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High Gas Prices Dampen Consumers' Sentiment

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A. Gary Anderson Center for Economic Research

For Release:

June 4, 2015

Contact:

Esmael Adibi

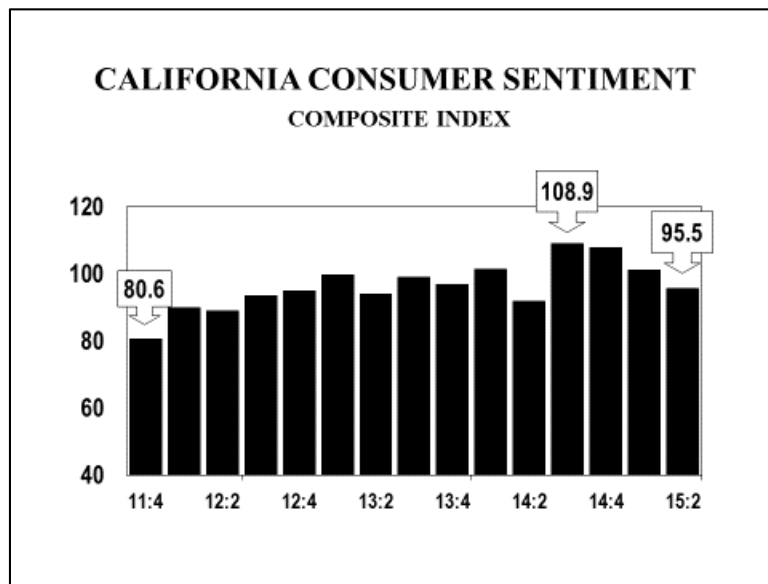
Director of the Anderson Center for Economic Research

(714) 997-6693

High Gas Prices Dampen Consumers' Sentiment

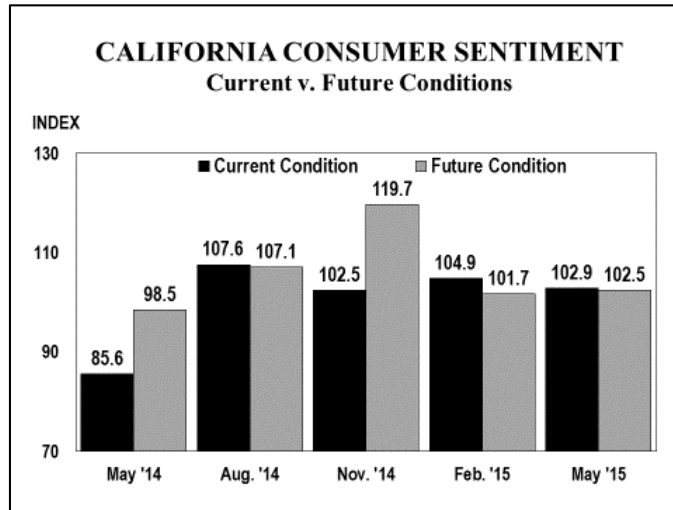
ORANGE, CA —The preliminary California Composite Index of Consumer Sentiment decreased to 95.5 in the second quarter of 2015 from the revised reading of 101.8 in the first quarter of 2015. The index is about 13 points lower than the third quarter of 2014 reading of 108.9, which was a ten-year high. An index level below 100, signifies a higher percentage of pessimistic consumers versus those who are optimistic.

Continued job growth and lower unemployment rates are positively affecting consumers' sentiment. But the sharp increases in gasoline prices over the past two months have negatively affected consumers' mood.

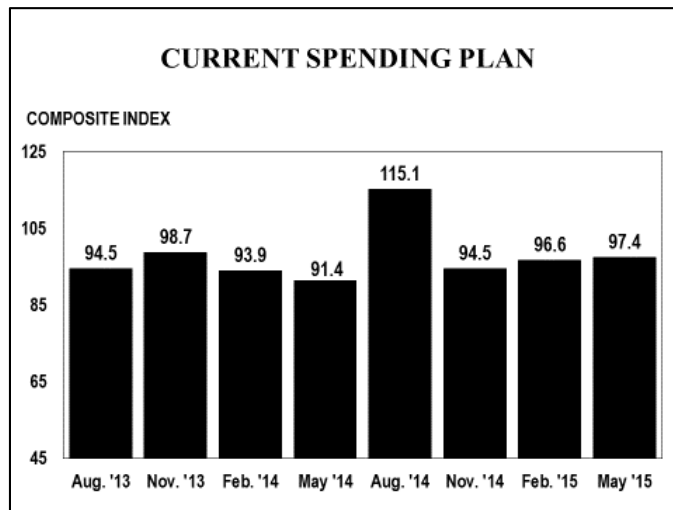


The California Composite Index is generated based on three indices: consumers' outlook on current and future economic conditions, and an index measuring consumers' spending plan.

The **current** economic conditions index is at 102.9 in May of 2015, a decrease of 2.0 points from the revised reading of 104.9 in February of 2015. The index measuring **future** economic conditions increased slightly with a reading of 102.5 in May, compared to the revised reading of 101.7 in February 2015.



The index measuring consumers' planned spending on big-ticket items showed a slim gain at a reading of 97.4 compared to a revised reading of 96.6 in February 2015. This suggests that consumers' spending over the next six months should remain steady, roughly about the same level as the first quarter of 2015.



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

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