# Consumer Confidence Dips; It's Limp, but not Falling Apart

Consumer confidence dipped this week to its lowest level in five months, mainly because of lower ratings of the condition of the national economy. It's limp, but not falling apart.

After hovering between -4 and -7 since late April, the ABC News/Money magazine Consumer Comfort Index now stands at -8 on its scale of +100 to –100, its lowest since -10 on Feb. 17. Confidence is hanging in as well as might be expected, given corporate scandals and the falling stock market. Its level today is precisely the same as its average in weekly polls since late 1985 – no better, but also no worse.

The index is based on ratings of the current economy, buying climate and personal finances. This week 37 percent rate the economy positively, the fewest since early March. Forty percent say it's a good time to buy things, and in the brightest gauge, 61 percent say their own finances are in good shape.

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                                 ABC News/Money magazine poll
        Positive ratings of:     7/14    4/14    2/10    16-yr. avg.
        National economy         37%     44      32      42
        Buying climate           40      45      40      39
        Personal finances        61      63      59      57
        Consumer Comfort Index   -8      +1      -13     -8
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ABC News/Money Magazine Poll: Consumer Confidence 2001-2002
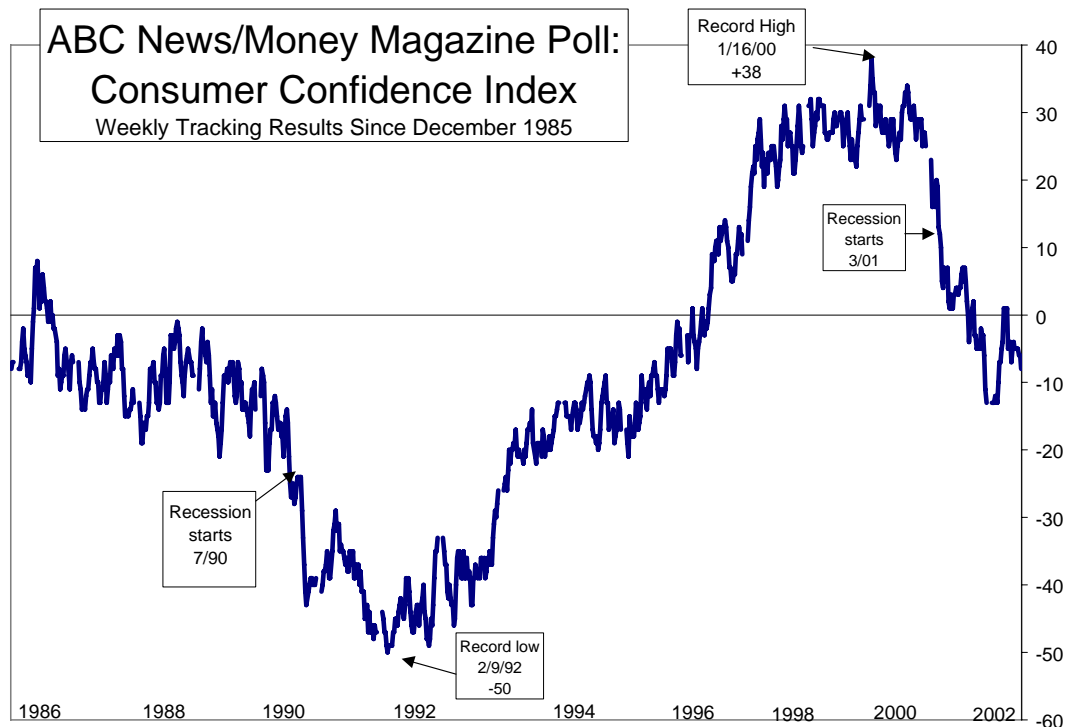
Recession begins: March 2001
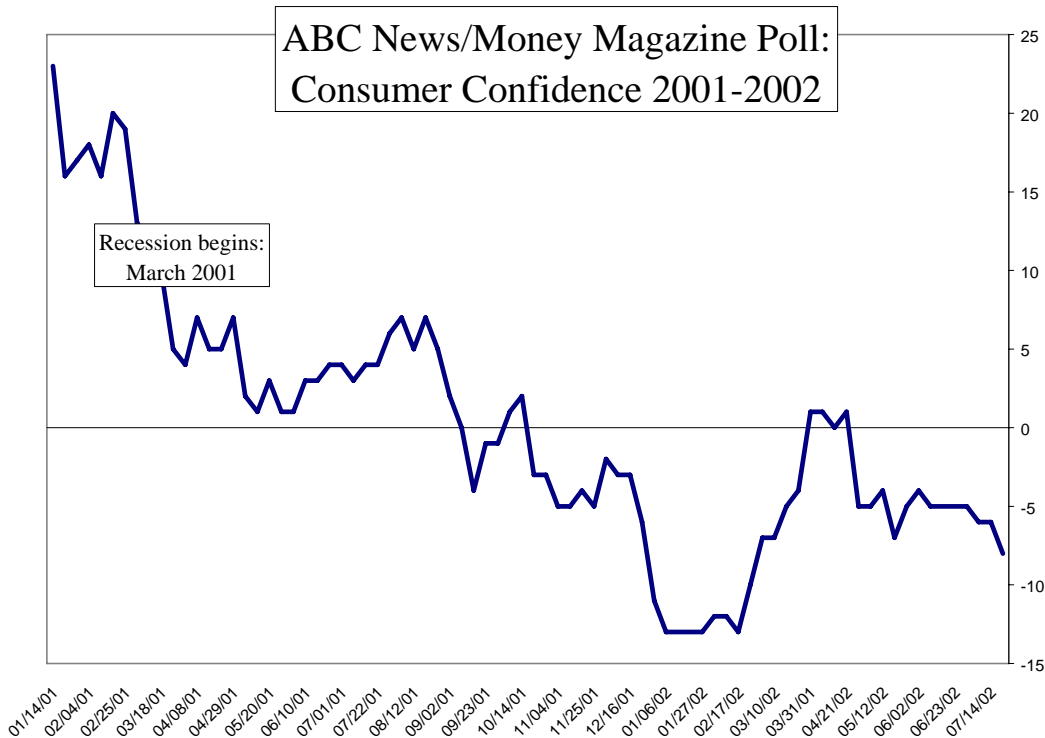
The dip in current sentiment follows last week's rise in consumer pessimism about the future direction of the economy, which is measured separately on a monthly basis in the ABC/Money poll. After gradually growing the last four months, the number of Americans who think the economy's getting worse reached its highest level of the year.

TREND – The ABC/Money index has been as low this year as -13 in February. It rose to +1 in March and mid-April, then dropped to -5 in late April and essentially stayed there (between –4 and –7) all spring and early summer.

The index's all-time high was +38 in January 2000; its record low, -50 in February 1992. It's averaged -8 – exactly where it stands today – since this weekly survey began in December 1985.

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                        ABC/Money Index
        Today                  - 8
        Last week              - 6
        2002 high              + 1
        2002 low               -13
        2002 average           - 6
        2001 average           + 4
        2000 average           +29    Best full year
        1992 average           -44    Worst full year
        Jan. 16, 2000          +38    Record high
        Feb. 9, 1992           -50    Record low
        Average since 12/85    - 8
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ABC News/Money Magazine Poll:
Consumer Confidence Index
Weekly Tracking Results Since December 1985

GROUPS – As usual, confidence is higher among better-off Americans. The index is +8 in higher-income households compared to -49 in the lowest, +3 among college graduates while -25 among high-school dropouts, -3 among whites but -41 among blacks and -2 among men while -13 among women.

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

NATIONAL ECONOMY – Thirty-seven percent of Americans rate the nation's economy as excellent or good, down three points from last week. The best was 80 percent Jan. 16, 2000. The worst was seven percent in late 1991 and early 1992.

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                  Pos. NET   Excel.   Good     Neg. NET   Not good   Poor
This week            37        1       36         63         45        18
Avg. since 12/85     42        4       38         58         39        19
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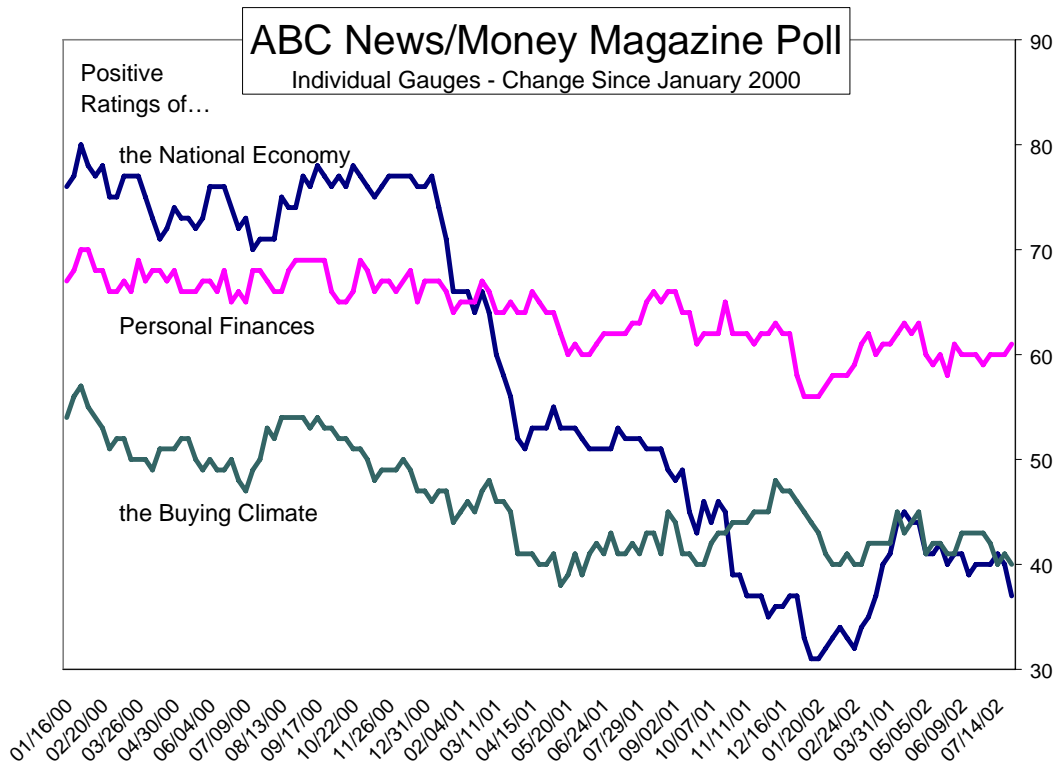
PERSONAL FINANCES – Sixty-one percent rate their own finances as excellent or good, up one point from last week. The best was 70 percent, set Aug. 30, 1998 and last matched in January 2000. The worst rating was 42 percent on March 14, 1993.

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                  Pos. NET   Excel.   Good     Neg. NET   Not good   Poor
This week            61        7       54         39         27        12
Avg. since 12/85     57        5       53         43         30        12
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BUYING CLIMATE – Forty percent say it's an excellent or good time to buy things they want and need, down one point from last week. The best was 57 percent Jan. 16, 2000. The worst was 20 percent in fall 1990.

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                  Pos. NET   Excel.   Good     Neg. net   Not good   Poor
This week            40        2       38         60         44        16
Avg. since 12/85     39        3       36         61         41        21
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ABC News/Money Magazine Poll
Individual Gauges - Change Since January 2000

METHODOLOGY - The ABC News/Money magazine Consumer Comfort Index represents a rolling average based on telephone interviews with a random sample of about 1,000 adults nationwide each month. This week's results are based on 1,020 interviews in the month ending July 14, 2002 and have an error margin of plus or minus three percentage points. Field work 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 Dalia Sussman and Gary Langer.

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

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07/14/02	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	-8	-6	-5	1	4	7	-13	-4
State of Economy	-26	-20	-20	-12	4	4	-38	-19
Personal Finances	22	20	18	26	26	32	12	22
Buying Climate	-20	-18	-14	-10	-18	-4	-20	-15
OVERALL INDEX BY DEMOGRAPHIC GROUPS								
Sex:								
Men	-2	-1	4	9	8	11	-6	3
Women	-13	-10	-13	-6	0	6	-21	-10
Age:								
18 - 34	-4	3	-2	10	10	21	-8	3
35 - 44	-1	-9	-6	-8	5	9	-17	-5
45 - 54	-8	-7	6	-3	-7	6	-22	-6
55 - 64	-6	-2	-12	8	12	20	-30	-5
65 +	-21	-17	-16	-5	-3	9	-23	-12
Income:								
Under $15K	-49	-33	-43	-47	-31	-23	-54	-42
$15K To $24.9K	-19	-25	-42	-26	-18	-14	-44	-26
$25K To $39.9K	-9	-17	-18	1	-8	11	-24	-9
$40K To $49.9K	12	5	5	4	-4	15	-14	3
Over $50K	8	15	27	29	35	37	3	21
Region:								
Northeast	-8	-10	-9	2	5	9	-18	-6
Midwest	-15	-16	-4	-5	1	13	-16	-4
South	-6	4	-2	1	6	8	-13	-2
West	-3	-7	-7	7	2	8	-21	-5
Race:								
White	-3	-1	-1	5	9	12	-8	1
Black	-41	-33	-42	-18	-25	-8	-51	-33

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Politics:
  Republican          12    14    16    34    21    34     5    19
  Democrat           -20   -17   -19   -14    -3     2   -29   -16
  Independent        -11    -9    -8    -5     0     4   -19    -7
Education:
  < High School      -25   -32   -36   -12   -27   -12   -49   -32
  High Sch. Grad.    -16    -7   -11    -4    -7     6   -18    -8
  College +            3     4     9     9    20    23    -5     8
Home:
  Own                 -5    -3     2     9    12    16   -10     2
  Rent               -14   -12   -23   -20   -19    -6   -28   -18
Marital Status:
  Single             -13    -5    -1    -2     7    15   -19    -3
  Married             -1     0    -1     7     6    12    -7     2
  Sep/Wid/Div        -25   -24   -26   -16   -10   -10   -42   -25
Employ. Status:
  Full-Time           -1     1     4    10    13    19    -4     6
  Part-Time           -8    -4    -9     7    11    14   -15    -4
  Not Employed       -19   -16   -17   -13   -12    -5   -28   -17


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