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California Consumers Optimism Is Slightly Deflated

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Anderson Center for Economic Research, "California Consumers Optimism Is Slightly Deflated" (2016).
Anderson Center Press Releases. 78.
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A. Gary Anderson Center for Economic Research

For Release:

December 7, 2016

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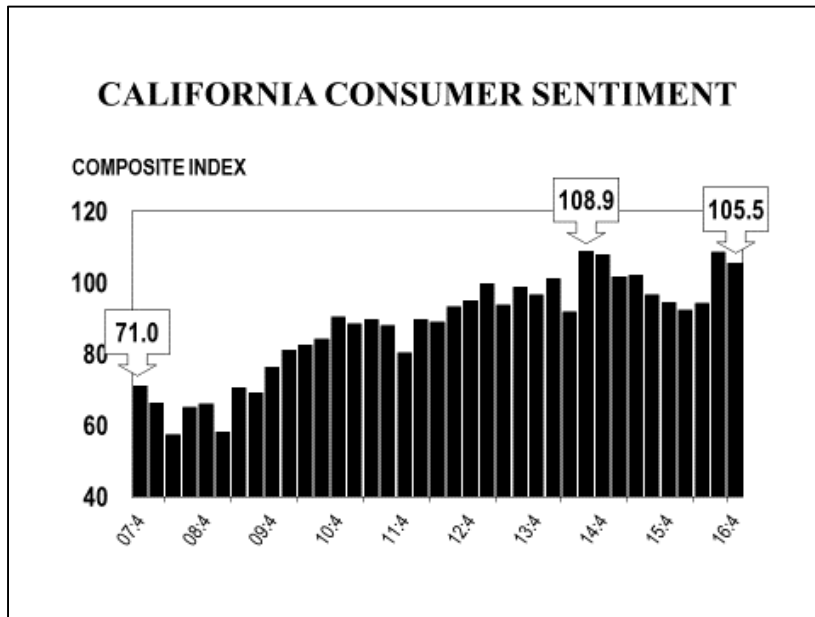
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California Consumers Optimism Is Slightly Deflated

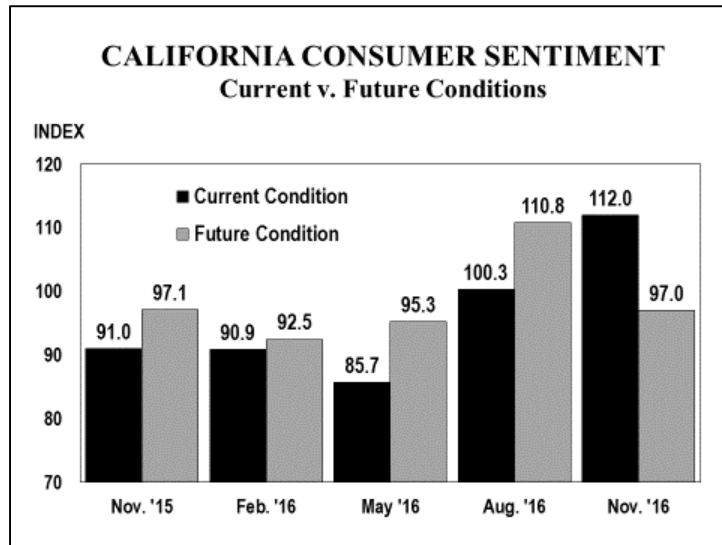
ORANGE, CA —According to the latest survey of California residents, the California Composite Index of Consumer Sentiment decreased 3.2 points from the revised third quarter reading of 108.7 to a reading of 105.5. Despite the decrease, the index remains over the 100 level. An index level above 100 indicates a higher percentage of optimistic consumers versus those who are pessimistic.

With the highly anticipated election day over and the stock market at record breaking levels, it appears consumers are maintaining their optimism but are cautiously nervous about their future, as the graph on page 2 shows.

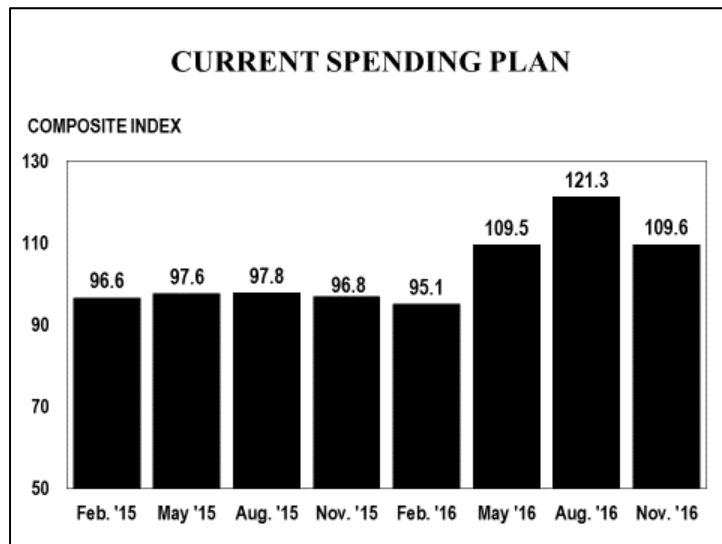


The California Composite Index is generated based on three indices: consumers' outlook on current and future economic conditions, and an index measuring consumers' spending plan.

The **current** economic conditions index is at 112.0 in November of 2016, a nearly 12 point increase from the revised reading of 100.3 in August of 2016. The index measuring **future** economic conditions probably shows uncertainty about the future due to the change in administration in Washington, D.C. The index stood at 97.0 in November compared to the revised reading of 110.8 in August of 2016.



The index measuring consumers' planned spending on big-ticket items is lower at a reading of 109.6 compared to a revised reading of 121.3 in August of 2016. This suggests that consumers' spending over the next six months will decrease following the heavy holiday season consumers' spending.



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