OC Consumer Sentiment Jumps almost 10 Percent in Second Quarter

ORANGE, CA — The Chapman University Orange County Consumer Sentiment Survey posted another sizable gain in the second quarter of 2021, rising from 90 in the first quarter of the year to a current value of 98.7. The 9.6 percent increase in consumer sentiment reflects growing optimism about economic activity that is largely driven by the end of lockdowns and the opening up of the local economy. According to Professor Marc Weidenmier of the Argyros School of Business and Economics at Chapman University, “The local and US economy are gaining momentum. But there are a couple of potential problems that could derail the recovery from the pandemic. First and perhaps most important is the recent rise in prices and the specter of higher inflation. Another potential game changer would be another covid outbreak with the delta variant that leads to more lockdowns. Otherwise, consumer sentiment looks strong going forward.”

The sentiment index is constructed from responses to seven questions about current and future economic and financial conditions from a random survey of 500 Orange County residents. The large rise in consumer sentiment in the last quarter was largely driven by three questions.
First, OC residents expressed **70 percent** higher sentiment for current business conditions compared to a year ago. Sentiment jumped 18.8 percent for the impact of business conditions on the household. With respect to finding a job next year, optimism rose by 21.1 percent. On the downside, survey respondents expressed a 6.3 percent lower sentiment for buying a car. Sentiment for finances next year, US business conditions next year, and the impact of business conditions on the household next year registered small changes and account for why the baseline index only rose by 9.6 percent.
As for the demographics, lower income groups posted large gains in consumer sentiment over the last quarter. Consumer sentiment rose 31.3 percent for part-time workers and 23.3 percent for workers making between 25 and 35 thousand dollars per year. The large gains in consumer sentiment may reflect California stimulus checks as well as the impact of the new minimum income program passed in Sacramento that is designed to help low income families.

Overall, the Orange County consumer continues to express greater optimism. This is a big positive for future consumer spending over the next six to 12 months. A telling indicator is that consumer sentiment increased for Democratic and Republican leaning respondents by 11.7 and 3.9, respectively. If the current trend continues, the OC consumer sentiment index should top 100 in the next quarter.

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