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ECONOMY

Consumer confidence dips in Florida

The state's slowing housing market weakened consumer confidence despite lower gas prices, but on a national level confidence was up slightly.

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Floridians' confidence in their financial situation and the overall economy dropped slightly this month, with University of Florida researchers attributing the decline in the monthly survey to the housing market.

The overall index, which is measured from 2 to 150, dropped one point to 89 in January.

"For more than a year consumer confidence has moved in the direction of gas prices, rising when gas prices fall and falling when gas prices rise," said Chris McCarty, director of the survey research center at UF's Bureau of Economic and Business Research.

"This month gas prices declined, but consumer confidence declined as well," said McCarty, who concluded that the ongoing housing slump must have been responsible for the drop.

Nationally, consumer confidence improved slightly in January, according to the Conference Board survey, where the overall index went to 110.3 from 110 the month before.

Those researchers attributed the increase to better feelings about the current job market, as measured by its present situation index.

The national January index was the highest in five years, suggesting that consumers will continue to be the engine behind the nation's economic growth in coming months.

David H. Resler, chief economist with Nomura Securities in New York, pointed out that January's reading was boosted by optimism about the job market, with nearly 30 percent of those surveyed saying jobs were plentiful.

"You're looking at a reflection of what is making consumers feel good," he said. "It tells you that the conditions that underpin things like consumer spending are pretty good, so people are going to spend."

At the same time, a measure of consumer expectations for the next six months dropped to 94.5 in January from 96.3 the month before.

Lynn Franco, director of the board's consumer research center, said that "looking ahead . . . consumers are not as optimistic as they were in December." As a result, the index suggests just "moderate improvement" in economic growth in early 2007.

Both the national and statewide surveys, which are conducted separately, quiz people about how they feel about current and future economic conditions, as well as personal financial situations.

In the Florida survey, there was more pessimism about personal financial situations, especially among higher-income households, UF said.

That survey, which has been conducted monthly for more than 20 years, is done each month by telephone calls to random households.

This month, the preliminary index was based upon 417 responses.

This report was supplemented with information from The Associated Press.