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California Consumers Feel Less Optimistic Again

Anderson Center for Economic Research

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A. Gary Anderson Center for Economic Research

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Contact:

Raymond Sfeir

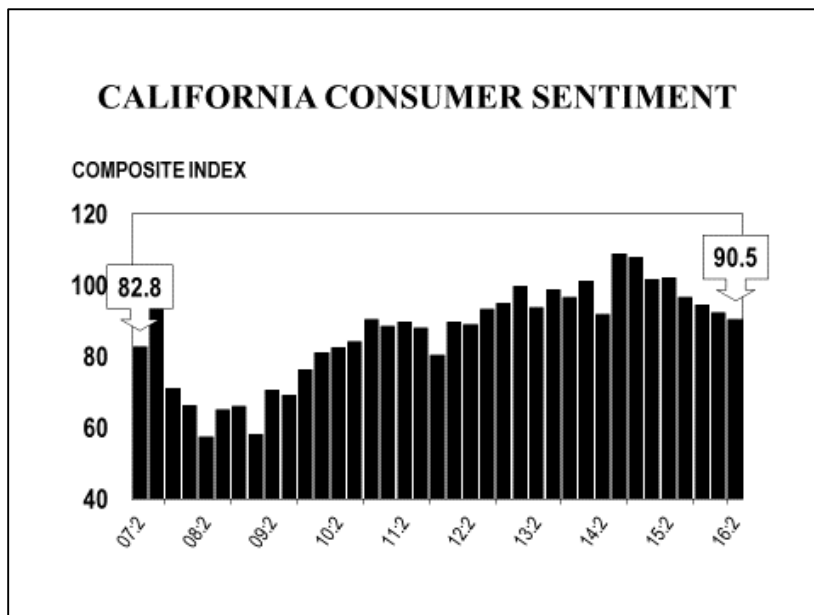
Director of the Anderson Center for Economic Research

(714) 997-6693

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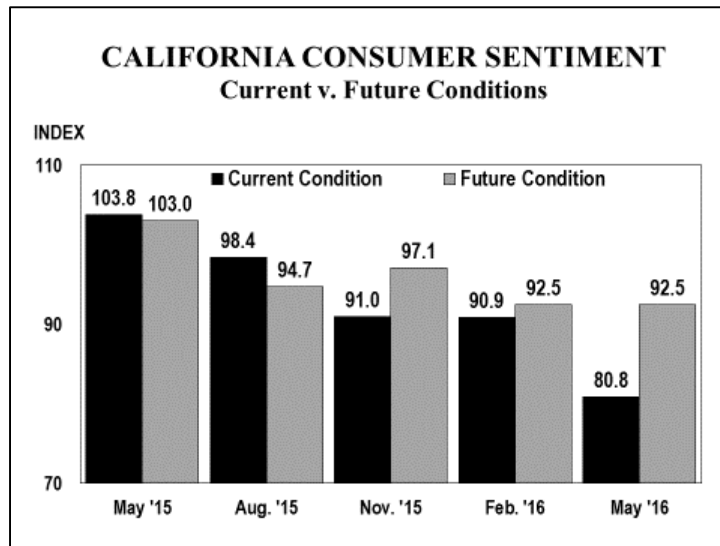
ORANGE, CA —According to the latest survey of California residents, the California Composite Index of Consumer Sentiment declined for the fourth consecutive quarter. The index declined from a revised first quarter reading of 92.4 to 90.5 in the second quarter of 2016. An index level below 100 indicates a higher percentage of pessimistic consumers versus those who are optimistic.

An anemic growth rate in real GDP in the first quarter of 2016, a job market that has stalled, and talk by the Federal Reserve that the economy is not yet on strong footing, are factors that affected consumers' sentiment in the second quarter.

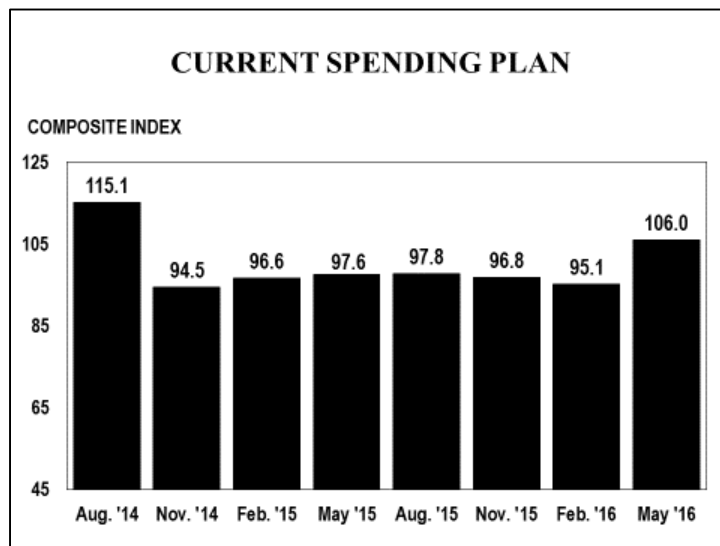


The California Composite Index is generated based on three indices: consumers' outlook on current and future economic conditions, and an index measuring consumers' spending plan.

The **current** economic conditions index is at 80.8 in May of 2016, a 11.1 point decline from the revised reading of 90.9 in February of 2016. The index measuring **future** economic conditions remained constant at 92.5 in May compared to the revised reading of 92.5 in February of 2016.



The index measuring consumers' planned spending on big-ticket items is higher at a reading of 106.0 compared to a revised reading of 95.1 in February of 2016. This suggests that consumers' spending over the next six months will increase markedly fueled by a recent positive future outlook. But it is strongly contrary to their current outlook on the economy.



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 five questions is mailed to a stratified sample of 7,500 residences throughout the state, with a historical response rate of 5 to 10 percent. Two 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