

Confidence Drops to Three Month Low

Presaging today's bleak GDP report, consumer confidence lost ground this week, backtracking to its lowest level since May.

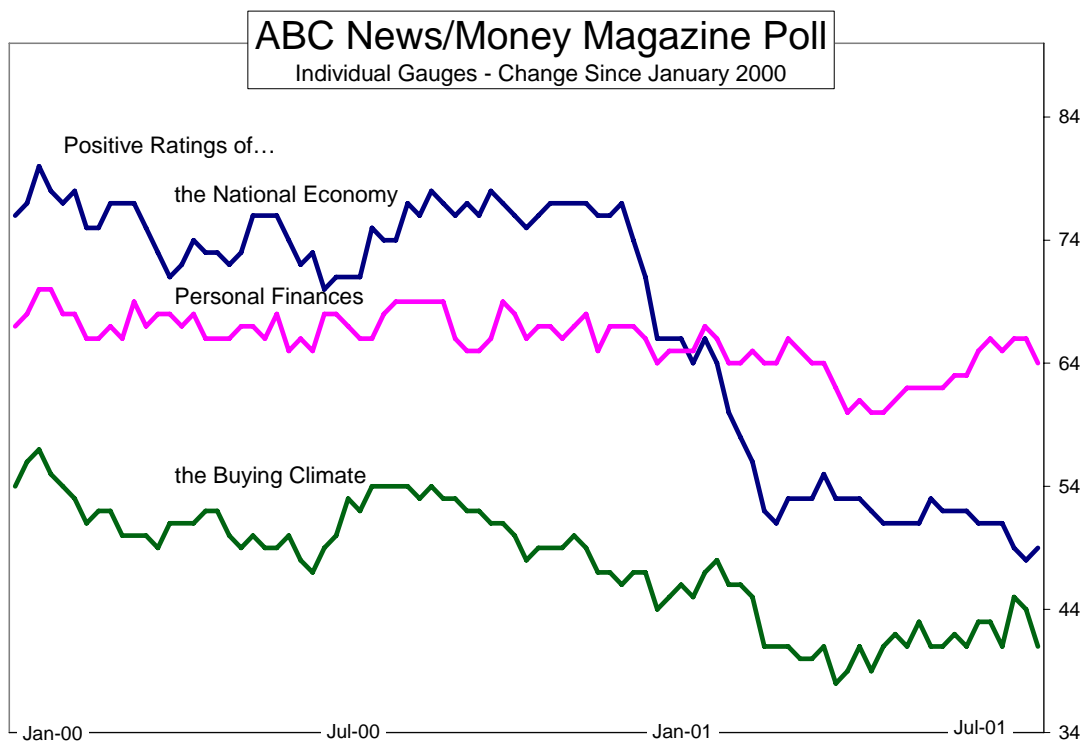
The ABC News/Money Magazine Consumer Comfort Index, based on public ratings of economic conditions, stands at +2 on its scale of +100 to -100. It's averaged just +8 this year, compared to annual averages between +24 and +29 the previous three years.

But it's been worse, and much worse. The index is still above its 15-year average, -8, and far better than its all-time low, -50, shortly after the last recession.

The Commerce Department reported today that the country's gross domestic product grew in the second quarter at its weakest rate in eight years, just barely averting negative growth.

INDEX – The ABC/Money index includes public ratings of the economy, the buying climate and personal finances, and it's the first two that are hurting. For the third straight week a majority of Americans rate the national economy negatively – 51 percent say it's in bad shape, compared to just 29 percent in January. And just 41 percent say now's a good time to buy things, down six points since the start of the year, and three points this week alone.

But ratings of personal finances continue to have a moderating influence. Sixty-four percent rate their own finances positively, just six points below its record high. In contrast, positive ratings of the buying climate and the economy are 16 and 31 points below their peaks, respectively.

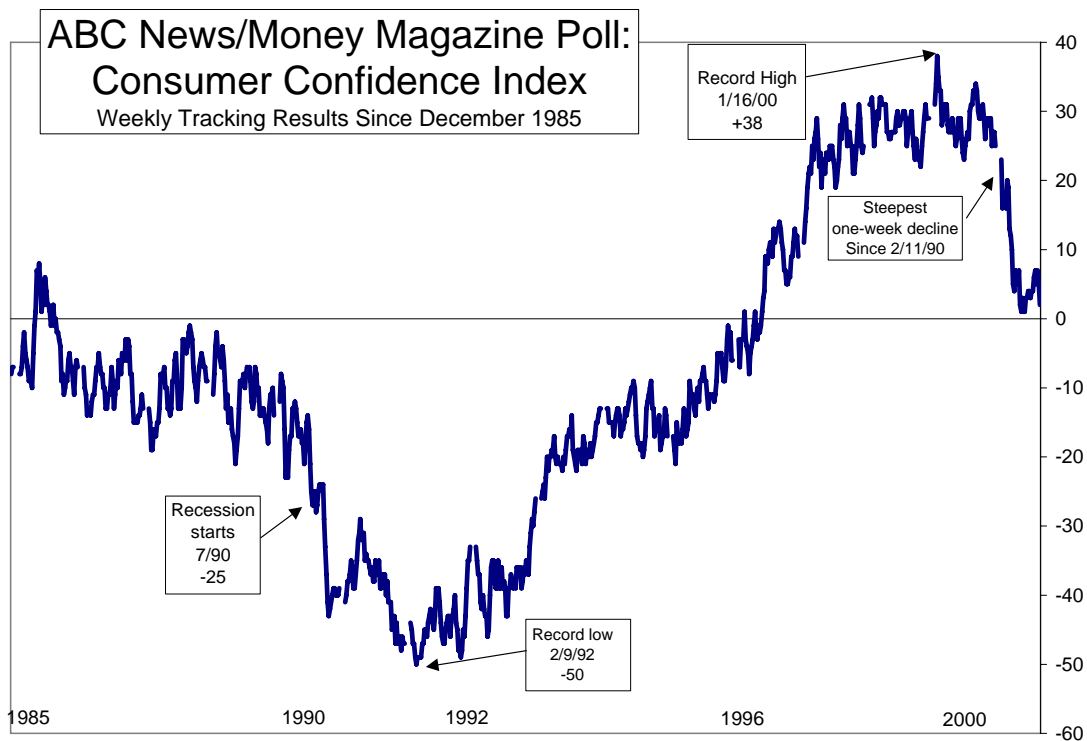


ABC News/Money Magazine Poll				
	Recent trend	Record high	15-year average	
Positive ratings of:	8/26/01	1/7/01	1/16/00	
National economy	49%	71	80	42
Buying climate	41	47	57	38
Personal finances	64	66	70	57

TREND – The index lay in a slump from the end of April through mid-July, hovering between +1 and +4. It then inched above +4 for five weeks, before backtracking.

It's had a tough year: The index fell seven points in one week in January (tying the one-week record), six points in one week in February, five points in one week in March and another five points in one week in April.

ABC/Money Index		
Today	+2	
Aug. 12	+7	
May 27	+1	
Jan. 7	+23	
2001 average	+8	
Jan. 16, 2000	+38	Record high
2000 average	+29	Best full year
1992 average	-44	Worst full year
Feb. 9, 1992	-50	Record low
Average since 12/85	-8	



GROUPS – As usual, confidence is higher among better-off Americans. The index is +30 in higher-income households compared to -52 in the lowest, +17 among college graduates while -37 among high-school dropouts, +6 among whites but -30 among blacks and +10 among men while -5 among women.

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

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

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	49	2	47	51	39	12
Avg. since 12/85	42	4	38	58	39	20

PERSONAL FINANCES – Sixty-four percent rate their own finances as excellent or good, down two points 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.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	64	7	57	36	25	11
Avg. since 12/85	57	5	53	43	30	12

BUYING CLIMATE – Forty-one percent say it's an excellent or good time to buy things they want and need, down three points from last week. The best was 57 percent Jan. 16, 2000. The worst was 20 percent in fall 1990.

	Pos. NET	Excel.	Good	Neg. net	Not good	Poor
This week	41	4	37	59	43	16
Avg. since 12/85	38	3	36	62	41	21

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 1,015 interviews in the month ending August 26, 2001 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.

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

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08/26/01	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	2	5	7	1	32	34	1	15
State of Economy	-3	-4	2	2	52	56	-4	26
Personal Finances	28	32	32	20	38	38	20	30
Buying Climate	-18	-12	-14	-18	6	8	-24	-9

OVERALL INDEX BY DEMOGRAPHIC GROUPS

Sex:									
Men	10	11	7	7	43	45	7	21	
Women	-5	0	6	-5	22	27	-9	10	
Age:									
18 - 34	15	13	17	0	36	36	0	18	
35 - 44	2	7	5	-1	17	33	-2	14	
45 - 54	-4	4	1	-1	33	40	-7	14	
55 - 64	-15	-18	0	14	39	51	-18	13	
65 +	-3	7	2	-3	39	39	-6	13	
Income:									
Under \$15K	-52	-43	-38	-44	-18	-8	-52	-28	
\$15K To \$24.9K	-19	-26	-23	-26	-9	14	-40	-15	
\$25K To \$39.9K	7	11	-4	-12	26	30	-18	6	
\$40K To \$49.9K	0	-2	7	10	33	51	-10	21	
Over \$50K	30	34	37	23	63	68	23	45	
Region:									
Northeast	-3	1	9	-5	32	41	-9	15	
Midwest	6	9	11	0	37	46	0	18	
South	0	4	3	0	28	30	-5	13	
West	6	8	5	9	35	42	-4	16	
Race:									
White	6	9	12	4	37	37	4	19	
Black	-30	-22	-19	-21	3	20	-39	-10	
Politics:									
Republican	28	34	28	20	38	48	19	31	
Democrat	-7	-4	0	-3	30	37	-13	10	
Independent	-7	-5	4	-9	31	39	-12	10	
Education:									
< High School	-37	-32	-24	-38	1	9	-44	-22	
High Sch. Grad.	-1	3	-4	-8	24	25	-11	7	
College +	17	18	23	18	47	53	14	31	
Home:									
Own	7	11	16	8	39	42	7	22	
Rent	-10	-10	-15	-16	14	17	-19	-1	
Marital Status:									
Single	5	6	12	-8	42	42	-13	15	
Married	9	12	9	8	33	37	6	21	
Sep/Wid/Div	-29	-19	-12	-20	16	27	-29	-7	
Employ. Status:									
Full-Time	17	19	18	9	34	40	8	23	
Part-Time	-7	-2	-5	5	40	40	-9	14	
Not Employed	-13	-10	-6	-11	27	29	-13	4	

END