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California Consumer Sentiment Nearing 6-year High

ORANGE, CA — The California Composite Index of Consumer Sentiment increased to 100.4 in the first quarter of 2013 from the fourth quarter revised reading of 94.9. As shown in the following figure, consumer sentiment has been increasing steadily for the past 5 years. An index level above 100, reflects a higher percentage of optimistic consumers versus those who are pessimistic. Improvement in the job market, higher home prices and the rebound in the stock market seem to more than offset the negative effects of higher payroll taxes and gasoline prices leading to brighter consumer sentiment.
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 increased from a revised November reading of 83.9 to 93.4 in February of 2013, an increase of nearly ten points. The index measuring future economic conditions increased by eight points to a reading of 108.9 in February of 2013 from a revised reading of 100.9 in November.

The index measuring consumers’ planned spending on big-ticket items, a volatile component of the composite index, showed a decrease of over 7 points from the revised November reading of 105.0. The decrease in this index in February of 2013 to a reading of 97.6 may be due to a decline in consumers’ discretionary income resulting from higher payroll taxes and gasoline prices.
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 six questions is mailed to a stratified sample of 5,000 residences throughout the state, with a historical response rate of 5 to 10 percent. Three 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  › Economic Forecast Update Conference for the U.S., California, Orange and the Inland Empire
             › California Consumer Sentiment Survey

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