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## California Consumers' Optimism Surges

Anderson Center for Economic Research

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A. Gary Anderson Center for Economic Research

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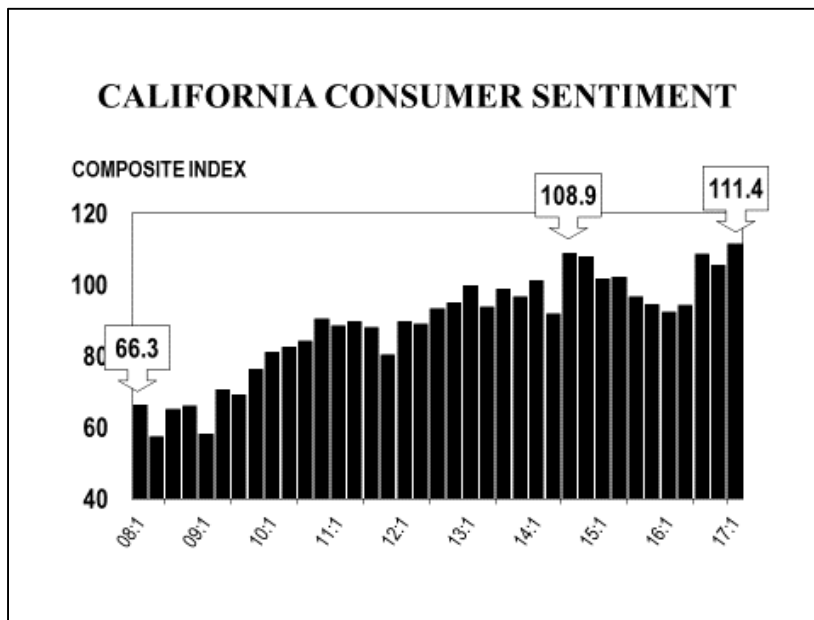
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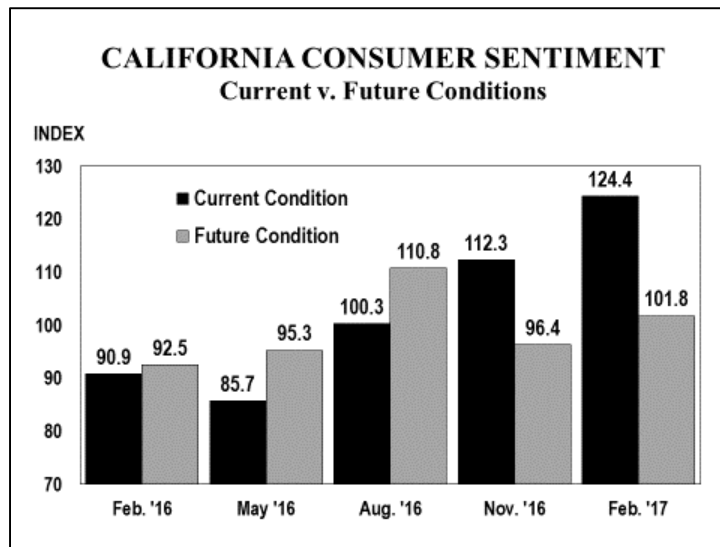
ORANGE, CA —According to the latest survey of California residents, the California Composite Index of Consumer Sentiment increased nearly 6 points from the fourth quarter reading of 105.5 to a reading of 111.4. An index level above 100 indicates a higher percentage of optimistic consumers versus those who are pessimistic.

With the stock market continuing to post record breaking levels, it appears consumers are maintaining their optimism in their current settings but are less confident about their future, as the graph on page 2 shows.

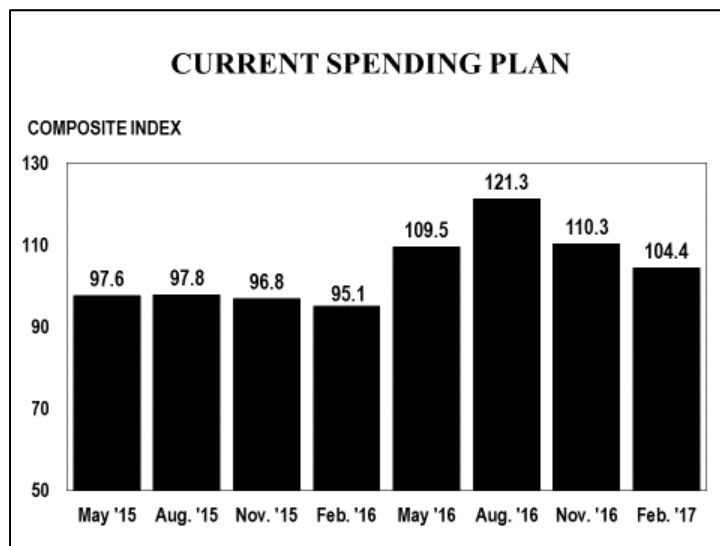


The California Composite Index is generated based on three indices: consumers' outlook on current and future economic conditions, and an index measuring consumers' spending plan.

The **current** economic conditions index recorded a reading of 124.4 in February of 2017. This reflects another 12-point increase – like the prior quarter – from the revised reading of 112.3 in November of 2016. The index measuring **future** economic conditions improved by over 5 points but consumers continue to be cautious about the future. The index increased to 101.8 in February compared to the revised reading of 96.4 in November of 2016.



The index measuring consumers' planned spending on big-ticket items is lower at a reading of 104.4 compared to a revised reading of 110.3 in November of 2016. This suggests that consumers' spending over the next six months will not be strong but spending on big-tickets items will continue.



## **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