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Has OC Consumer Sentiment Reached a Bottom?

Anderson Center for Economic Research

Lowe Institute of Political Economy

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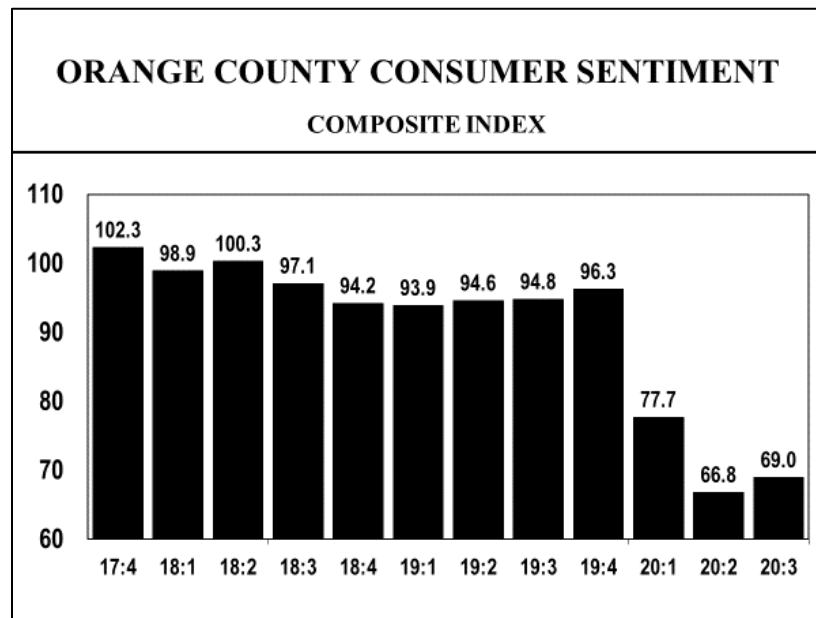
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PRESS RELEASE

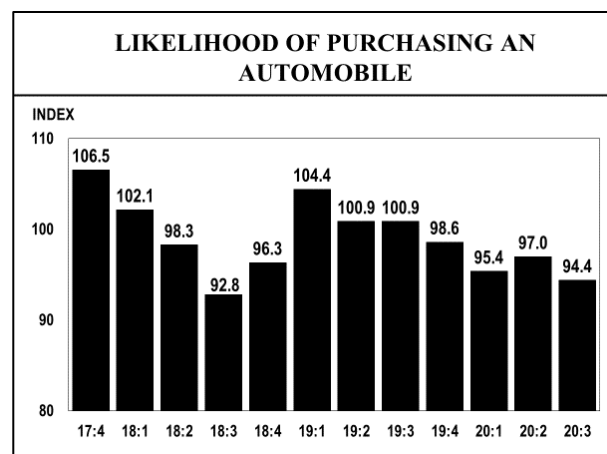
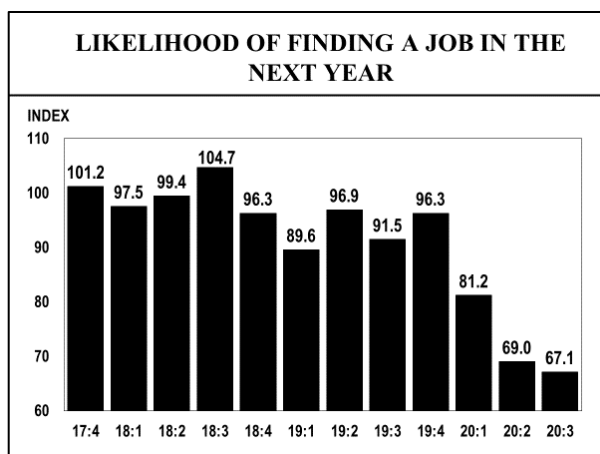
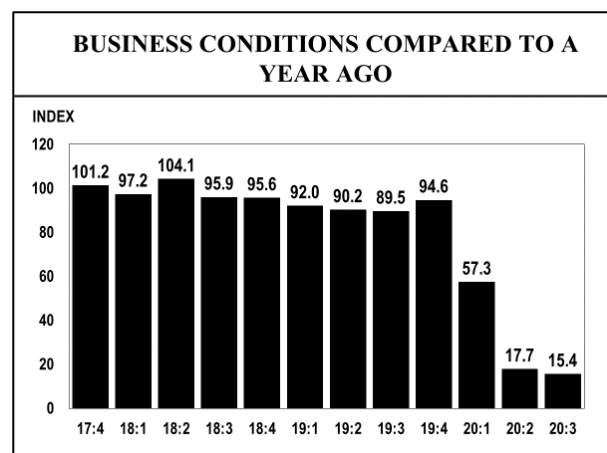
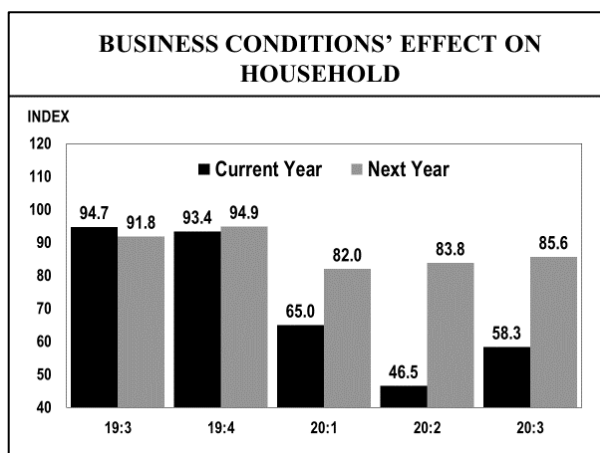
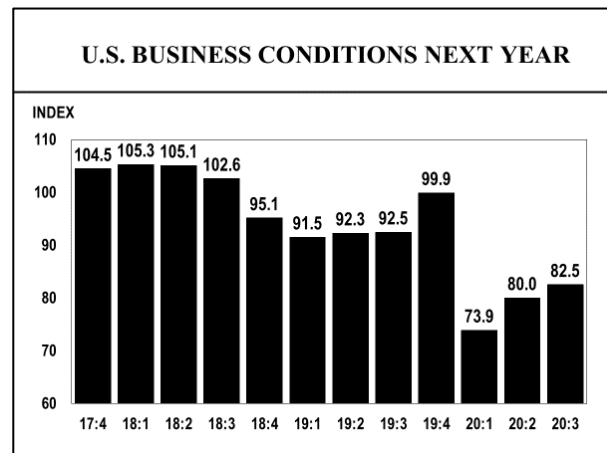
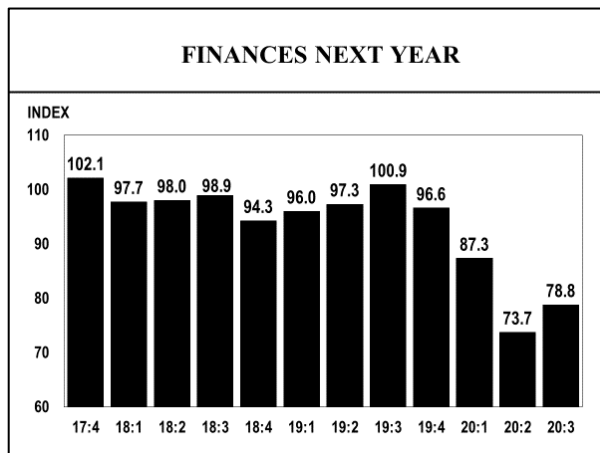
HAS OC CONSUMER SENTIMENT REACHED A BOTTOM?

ORANGE, CA — The Chapman University Orange County Consumer Sentiment Index increased from an index value of 66.8 to 69.0 in the third quarter of 2020. The nearly three-point rise in the consumer sentiment index marks the first time since the fourth quarter of 2019 that the sentiment indicator has posted an increase in the overall index.

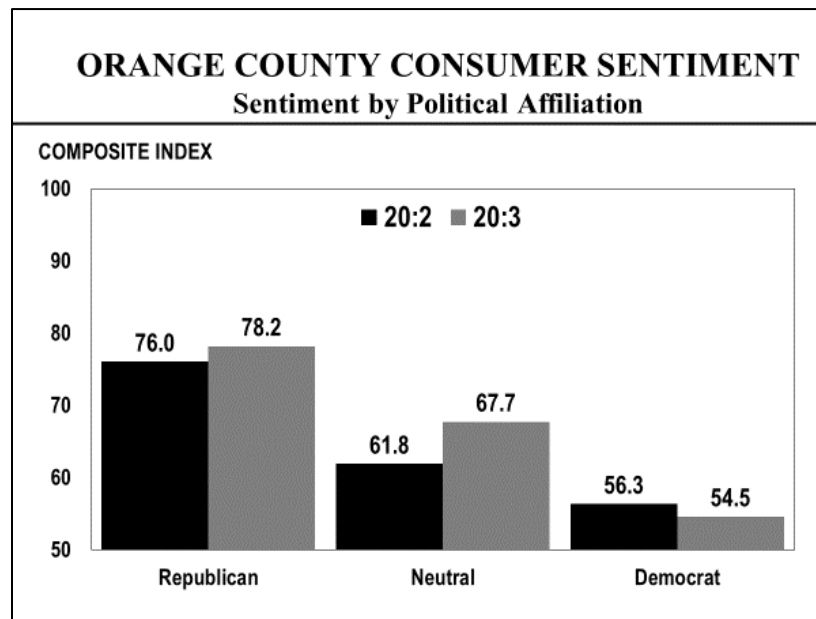


The small rise of the index was led by increased sentiment expressed by the random survey of 500 respondents with respect to some questions about future economic and financial conditions. In regards to finances next year, survey participants reported a 6.9 percent rise. When asked about U.S. business conditions next year, Orange County residents indicated a nearly 3 percent increase in consumer sentiment. Business conditions' effect on the household registered more than 25 percent gain in consumer sentiment in the current year and a 2.2 percent rise in in the next year. The remaining three questions in the survey

reported a decrease in consumer sentiment. Business conditions compared to a year ago fell from an index value of 17.7 to 15.4, a decline of 13.0 percent. Sentiment for finding a job in the next year fell by almost 3 percent over the last quarter. The likelihood of purchasing an automobile also declined by nearly 3 percent.



Given that we are in an election year, we also report consumer sentiment for Democrats, Republicans and Independents. Consumer sentiment among Republican-leaning survey participants increased 2.8 percent over the last quarter. Independents registered about a 10 percent rise in consumer sentiment while Democrats expressed a small 3.1 percent decline in the survey. The consumer sentiment results once again show the importance of political party affiliation. Democratic consumer sentiment is likely to rise significantly for Democrat-leaning survey participants if Biden wins the presidential election in November (and fall for Republican-leaning survey participants).



The results of the consumer sentiment survey suggest that the consumer sentiment may have reached a bottom and is starting to recover from a low baseline value. The increase in consumer sentiment likely reflects the opening of the local and national economy as well as the welcome news that the coronavirus mortality rate has been falling as doctors now have a better handle on how to treat patients. As noted by Professor Weidenmier of Chapman University, “Hopefully, the positive trend in consumer sentiment will continue over the next quarter as the local and national economy continues the process of reopening, in addition to FDA approval of a vaccine that will provide protection to high risk groups from the coronavirus. The introduction of a vaccine is important for consumer sentiment going forward as it should improve the economic outlook of consumers and may also stave off a second wave of the coronavirus.”

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. The Index is constructed from the results of a quarterly survey of a random sample of 2000 people stratified on the basis of age, gender, ethnicity, income, and zip code. The survey asks respondents seven questions concerning their current situation, perceived future prospects, and spending plans.

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