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ABC NEWS/MONEY CONSUMER INDEX - 1/5/97
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CONSUMER CONFIDENCE:
STRONG AT YEAR'S START

Consumer confidence has begun the new year on its strongest footing in at least a decade, extending a rally that finally lifted it clear of a long-running funk inspired by the 1990 recession and its aftermath.

The ABC News/Money magazine Consumer Comfort Index stands at -3 on its scale of +100 to -100, its best start of a new year since the weekly survey began in late 1985. From 1990-95, by contrast, it averaged -30.

The index is based on public views of the economy, personal finances and the buying climate; all are among their best of the decade. Ratings of the economy and finances even exceed their pre-recession levels.

DIRECTION - In addition to confidence in current conditions, this poll finds a strong gain in views of the economy's future direction: Just 27 percent now say it's getting worse, down from 40 percent last summer.

INDEX - The ABC/Money index peaked recently at -1 on Dec. 1, a level last seen (fleetinglly) in September 1988. It dipped to -6 late last month but regained three points this week, a healthy advance. For all 1996 it averaged -11, its best since 1989 and near its pre-recession average (-9 from 1986-90.)

| ABC/Money Index | |
|-----------------|-----|
| Today | -3 |
| 1996 average | -11 |
| 1990-95 | -30 |
| 1986-90 | -9 |
| Full average | -20 |

INDICES - Today 58 percent of Americans say their own finances are in good shape, four points short of the record. Forty-nine percent rate the economy "excellent" or "good," three points from the top, set Dec. 1.

But ratings of the buying climate, just 38 percent positive, continue to lag. This and other ABC/Money poll results pointed in advance to a less-than-stunning holiday shopping season.

Ratings of the economy have powered the resurgence of confidence; they're eight points better than their pre-recession average. Views of personal finances are one point better; ratings of the buying climate, a point worse. All are far above their average from 1990-93, when faith in the economy was at its worst.

| Positive ratings for... | Today | 1990-93 | 1986-90 |
|-------------------------|-------|---------|---------|
| National economy | 49 | 15 | 41 |
| Buying climate | 38 | 26 | 39 |
| Personal finances | 58 | 49 | 57 |

ELECTION - Confidence usually is stronger among Republicans, who tend to be better off financially. But it faltered among Republicans, and soared among Democrats, around the election. Now it's reverted to form:

| | ABC/Money Index | | | |
|-------------|-----------------|---------|---------|---------------|
| | Today | Dec. 15 | Nov. 17 | 12-month avg. |
| Democrats | -7 | +7 | +6 | -11 |
| Republicans | +12 | +7 | -9 | +1 |

GROUPS - Confidence lags in economically vulnerable groups, including women, blacks, the poor and the less-educated. The index is +10 among men but -16 among women; +2 among whites but -35 among blacks; +37 in higher-income households but -41 in the lowest; and +10 among people who have attended college but -23 among high school dropouts.

Here's a closer look at the three components of the ABC/Money index:

NATIONAL ECONOMY- Fifty-one percent rate the economy negatively, down two points this week. It averaged 61 percent last year, compared to 85 percent from 1990-93 and 59 percent from 1986-90. The best, 52 percent positive, was Dec. 1, 1996. The worst, 93 percent negative, was in late 1991 and early 1992. The average for the life of the index is 69 percent negative.

PERSONAL FINANCES - Fifty-eight percent rate their finances positively, up a point this week. It averaged 57 percent last year, compared to 49 percent in the 1990-93 slump and 57 percent before the recession. The worst was 58 percent negative March 14, 1993; the best, 62 percent positive Dec. 20, 1987. The full average is 54 percent positive.

BUYING CLIMATE - Sixty-two percent call this a bad time to buy things, down a point this week. It averaged 63 percent last year, compared to 74 percent during the 1990-93 slump and 61 percent before the recession. The worst is 80 percent negative Nov. 2 and Oct. 28, 1990; the best, 52 percent positive May 11, 1986. The full average is 66 percent negative.

| | National Economy | Personal Finances | Buying Climate |
|---------------------------------------|------------------|-------------------|----------------|
| This week | 51% neg | 58% pos | 62% neg |
| 1996 Average | 61% neg | 57% pos | 63% neg |
| Recession Average (mid-1990 to 1993) | 85% neg | 51% neg | 74% neg |
| Pre-Recession Avg. (1986 to mid-1990) | 59% neg | 57% pos | 61% neg |
| Full Average (1986-1995) | 69% neg | 54% pos | 66% neg |
| Worst | 93% neg | 58% neg | 80% neg |

Best

50% pos

62% pos

52% pos

METHODOLOGY - The ABC News/Money magazine Consumer Comfort Index represents a rolling average based on telephone interviews with about 1,000 adults nationwide each month. Interviewing by ICR-International Communications Research of Media, Pa. This week's results are based on 1,045 interviews in the month ending Jan. 5 and have an error margin of plus or minus 3.5 percentage points. The question on expectations was conducted among 525 respondents Dec. 25-Jan. 5; that result has a five-point error margin.

The ABC/Money index is derived as follows: The negative response to each index question is subtracted from the positive response to that question. The three resulting numbers are then added and divided by three. The index can range from +100 (everyone positive on all three measures) to -100 (all negative on all three measures). The survey began in December 1985.

Analysis by Gary Langer.

For details contact the ABC News Polling Unit, (212) 456-2621. ABC polls are available in the ABC News area of America Online.

| 01/05/97 | This Week | Last Week | 4 Wks Ago | 3 Mo. Ago | 1 Yr. Ago | 12 Mo High | 12 Mo Low | 12 Mo Avg |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|
| Group | | | | | | | | |
| ----- | | | | | | | | |
| GENERAL POPULATION: | | | | | | | | |
| Overall Index | -3 | -6 | -3 | -6 | -19 | -1 | -21 | -11 |
| State of Economy | -2 | -6 | -2 | -16 | -36 | 4 | -38 | -21 |
| Personal Finances | 16 | 14 | 16 | 20 | 14 | 22 | 8 | 15 |
| Buying Climate | -24 | -26 | -22 | -22 | -36 | -18 | -36 | -25 |
| ----- | | | | | | | | |
| OVERALL INDEX BY DEMOGRAPHIC GROUPS | | | | | | | | |
| Sex: | | | | | | | | |
| Men | 10 | 6 | 7 | 3 | -3 | 10 | -9 | 0 |
| Women | -16 | -17 | -11 | -13 | -33 | -8 | -33 | -20 |
| Age: | | | | | | | | |
| 18 - 34 | -1 | -4 | -5 | -4 | -14 | -1 | -23 | -9 |
| 35 - 44 | -4 | -13 | 0 | -12 | -22 | 0 | -23 | -13 |
| 45 - 54 | -4 | -1 | 4 | -4 | -36 | 12 | -36 | -10 |
| 55 - 64 | -14 | -10 | 4 | 3 | -13 | 12 | -40 | -12 |
| 65 + | 1 | -4 | -8 | -7 | -15 | 9 | -22 | -8 |
| Income: | | | | | | | | |
| Under \$15K | -41 | -40 | -43 | -43 | -59 | -32 | -61 | -48 |
| \$15K To \$24.9K | -29 | -31 | -22 | -19 | -30 | -12 | -40 | -29 |
| \$25K To \$39.9K | -6 | -8 | 1 | -10 | -15 | 5 | -26 | -11 |
| \$40K To \$49.9K | 2 | -1 | 5 | 3 | -22 | 26 | -31 | 4 |
| Over \$50K | 37 | 36 | 30 | 30 | 18 | 37 | 12 | 23 |
| Region: | | | | | | | | |
| Northeast | -5 | -9 | -10 | -16 | -24 | -5 | -34 | -17 |
| Midwest | -3 | -7 | 0 | 9 | -10 | 10 | -15 | -1 |
| South | -8 | -7 | 1 | -6 | -22 | 1 | -24 | -12 |
| West | 3 | -2 | -4 | -11 | -20 | 6 | -23 | -12 |
| Race: | | | | | | | | |
| White | 2 | -2 | 2 | 0 | -14 | 4 | -15 | -6 |

| | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Black | -35 | -25 | -24 | -42 | -52 | -10 | -54 | -35 |
| Politics: | | | | | | | | |
| Republican | 12 | 6 | 2 | 7 | -4 | 12 | -12 | 1 |
| Democrat | -7 | -5 | 9 | -6 | -26 | 10 | -28 | -11 |
| Independent | -10 | -14 | -13 | -11 | -22 | -8 | -26 | -16 |
| Education: | | | | | | | | |
| < High School | -23 | -37 | -29 | -40 | -42 | -20 | -49 | -38 |
| High Sch. Grad. | -13 | -12 | -7 | -7 | -29 | -4 | -29 | -17 |
| College + | 10 | 9 | 11 | 8 | -3 | 11 | -6 | 4 |
| Home: | | | | | | | | |
| Own | 3 | -1 | 3 | 0 | -14 | 5 | -15 | -4 |
| Rent | -17 | -18 | -15 | -19 | -31 | -11 | -37 | -26 |
| Marital Status: | | | | | | | | |
| Single | -3 | -6 | -9 | -13 | -14 | 0 | -26 | -12 |
| Married | 1 | -1 | 4 | 0 | -15 | 4 | -18 | -5 |
| Sep/Wid/Div | -20 | -22 | -18 | -19 | -40 | -9 | -43 | -27 |
| Employ. Status: | | | | | | | | |
| Full-Time | 6 | 5 | 11 | 1 | -14 | 11 | -14 | -2 |
| Part-Time | -15 | -22 | -17 | -9 | -8 | -8 | -35 | -19 |
| Not Employed | -14 | -16 | -15 | -13 | -31 | -5 | -33 | -20 |