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California Consumer Sentiment Plunges 47 Percent in Last Days of March

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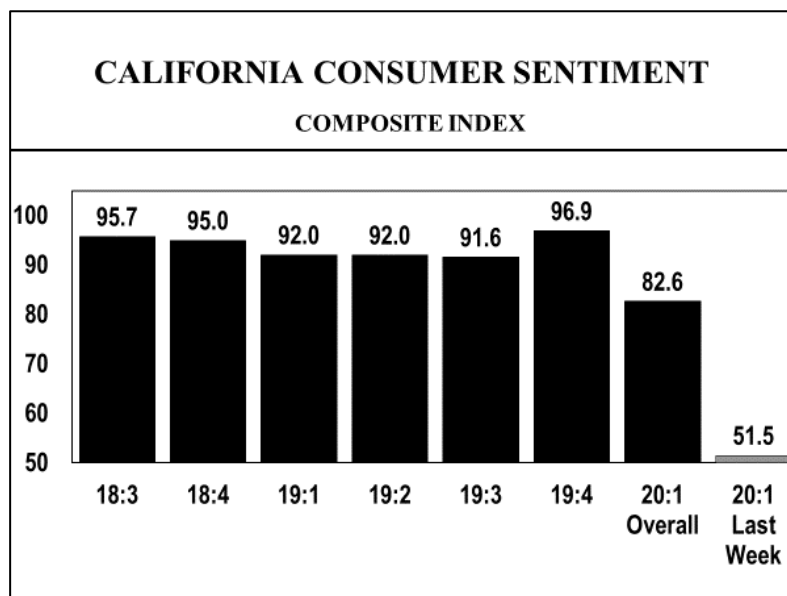
PRESS RELEASE

CALIFORNIA CONSUMER SENTIMENT PLUNGES 47% IN LAST DAYS OF MARCH

**BASED ON REAL TIME DATA FROM THE CHAPMAN-CMC SURVEY
CONDUCTED FROM MARCH 6 TO 26, 2020**

LOS ANGELES – April 1, 2020 – California consumer sentiment nosedived in the last few days of March as the consequences of Governor Newsom’s stay at home order instituted on March 19 became apparent, according to the Chapman-CMC Consumer Sentiment Survey which was underway during this period. Based solely on responses from March 20 – 26 California Consumer Sentiment declined an unprecedented 47% percent on the previous quarter to 51.5. By comparison, the 4th quarter 2019 California Index stood at 96.9.

“An index at this level is typically seen in the depths of a bad recession, such as the 2008 financial crisis. But it usually takes 6-9 months from the onset of the recession for sentiment to deteriorate this far. Having such a rapid drop in just over two weeks is new territory. In early March when the field survey began respondents were concerned but cautiously optimistic. As events unfolded, we were able to track on a daily basis a marked drop culminating in a precipitous decline in the last week of our study,” said Cameron Shelton, Director of the Lowe Institute of Political Economy and McMahan Family Associate Professor of Political Economy at Claremont McKenna College.



The California Consumer Sentiment survey provides quarterly data that is one tool for businesses and governments as they monitor economic indicators. “Rather than looking at the typical quarter-over-quarter results, which would clearly be an overestimate of consumer sentiment, we believe that the true picture of sentiment can best be drawn from the final days of the survey.”

The average for the entire survey period shows first quarter 2020 consumer sentiment declining 14.8% when compared to the 4th quarter of 2019, declining from 96.9 to 82.6. Sentiment among those responding in the last week of the survey window (March 20-26) was 44% lower than sentiment among those responding in the first week of the survey (March 5-7). The California Index is based on a survey of 2000 households from across the state regarding business conditions and their personal financial position. There were just over 600 respondents from March 20 – 26, which is more than the total respondents for some national surveys.

INLAND EMPIRE IS LABOR BRIGHT SPOT

Hiring in typically strong labor markets including Orange County, the Bay Area, Los Angeles, and San Diego were hit heavily. Surprisingly, the Inland Empire is the least effected of all California regions. “After years of bearing the brunt of most economic downturns it appears that the Inland Empire’s position as a logistics hub is a benefit during this global pandemic as delivery of goods is vital,” noted Shelton. “While import/export shipments through the ports of Los Angeles and Long Beach are down at least 15%, and that has affected the part of the industry which handles foreign trade, domestic e-commerce is booming. Amazon, the Inland Empire’s largest employer, is hiring.”

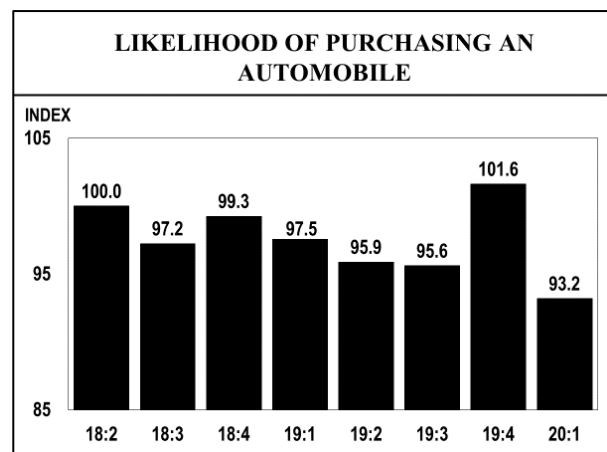
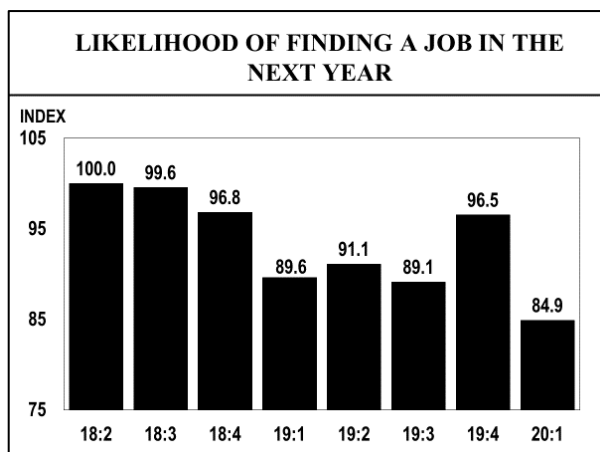
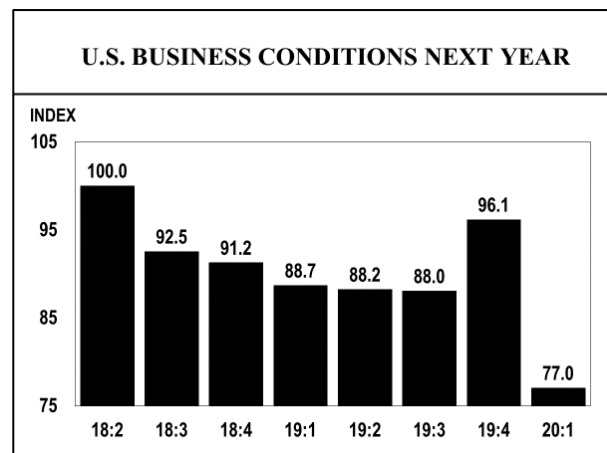
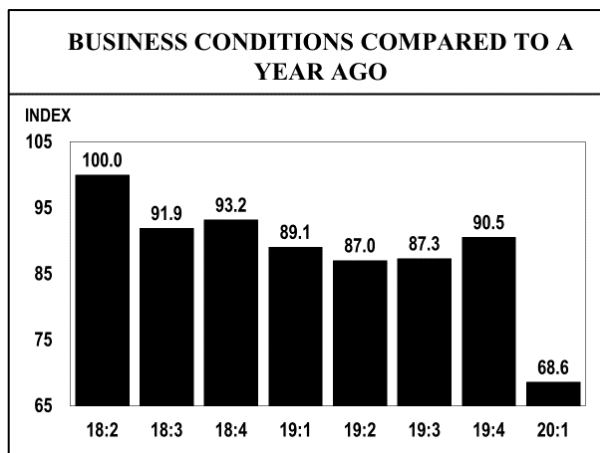
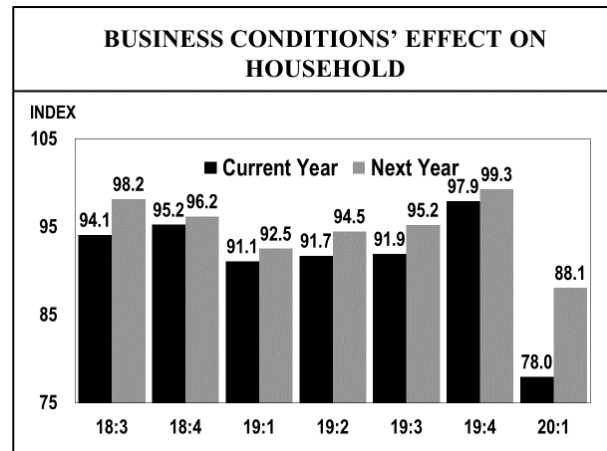
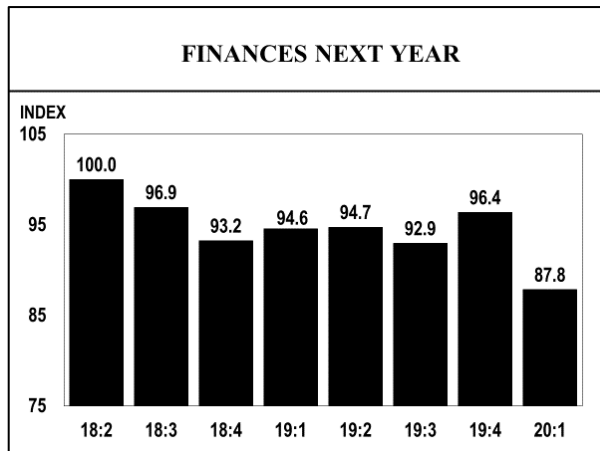
OLDER RESPONDENTS AND BETTER EDUCATED MORE NEGATIVE

Across the entire 2000 responses to the survey the most pronounced demographic effect is with respect to age. The older the age category, the larger the fall in consumer sentiment. Those over 65 drop 20.7% while those aged 25-34 decline only 6.1%. Retirees are sheltering in place as the stock market gyrations wreak havoc on their portfolios. The California Index shows the consumer sentiment of retirees has dropped most steeply, down 21.3% since the previous quarter.

Throughout all regions of the state, and across all demographics, respondents that had attained higher education levels were more negative. “We believe this group also tend to be consumers of more information regarding the current environment and potential long-term effects of the lockdown and physical distancing,” added Shelton.

FUTURE PROSPECTS

Survey questions regarding personal finances and business conditions a year from now were much less pessimistic, down a comparatively modest 8-10%. By comparison, questions regarding current local and national business conditions in the present and recent past registered declines of between 20% and 30%.



The Chapman-CMC California Consumer Sentiment Index is a joint venture between the A. Gary Anderson Center for Economic Research at Chapman University and the Lowe Institute of Political Economy at Claremont McKenna College.

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
- › Orange County Consumer Sentiment Survey
- › California Consumer Sentiment Survey

APRIL

- › California Purchasing Managers Survey
- › Orange County Consumer Sentiment Survey
- › California Consumer Sentiment Survey

JUNE

- › Economic Forecast Update Conference for the U.S, California and Orange County

JULY

- › California Purchasing Managers Survey
- › Orange County Consumer Sentiment Survey
- › California Consumer Sentiment Survey

OCTOBER

- › California Purchasing Managers Survey
- › Orange County Consumer Sentiment Survey
- › California Consumer Sentiment Survey

DECEMBER

- › Economic Forecast Conference for the U.S., California and Orange County