Ticks Down

ORANGE, CA —The California Composite Index of Consumer Sentiment dipped slightly to 92.7 in the fourth quarter of 2012 from the third quarter revised reading of 93.4. As shown in the following figure, consumer sentiment has been increasing steadily and in spite of this decline, the index is still near its highest level since the beginning of the 2007 recession. An index level below 100, however, reflects a higher percentage of pessimistic consumers versus those who are optimistic.

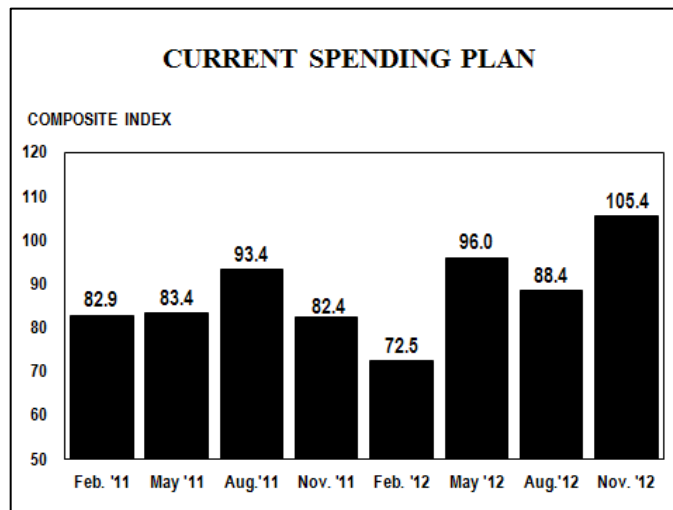


The California Composite Index is generated based on three indices: consumers' outlook on current and future economic conditions, and an index measuring consumers' spending plan.

The **current** economic conditions index decreased from a revised August reading of 84.2 to 80.6 in November of 2012, a decline of about four points. The index measuring **future** economic conditions decreased by even more to a reading of 98.6 in November of 2012 from a revised reading of 105.0 in August. The steady but slow improvements in the job market are positively affecting consumers' assessment of economic conditions. But passage of Proposition 30, increasing sales and income taxes and potential tax increases resulting from fiscal cliff negotiations have more than offset the good news from the job market.



The index measuring consumers' planned spending on big-ticket items, however, increased by 17 points from the revised August reading of 88.4. The increase in this index in November of 2012 to a reading of 105.4 may be due to anticipated shopping deals promoted by retailers and points to strong retail sales activity over this holiday season.



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** † Economic Forecast Update Conference for the U.S., California,
 Orange 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