

Confidence Surges To Another Record

Consumer confidence posted its biggest one-week gain in a year and a half this week, surging to a new all-time high in the 14-year-old ABC News/Money magazine poll.

It's the second record high in two weeks for the ABC/Money Consumer Comfort Index, a smashing start to consumer confidence in the new year. The index posted only one record in all of last year, after setting nine new highs in 1998.

The index is an amalgam of three gauges, all themselves at record highs: Eighty percent of Americans now say the national economy is in good shape, the most ever; 57 percent call it a good time to buy things, another record; and 70 percent rate their own finances positively, tying the record first set in August 1988.

	----- Since 12/85 -----			
Positive ratings:	Today	Highest	Lowest	Average
National Economy	80%	80	7	38
Personal Finances	70	70	42	56
Buying Climate	57	57	20	37

INDEX – The ABC/Money Consumer Comfort Index stands at +38 on its scale of +100 to –100, four points higher than the record set last week. It's now a full 10 points higher than its 1999 average of +28, which stands as its best full year. The overall average of the index since late 1985 is just –12, stunted by dismal levels in the early '90s.

	ABC/Money Index	
Today	+38	New record high
Last week	+34	
1999 average	+28	Best full year
1992 average	-44	Worst full year
Feb. 9, 1992	-50	Record low
Average since 12/85	-12	

Confidence has been soaring for two years, lifted by rising incomes, low inflation, low interest rates and the strong job market. Strong confidence in turn has boosted consumer spending, fueling the economy through its now long-running growth cycle. The robust economy and rising stock market have also combined to boost savings and investment portfolios in recent years. The Federal Reserve reported yesterday that the net worth of American families increased by about 18 percent since the mid-1990s.

Call the ABC News Polling Unit, ext. 2621, for a chart tracking the ABC/Money index over time.

THE MARKET – The jump in consumer confidence does not appear to be changing individuals’ short-term plans for investing in the stock market. About two-thirds of those who own stocks or mutual funds are planning to leave their investments where they are. Twenty-five percent plan to invest more in the near future, whereas five percent plan to move out of the market. These numbers are right about where they've been the past couple of years.

GROUPS – Not everyone is benefiting equally from the booming economy. According to the Federal Reserve’s report yesterday, higher-income families have enjoyed rising incomes and increases in their net worths, while lower income families have either seen limited gains or even lost ground.

These disparities are mirrored in the Consumer Comfort Index: The index is +68 in higher-income households compared to -19 in the lowest; +53 among college graduates but +1 among high-school dropouts; +43 among whites but +3 among blacks; and +45 among men compared to +30 among women.

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

NATIONAL ECONOMY- The poll asks: Would you describe the state of the nation's economy these days as excellent, good, not so good or poor? Eighty percent say excellent or good, up three points from last week and a new record high. The worst rating was seven percent in late 1991 and early 1992.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	80%	19	61	20	16	4
Avg. since 12/85	38	3	35	62	41	21

PERSONAL FINANCES - The poll asks: Would you describe the state of your own personal finances these days as excellent, good, not so good or poor? Seventy percent say excellent or good, up two points from last week. This ties the record, originally set Aug. 30, 1998, and matched in January, June and September of 1999. The worst was 42 percent on March 14, 1993.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	70%	7	63	30	23	7
Avg. since 12/85	56	4	52	44	31	13

BUYING CLIMATE - The poll asks: Considering the cost of things today and your own personal finances, would you say now is an excellent time, a good time, a not so good time or a poor time to buy the things you want and need? Fifty-seven percent say excellent or good, up one point from last week and a new record high. The worst rating, 20 percent, was set in Fall 1990.

	Pos. NET	Excel.	Good	Neg. net	Not good	Poor
This week	57%	4	53	43	32	11
Avg. since 12/85	37	3	35	63	41	22

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. This week's results are based on 1,042 interviews in the month ending Jan. 16 and have an error margin of plus or minus three percentage points. The question on investments was conducted Jan. 5-16; that result has a six-point error margin. Fieldwork by ICR-International Communications Research of Media, Pa.

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 Daniel Merkle.

ABC News polls can be found at ABCNEWS.com on the Internet, at:
<http://abcnews.go.com/sections/politics/PollVault/PollVault.html>

01/16/00	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	38	34	29	24	32	38	22	28
State of Economy	60	54	48	42	54	60	38	47
Personal Finances	40	36	30	32	36	40	28	33
Buying Climate	14	12	8	-2	6	14	-4	5

OVERALL INDEX BY DEMOGRAPHIC GROUPS								
Sex:								
Men	45	42	41	32	32	45	30	36
Women	30	26	16	15	31	31	11	20
Age:								
18 - 34	37	30	20	24	35	37	16	26
35 - 44	35	34	37	16	28	40	13	29
45 - 54	45	37	34	25	32	45	13	28
55 - 64	40	38	32	27	26	47	13	29
65 +	29	32	26	25	34	37	17	27
Income:								
Under \$15K	-19	-23	-29	-36	-12	-11	-42	-24
\$15K To \$24.9K	22	14	6	4	-8	22	-15	1
\$25K To \$39.9K	30	30	30	8	38	38	8	25
\$40K To \$49.9K	54	54	39	39	45	56	27	43
Over \$50K	68	63	61	58	60	68	53	60
Region:								
Northeast	47	39	38	37	29	47	21	31
Midwest	40	40	23	29	38	41	20	32
South	26	23	24	17	22	31	14	24
West	42	40	30	14	42	43	13	27
Race:								

White	43	41	34	28	34	43	26	32
Black	3	0	-2	-7	16	22	-11	4
Politics:								
Republican	50	53	52	41	41	55	32	41
Democrat	38	34	23	15	27	38	15	26
Independent	26	22	19	20	34	34	13	23
Education:								
< High School	1	-7	-13	-19	3	6	-27	-10
High Sch. Grad.	29	32	26	16	24	32	12	21
College +	53	49	43	41	47	53	38	45
Home:								
Own	44	42	36	35	35	44	26	34
Rent	19	11	7	-3	23	26	-3	11
Marital Status:								
Single	33	26	21	12	34	36	8	24
Married	44	41	35	35	37	44	27	34
Sep/Wid/Div	13	9	8	-9	8	18	-9	7
Employ. Status:								
Full-Time	44	43	38	34	37	44	30	36
Part-Time	30	25	25	24	37	38	7	23
Not Employed	28	22	14	9	19	28	8	17

240. Thinking about all of your investments, including retirement savings at work, do you currently have money invested in stocks or stock mutual funds?

	Yes	No	No opin.
1/16/00	48	52	1
8/29/99	49	50	1
5/10/98	49	50	1
9/14/97	44	55	1

(IF YES) Over the next month or so do you expect to invest more money in stocks or stock funds, take money out of stocks or stock funds, or leave your stock or stock fund investments essentially where they are now?

	Put in	Take out	Leave alone	No opin.
1/16/00	25	5	69	2
8/29/99	22	6	69	2
5/10/98	29	3	64	3
9/14/97	31	4	64	1

END