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Because of today's Federal Reserve meeting on interest rates and because the ABC/Money poll shows consumers in the best mood in years, we are releasing the ABC/Money consumer poll earlier than usual. It is for immediate release.

ABC NEWS/MONEY CONSUMER INDEX - 6/30/96

For IMMEDIATE RELEASE    Wednesday, July 3, 1996

CONFIDENCE ABOVE PRE-RECESSION AVERAGE;  
INDEX HAS BEST SHOWING SINCE JANUARY 1990

Consumer confidence rose above its pre-recession average this week scoring its best mark since January 1990 and giving credence that its June-based rally has some legs.

The ABC News/Money magazine Consumer Comfort Index jumped three points two weeks ago, sustained the gain, and this week rose another point to -8 on its scale of +100 to -100.

This is the first time since the 1990-91 recession it's been this high. It hasn't reached this level since Jan. 14, 1990. To find another -8 you have to go back to Sept. 17, 1989; you have to go back to the mid-80's to see such numbers appearing with any kind of regularity.

The index is based on views of the economy, personal finances and the buying climate. The index averaged -9 from 1986 to mid-1990, then plummeted with the recession, averaging -39 through 1993. It recovered solidly in 1994 (-19) and a bit more in 1995 (-15) and a point more so far this year.

	ABC/Money Index
Today	-8
1996 average	-14
1995	-15
1994	-19
1993	-37
1992	-44
1990-93	-39
1986-90	-9

Last week was the first time in post recession times that the index has scored back to back -9s. The index hit -9 in mid-April and in September and June 1995, but quickly turned back. There has been a pattern of improving consumer confidence in spring and early summer in the index, but this week's results suggest recent gains may be more than a seasonal up tick.

And other numbers from the government this week also suggest that consumers are feeling better than they have in a long time:

% The Commerce Department said new home sales rose 7.5 percent in May to the

highest level in 10 years.

% The National Association of Purchasing Management said its June index of manufacturing activity rose to 54.3 percent from 49.3 percent in May.

% The Commerce Department said personal incomes in June rose 0.4 percent to a seasonally adjusted annual rate of \$6.38 trillion, up from \$6.35 trillion in May, when incomes advanced 0.5 percent.

% Disposable income shot up 1.3 percent, the largest increase since a 1.6 percent gain in May 1994. Disposable incomes had fallen 0.5 percent in April, when \$59.3 billion in tax payments were made.

% Spending on big-ticket durable goods shot up at a \$24.6 billion annual rate in June after falling \$9.4 billion, and spending on services jumped at a \$19.2 billion rate.

And those government numbers were mostly gathered before this week's ABC/Money survey was conducted. One other government report, the Index of Leading Indicators for May was released this week and was at its highest level in more than a year. Interestingly, one component of that May index - consumer expectations - was down in May.

But this is July, and consumers - at least according to the ABC/Money random sample polling - are more ebullient than back in May. All these upbeat numbers come as Federal Reserve policy-makers are in the middle of a two-day meeting in Washington to decide whether to raise interest rates to slow the economy and head off inflation. (Announcement expected early Wednesday afternoon.)

INDICES - The real star of the ABC/Money index in the last several weeks and months has been the personal finance component. It has been running ahead of its pre-recession average since mid-April, and this week is a full four points above that average with 59 percent of the public describing their own finances as good or excellent. This better -than-average score may well be reflecting those government figures showing disposable income rising in June.

The other components:

% Forty-one percent of Americans call it a good time to buy things they want and need - still well short of a majority and down a point, but much better than the 1990-93 average.

% Sixty-two percent say the economy is in bad shape - another negative reading, but again much better than the 1990-93 average.

	Today	1990-93	1986-90
Negative on national economy	62	85	59
Negative on buying climate	60	74	61
Positive on personal finances	59	49	57

GROUPS - As usual, confidence lags in economically vulnerable groups, including women, blacks, the poor and the less-educated. The index is +4 among men but -19 among women; +25 in higher-income households but -50 in the lowest; -3 among whites but -45 among blacks; and +9 among people who have attended college but -34 among high school dropouts.

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

NATIONAL ECONOMY- Sixty-two percent rate the economy negatively, the same as last week. It's averaged 65 percent this year, compared to 85 percent from 1990-93 and 59 percent from 1986-1990. The worst, 93 percent, was in late 1991 and early 1992; the best, 50-50, was April 27, 1986. The average for the life of the index is 69 percent negative.

PERSONAL FINANCES - Fifty-nine percent rate their finances positively, up a point. It's averaged 57 percent this 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 - Fifty-nine percent call this a bad time to buy things, down a point this week. It's averaged 63 percent this 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	62% neg	59% pos	59% neg
1996 Average	65% 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 is done by ICR/AUS Consultants of Media, Pa. This week's results are based on 1,046 interviews in the month ending June 30 and have an error margin of plus or minus 3.5 percentage points.

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.

ABC polls are available in the ABC News area of America Online and PoliticsNow on the internet.

Analysis by Jeff Alderman. For details contact the ABC News Polling Unit, (212) 456-2621.

06/30/96

This Last 4 Wks 3 Mo. 1 Yr. 12 Mo 12 Mo 12 Mo  
 Week Week Ago Ago Ago High Low Avg

Group

## GENERAL POPULATION:

Group	This Week	Last Week	4 Wks Ago	3 Mo. Ago	1 Yr. Ago	12 Mo High	12 Mo Low	12 Mo Avg
Overall Index	-8	-9	-10	-16	-18	-8	-21	-15
State of Economy	-24	-24	-26	-28	-38	-18	-38	-30
Personal Finances	18	16	18	8	12	18	4	13
Buying Climate	-18	-20	-22	-28	-28	-18	-36	-27

## OVERALL INDEX BY DEMOGRAPHIC GROUPS

## Sex:

Men	4	5	3	-7	-6	5	-13	-3
Women	-19	-22	-22	-23	-29	-19	-33	-25

## Age:

18 - 34	-6	-9	-6	-10	-8	-5	-19	-11
35 - 44	-7	-14	-13	-19	-25	4	-26	-14
45 - 54	-22	-14	-9	-24	-21	-7	-36	-17
55 - 64	-3	-5	-18	-17	-25	-2	-40	-16
65 +	-6	-8	-9	-11	-21	-2	-34	-18

## Income:

Under \$15K	-50	-57	-57	-56	-56	-41	-61	-52
\$15K To \$24.9K	-28	-24	-17	-39	-32	-12	-48	-34
\$25K To \$39.9K	-6	-13	-9	-9	-14	-2	-29	-15
\$40K To \$49.9K	10	12	2	-3	-9	21	-31	-1
Over \$50K	25	23	19	22	15	32	12	22

## Region:

Northeast	-12	-15	-21	-16	-32	-12	-34	-21
Midwest	-6	-4	3	-5	-4	11	-21	-5
South	-14	-13	-8	-20	-19	-5	-25	-17
West	4	-5	-17	-19	-17	4	-23	-14

## Race:

White	-3	-3	-4	-14	-14	-2	-15	-10
Black	-45	-44	-32	-30	-41	-23	-56	-41

## Politics:

Republican	3	7	7	-1	-4	10	-10	-1
Democrat	-12	-14	-11	-20	-23	-7	-28	-19
Independent	-11	-15	-19	-21	-24	-11	-26	-19

## Education:

< High School	-34	-38	-39	-47	-50	-34	-53	-43
High Sch. Grad.	-20	-19	-14	-23	-28	-10	-30	-23
College +	9	9	4	2	1	9	-6	2

## Home:

Own	-3	-1	1	-10	-13	1	-15	-9
Rent	-23	-30	-36	-29	-33	-19	-37	-30

## Marital Status:

Single	-12	-13	-15	-19	-13	-1	-19	-12
Married	-3	-4	-4	-9	-14	-1	-18	-10
Sep/Wid/Div	-20	-26	-31	-37	-36	-20	-45	-36

## Employ. Status:

Full-Time	3	3	1	-8	-5	3	-14	-5
Part-Time	-23	-28	-19	-17	-17	-4	-35	-19
Not Employed	-21	-23	-23	-25	-35	-17	-35	-27