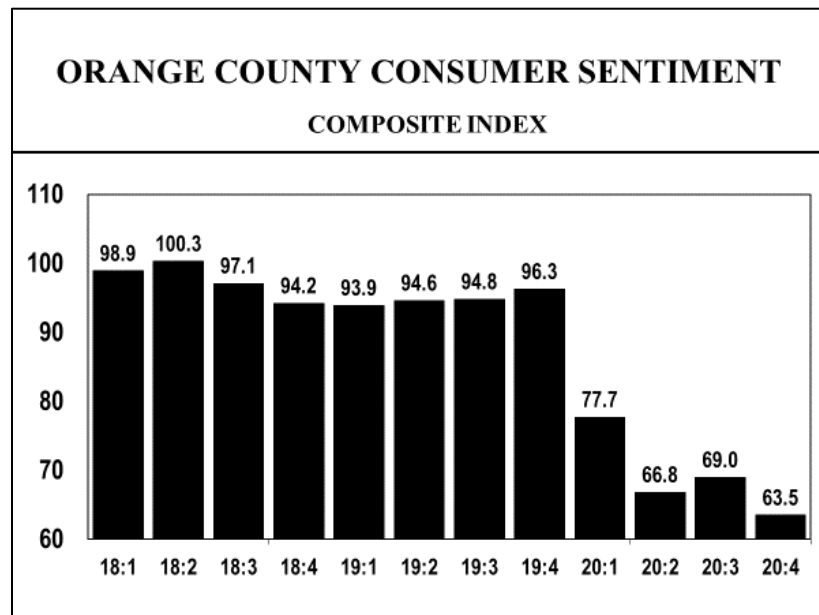


## PRESS RELEASE

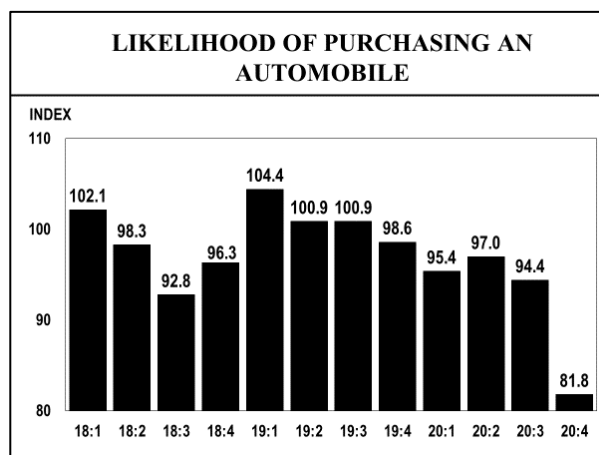
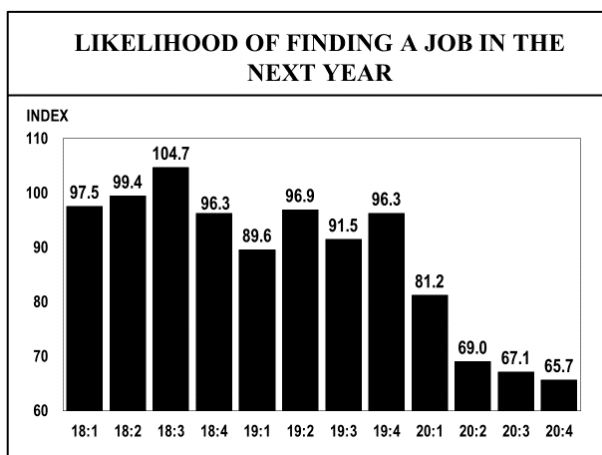
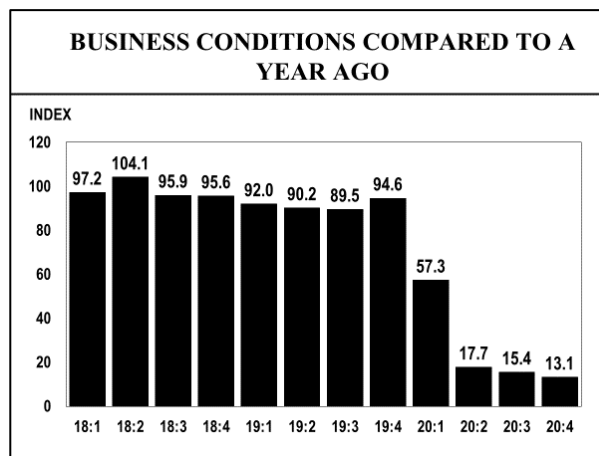
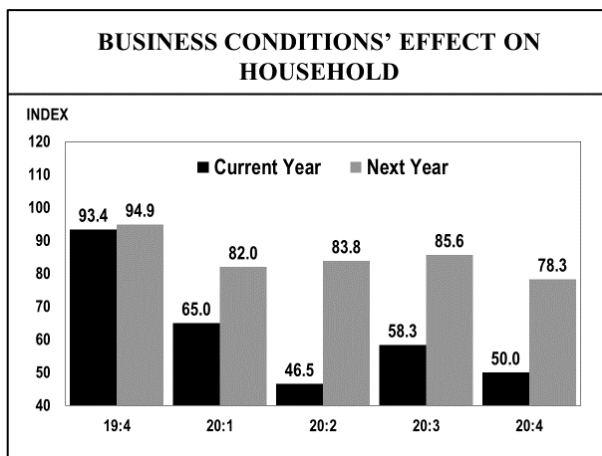
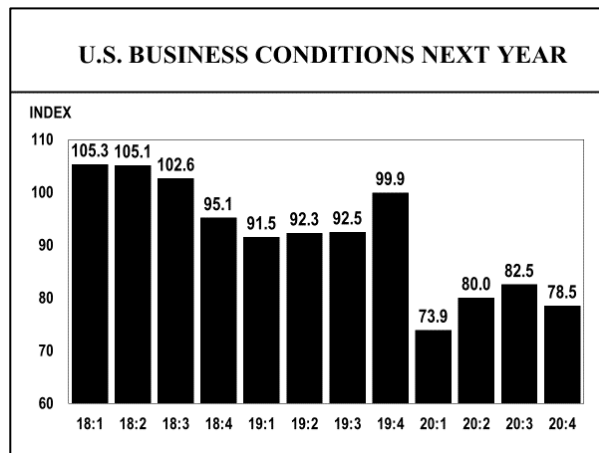
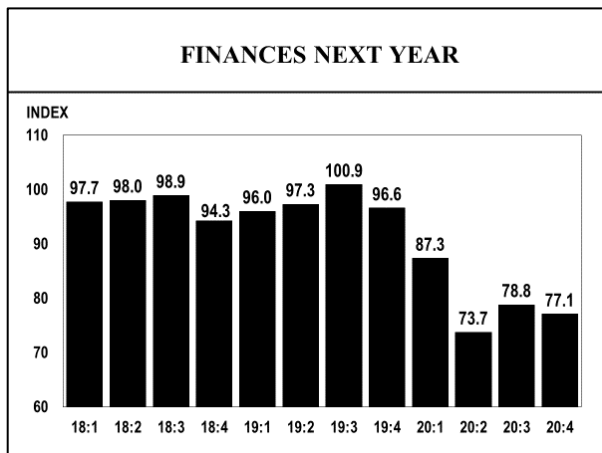
# OC CONSUMER SENTIMENT HITS ALL-TIME LOW

ORANGE, CA — The Chapman University Orange County Consumer Sentiment Index fell from a value of 69.0 in the third quarter of 2020 to an all-time low reading of 63.5 in the fourth quarter of 2020. The 7.9 percent decline continues the downward trend in consumer sentiment as Orange County and the United States continue to grapple with lockdowns and the coronavirus.

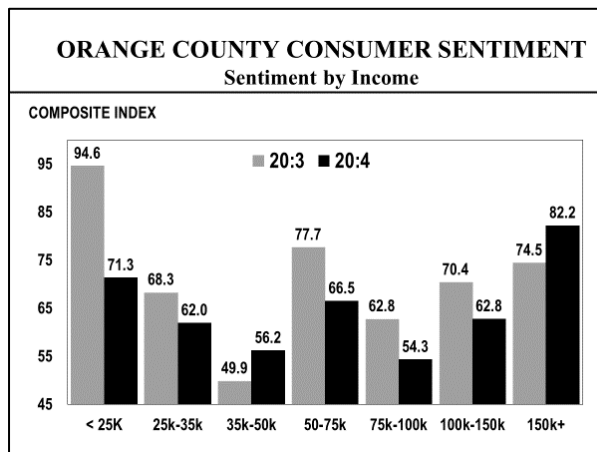
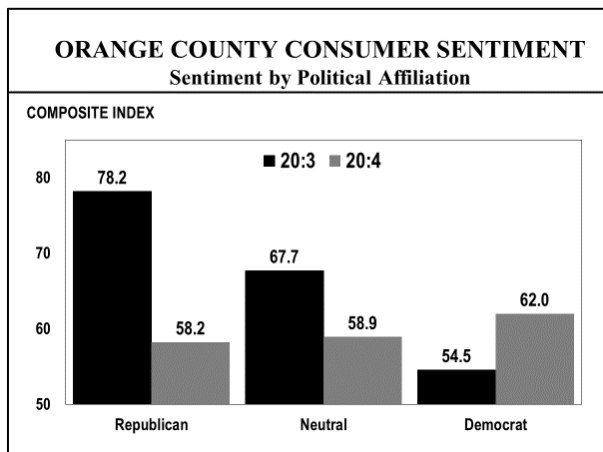


All seven questions in the random survey of 500 Orange County residents registered a decrease in consumer sentiment. Survey respondents expressed more than a 13 percent decrease in sentiment with respect to buying a car over 2021. This is a particularly worrisome indicator because it signals that OC residents will not be buying expensive goods like refrigerators and microwaves in 2021. The effect of business conditions on the household registered a similar decline, falling 14.3 percent for 2020 and 8.6 percent for 2021. Business conditions a year ago fell 14.9 percent which likely reflects the economic effects of lockdowns

and stay-at-home orders that lower income and spending. Sentiment for business conditions in 2021 declined 4.9 percent while finances and job prospects fell 2.2 percent. Overall, the survey shows an across-the-board decline in consumer sentiment.



Political affiliation is another important aspect of consumer sentiment over the last two quarters. Republican leaning survey responders showed a 25.5 percent decrease in consumer sentiment while Democrats showed a 13.6 percent rise. The large swing in consumer sentiment with respect to political affiliation likely reflects Biden’s victory and Trump’s defeat in the 2020 Presidential Election. Furthermore, the survey responses demonstrate that consumer sentiment appears to be closely tied to political affiliation.



There are also a number of demographic responses to the survey that merit discussion. Survey participants making between 50-75k recorded a 14.3 percent drop in consumer sentiment. The decline may reflect, in part, the reimposition in lockdown measures in December that reduce economic activity in the short-run as COVID19 hospitalizations skyrocketed during the Christmas and holiday season. Sentiment for self-employed workers fell 19.9 percent in the last quarter. The large drop in consumer sentiment might be explained by the fact that federal assistance to small businesses has declined over the last several months. Senior citizens also expressed a 12.0 percent decline in consumer sentiment in the last quarter.

The coronavirus continues to exert a large influence on consumer sentiment. As noted by Professor Weidenmier of Chapman University, “The coronavirus continues to drive consumer sentiment in Orange County. Hopefully, consumer sentiment will start to rebound once a significant fraction of OC residents are vaccinated and the OC economy is reopened. Only then we will begin to see OC consumer sentiment rebound from its historic lows.”

*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