

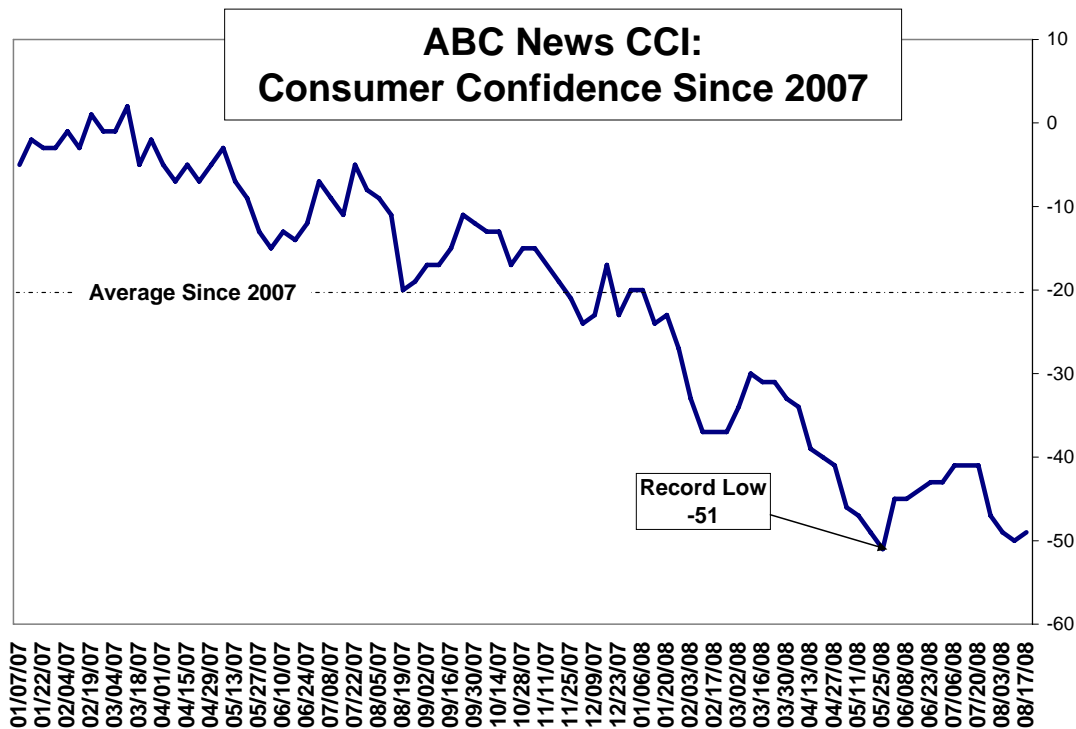
Confidence in Dire Straits Though Pessimism Recedes

Consumer confidence hovered this week very near its record low in weekly ABC News surveys since 1985 – but pessimism about the economy’s direction eased sharply, likely because of lower gasoline prices.

While 89 percent of Americans say the national economy’s in bad shape, far fewer, 58 percent, say it’s getting worse – down from a record 78 percent last month. Gasoline prices have fallen by 37 cents a gallon in that time, albeit to a still-high \$3.74.

This doesn’t mean Americans think the economy is improving – just 6 percent say that. More instead say it’s staying the same, 36 percent. “Staying the same” when nine in 10 think it’s bad is hardly positive, though it is better than further deterioration.

The ABC News Consumer Comfort Index, measuring views of current economic conditions, stands at -49 on its scale of +100 to -100, essentially unchanged from -50 last week and a mere 2 points from its all-time low, -51, set in late May.



There’s reason for these views beyond gas prices (which are up 34 percent from this time last year). Beyond the housing crisis and credit crunch, the Bureau of Labor Statistics

today reported the biggest year-over-year increase in wholesale prices in 27 years. Last week it said inflation at the retail level was up its highest in 17 years.

In this week's CCI only 19 percent of Americans say it's a good time to buy things they want and need, a point off last week's record low for this measure. And fewer than half, 47 percent, say their own finances are in good shape.

The last presidential election year when confidence was this low was 1992, when the CCI stood at -46 just before the Democratic National Convention (then held in July). That year's economic discontent led to the defeat of incumbent George H.W. Bush; how economic worries play out this year, without an incumbent running, is open to question.

EXPECTATIONS – Separately from the CCI index of views of current conditions, ABC has been measuring views of the economy's future – whether it's getting better or worse – since 1981. (Sometimes current sentiment and expectations run in different directions.)

Pessimism – “getting worse” – jumped from 49 percent last September to 68 percent in November as the economy worsened, leveled, then jumped again to 77 percent in May and July's record 78 percent. This month, though, that's backed off unusually sharply.

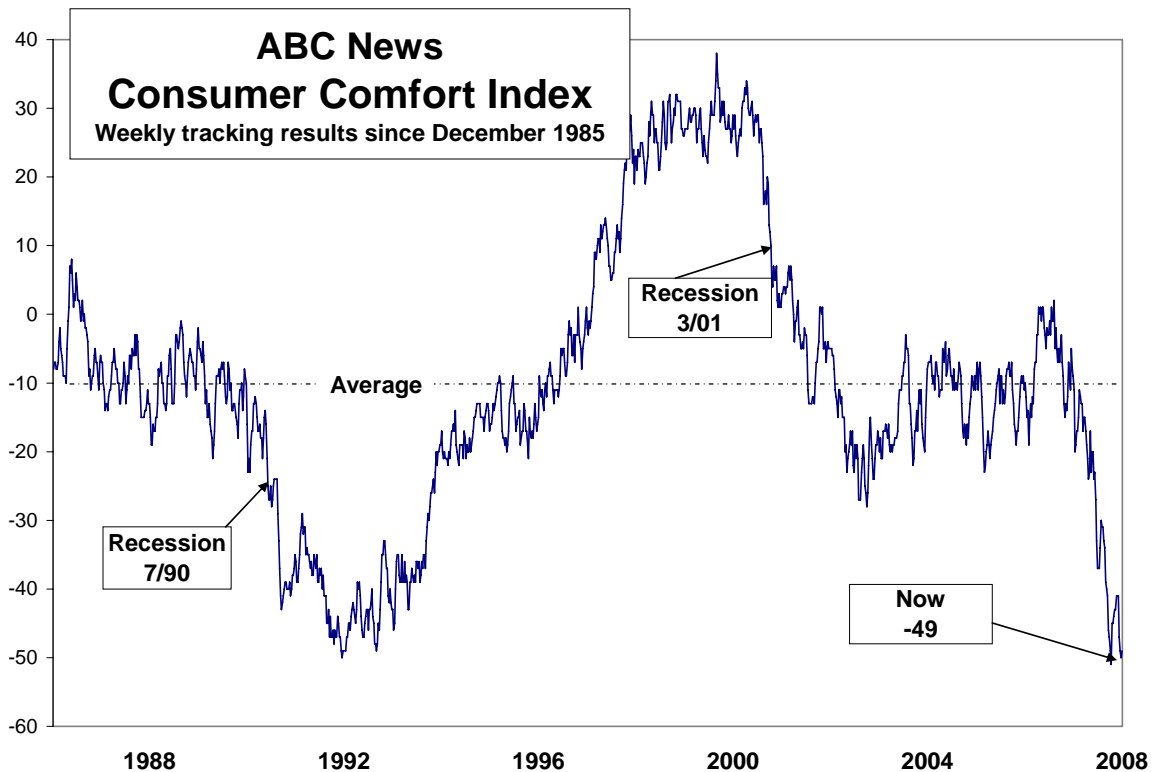
Economic pessimism and the price of gasoline have correlated significantly (at .51) over the past 16 years (when the government started tracking it on a weekly basis), and even more highly – a correlation of .86 – since the beginning of 2007.

	Economy's direction		
	Better	Worse	Same
8/17/08	6%	58	36
7/13/08	2	78	18
6/15/08	4	74	21
5/11/08	4	77	18
4/13/08	3	73	22
3/16/08	3	68	28
2/17/08	8	62	29
1/13/08	5	65	29
12/16/07	8	61	28
11/18/07	7	68	25
10/14/07	11	55	30
9/16/07	8	49	41
8/12/07	15	57	26

INDEX – Meanwhile the CCI, based on Americans' ratings of their current finances, the national economy and the buying climate, remains in the dumps. For a record 19th straight week fewer than a quarter of Americans rate the buying climate positively, eclipsing a record set during the 1990-91 recession.

Only 11 percent rate the national economy positively, 4 points off the record low and a far cry from the long-term average, 39 percent. This measure has been at or below 15 percent for 19 straight weeks, the longest run since 1992.

Ratings of personal finances, traditionally the index's strongest component, are 47 percent positive, down 11 points on the year and 10 points off the long-term average.



ABC News CCI				
Positive ratings of:	This week	Last week	Averages	
			2008	'85-'08
National economy	11%	10	17	39
Buying climate	19	18	24	38
Personal finances	47	47	51	57
Consumer Comfort Index	-49	-50	-39	-10

TREND – Beginning the year at -20, the CCI fell throughout the first quarter to its record low of -51 on May 25. It improved slightly in June, leveled off at -41 in July, then dropped again to -50 last week.

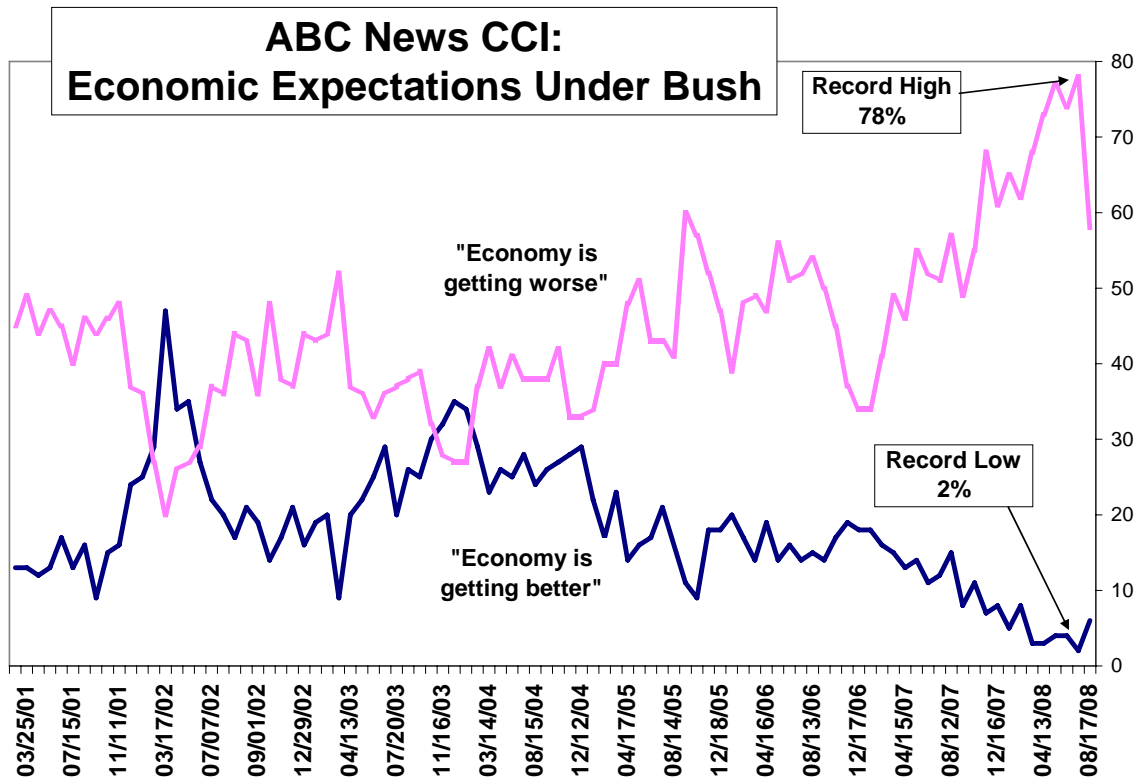
The CCI has averaged -39 this year; its worst was an average of -44 in 1992. It's far from its long-term average, -10, and miles from the record high, +38 in January 2000.

ABC News CCI	
This week	-49
Last week	-50
2008 low	-51 May 25
2008 high	-20 Jan. 6
2008 average	-39

2000 average	+29	Best full year
1992 average	-44	Worst full year
Jan. 16, 2000	+38	Record high
May 25, 2008	-51	Record low
Average since 12/85	-10	

GROUPS – As usual the CCI is higher in better-off groups, though it’s negative across the board. It’s -15 among higher-income Americans while -66 among those with the lowest incomes, -40 among those who’ve been to college while -65 among high-school dropouts, -44 among whites but -80 among blacks. The usual gender gap is gone this week, with the index at -49 and -48 among men and women, respectively.

Sharp partisan differences remain: The index is -23 among Republicans, but -50 among independents and -63 among Democrats.



Here’s a closer look at the three components of the ABC News CCI:

NATIONAL ECONOMY – Eleven percent of Americans rate the economy as excellent or good; it was 10 percent last week. The highest was 80 percent on Jan. 16, 2000. The lowest was 7 percent in late 1991 and early 1992.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	11	1	10	89	42	47
Avg. since 12/85	39	3	36	61	40	21

PERSONAL FINANCES – Forty-seven percent say their own finances are excellent or good; the same as last week. The best was 70 percent, last reached in January 2000. The worst was 42 percent on March 14, 1993.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	47	6	41	53	38	15
Avg. since 12/85	57	5	52	43	30	13

BUYING CLIMATE – Nineteen percent say it’s an excellent or good time to buy things, it was 18 percent last week, a record low. The best was 57 percent on Jan. 16, 2000.

	Pos. NET	Excel.	Good	Neg. net	Not good	Poor
This week	19	2	17	81	55	26
Avg. since 12/85	38	3	35	62	41	21

METHODOLOGY – Interviews for the ABC News Consumer Comfort Index are reported in a four-week rolling average. This week’s results are based on telephone interviews among a random national sample of 1,000 adults in the four weeks ending Aug. 17, 2008. The results have a 3-point error margin. The expectations question was asked of 500 respondents Aug. 3-17, 2008; that result has a 4.5-point error margin. Field work by ICR-International Communications Research of Media, Pa.

The index is derived by subtracting the negative response to each index question from the positive response to that question. The three resulting numbers are 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 Scott F. Clement.

ABC News polls can be found online at <http://abcnews.com/pollingunit>.

Media contact: Cathie Levine, (212) 456-4934.

08/17/08	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	-49	-50	-41	-49	-20	-11	-51	-31
State of Economy	-78	-80	-72	-78	-36	-26	-80	-54
Personal Finances	-6	-6	4	-6	6	22	-10	6
Buying Climate	-62	-64	-54	-62	-30	-26	-64	-45

	OVERALL INDEX BY DEMOGRAPHIC GROUPS							
Sex:								
Men	-49	-48	-37	-43	-17	0	-49	-24
Women	-48	-52	-45	-53	-21	-16	-53	-36

Age:									
18 - 34	-52	-58	-44	-51	-27	-2	-58	-26	
35 - 44	-49	-48	-27	-46	-16	3	-58	-29	
45 - 54	-49	-48	-46	-50	-17	-8	-54	-32	
55 - 64	-46	-46	-42	-44	-17	-7	-64	-34	
65+	-45	-46	-45	-47	-15	-12	-53	-35	
Income:									
Under \$15K	-66	-80	-76	-77	-47	-34	-87	-65	
\$15K To \$24.9K	-76	-79	-52	-59	-57	-27	-83	-54	
\$25K To \$39.9K	-59	-58	-50	-55	-40	-16	-67	-43	
\$40K To \$49.9K	-45	-41	-40	-59	-47	1	-59	-32	
Over \$50K	-30	-30	-19	-30	13	13	-34	-11	
\$50K To \$74.9K	-45	-43	-29	-54	-8	2	-57	-27	
\$75K To \$99.9K	-29	-34	-20	-34	7	25	-35	-11	
Over \$100K	-15	-16	-8	-7	35	41	-19	7	
Region:									
Northeast	-55	-52	-47	-55	-22	-17	-61	-36	
Midwest	-37	-45	-43	-41	-27	-11	-53	-31	
South	-51	-52	-43	-45	-19	-2	-52	-31	
West	-49	-49	-31	-54	-10	5	-54	-24	
Race:									
White	-44	-47	-39	-45	-14	-5	-47	-28	
Black	-80	-74	-62	-69	-38	-20	-80	-52	
Politics:									
Republican	-23	-26	-19	-21	15	34	-26	1	
Democrat	-63	-65	-56	-64	-33	-28	-66	-47	
Independent	-50	-49	-39	-50	-32	-16	-55	-35	
Education:									
< High School	-65	-63	-54	-58	-49	-24	-77	-51	
High Sch. Grad.	-57	-58	-44	-61	-28	-16	-61	-37	
College +	-40	-43	-35	-37	-2	3	-43	-19	
Home:									
Own	-43	-45	-38	-43	-15	-3	-45	-25	
Rent	-67	-67	-51	-60	-33	-25	-67	-46	
Marital Status:									
Single	-63	-64	-51	-54	-33	-13	-64	-33	
Married	-38	-39	-26	-38	-5	0	-43	-21	
Sep/Wid/Div	-61	-64	-64	-65	-32	-30	-67	-52	
Employ. Status:									
Full-Time	-43	-47	-33	-36	-8	-3	-47	-23	
Part-Time	-57	-63	-53	-63	-39	-4	-63	-30	
Not Employed	-52	-50	-47	-56	-25	-21	-58	-40	

1. Do you think the nation's economy is getting better, getting worse or staying the same?

	Getting Better	Getting Worse	Staying the Same	No opinion
8/17/08	6	58	36	*
7/13/08	2	78	18	2
6/15/08	4	74	21	1
5/11/08	4	77	18	1
4/13/08	3	73	22	1
3/16/08	3	68	28	2
2/17/08	8	62	29	1
1/13/08	5	65	29	1

12/16/07	8	61	28	3
11/18/07	7	68	25	1
10/14/07	11	55	30	4
9/16/07	8	49	41	1
8/12/07	15	57	26	2

Call for full trend.

END