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## California Consumers Shed Some Optimism

Anderson Center for Economic Research

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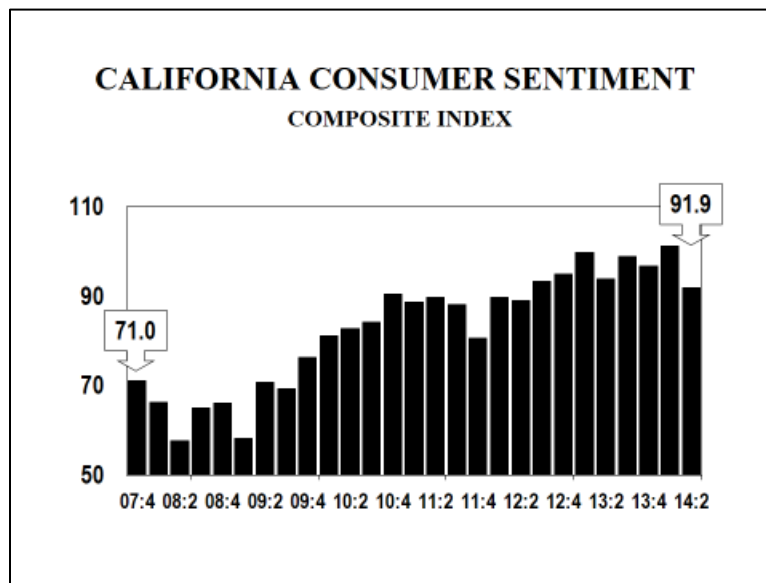
### A. Gary Anderson Center for Economic Research

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June 11, 2014

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## California Consumers Shed Some Optimism

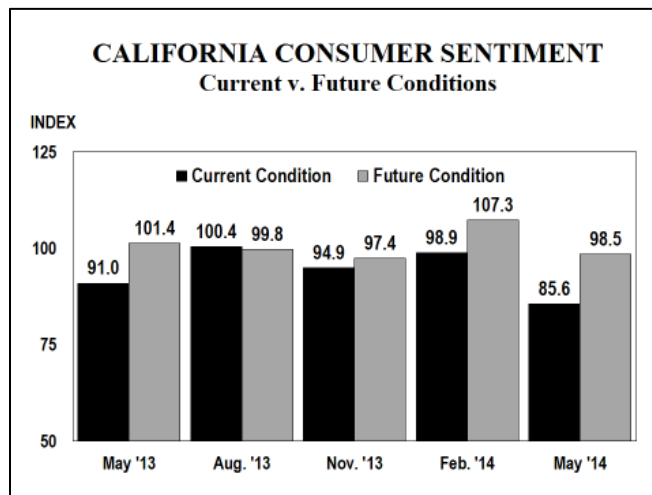
ORANGE, CA —The preliminary California Composite Index of Consumer Sentiment declined sharply in the second quarter of 2014 to 91.9 compared to the revised reading of 101.3 in the first quarter of 2014. It is important to note that an index level below 100, reflects a higher percentage of pessimistic consumers versus those who are optimistic. Over a comparable time period, the University of Michigan measurement of the U.S. consumer sentiment remained virtually unchanged at a reading of 81.9 in May of 2014 from a reading of 81.6 in February of 2014.



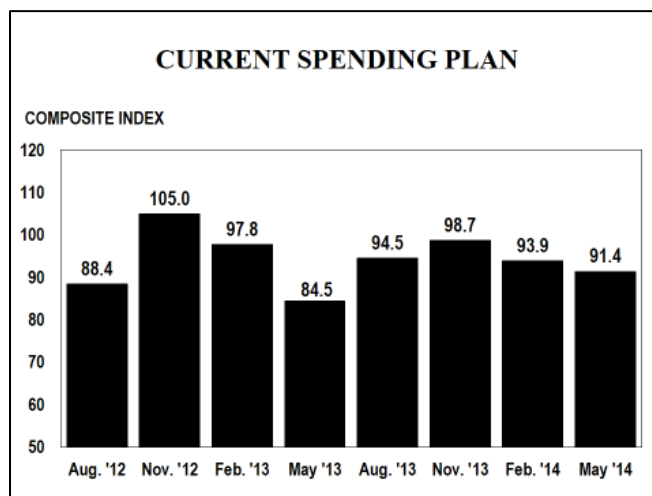
The California Composite Index is generated based on three indices: consumers' outlook on current and future economic conditions, and an index measuring consumers' spending plan.

The **current** economic conditions index dropped more than 13 points to 85.6 in May of 2014, compared to the revised reading of 98.9 in February of 2014. The index measuring **future** economic conditions also decreased, by nearly 10 points, with a reading of 98.5 in May of 2014 compared to a revised reading of 107.3 in February of 2014.

It seems that higher gasoline and food prices along with sluggish income growth are denting consumers' sentiment about current and future economic conditions.



The index measuring consumers' planned spending on big-ticket items decreased, but slightly, to a reading of 91.4 in May compared with a revised February reading of 93.9. This index, however, is significantly above the reading of 84.5 in May of 2013. This suggests that consumers planned spending over the next six months will be higher than last year's spending level.



## **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