

# Economic Pessimism

## Slightly Lower in August

After reaching a 2002 high in July, economic pessimism has retreated to its level earlier this summer.

Thirty-six percent of Americans in this week's ABC News/Money magazine poll say the economy's getting worse – down from 43 percent last month, but still 16 points higher than last spring, when expectations for recovery were soaring.

Few – only about two in 10 – say the economy's getting better, and that hasn't improved. Instead, more – 44 percent – say the economy's holding stable, up 10 points from last month.



	Economy is...		
	Getting better	Getting worse	Staying same
9/1/02	19%	36	44
8/4/02	21	43	34
7/7/02	22	37	41
6/9/02	27	29	43
4/14/02	34	26	40
3/17/02	47	20	32
1/20/02	25	36	39

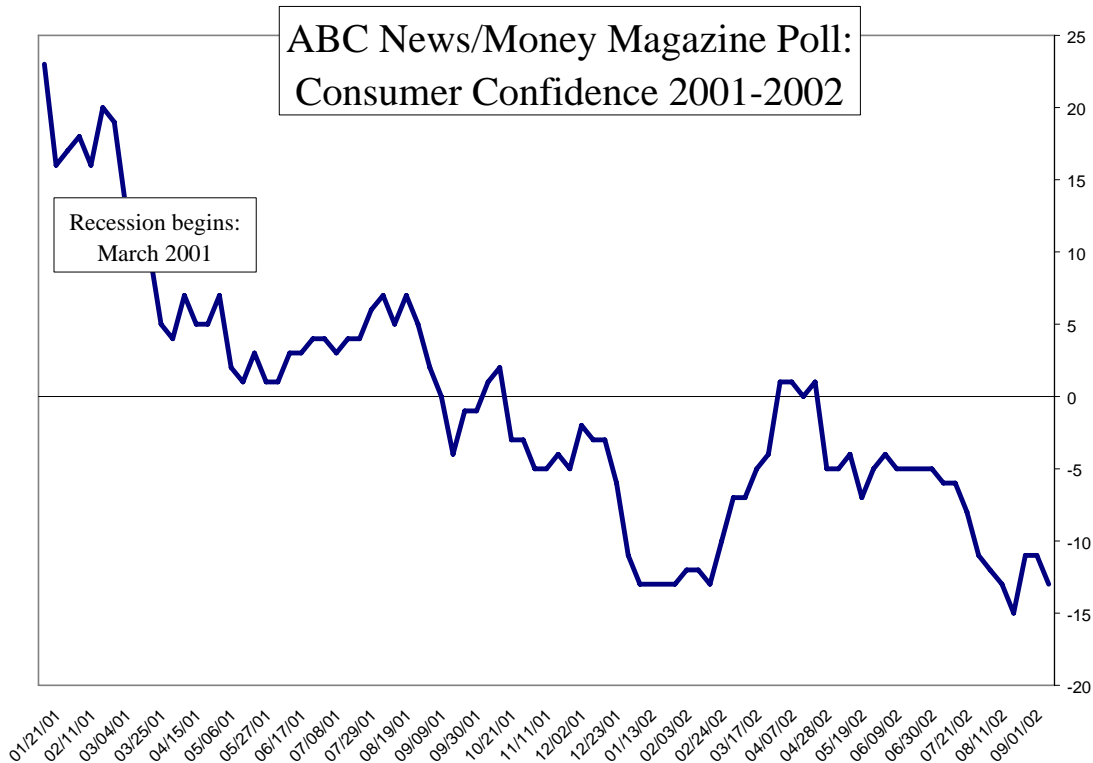
(Full trend below)

**CURRENT VIEWS** – While pessimism about the future eased a bit, ratings of current economic conditions have not improved. The ABC/Money Consumer Comfort Index stands at -13 on its scale of +100 to -100, near its low for the year (-15) and down from -11 last week.

The index is composed of ratings of the current economy, buying climate and personal finances. Today 32 percent rate the national economy positively and 41 percent say it's a good time to buy things. More, 57 percent, say their own finances are in good shape.

Positive ratings of:	ABC News/Money magazine poll			
	This week	2002 High	2002 Low	16-yr. avg.
National economy	32	45	31	41
Buying climate	41	45	38	39
Personal finances	57	63	56	57
Consumer Comfort Index	-13	+1	-15	-8

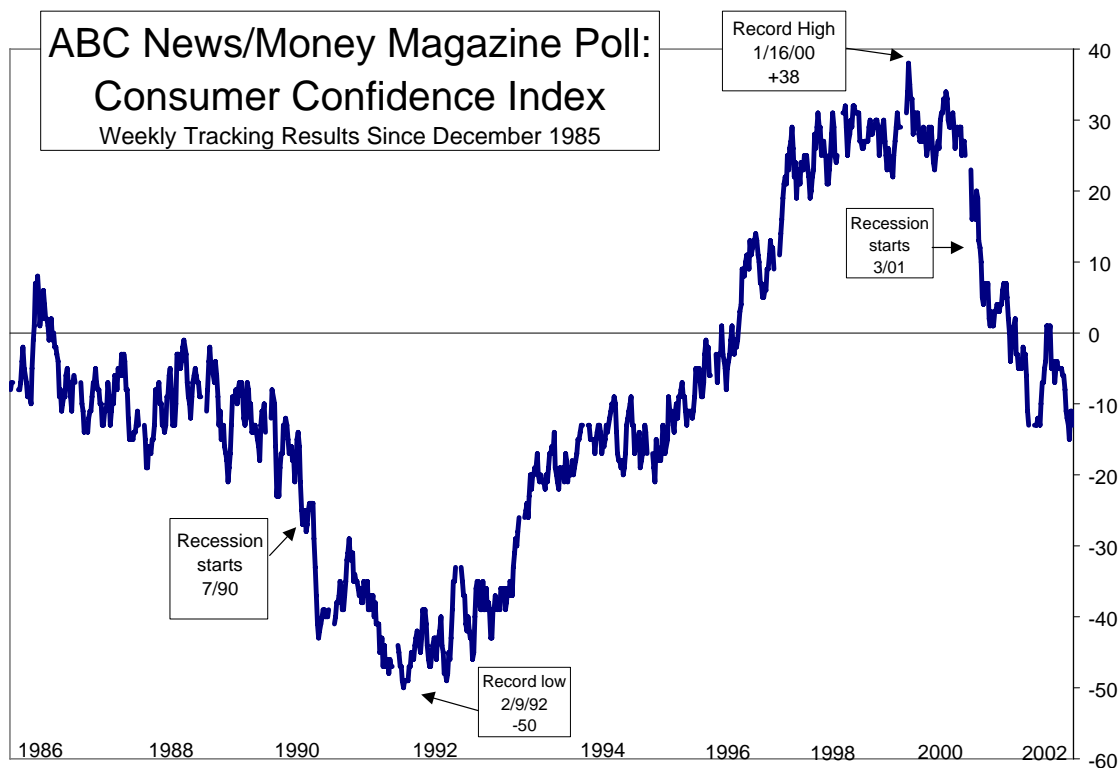
The Commerce Department released some mixed news last week on the economy and its recovery. Consumer spending increased by one percent in July, the biggest gain in nine months. However, Americans' incomes were flat.



**TREND** – The ABC/Money index began 2002 at -13 and improved to +1 in March and mid-April – its highest of the year. It fell to -5 in late April, then held steady between -4 and -7 until July. In the face of corporate scandals, the declining stock market and disappointing economic reports, the index dropped from -8 on July 14 to -15 on Aug. 11, its lowest since April 1996.

The index's all-time high was +38 in January 2000; its record low, -50 in February 1992. Its lifetime average in weekly polls since December 1985 is -8.

ABC/Money Index		
Today	-13	
Last week	-11	
Three weeks ago	-15	
Two months ago	- 6	
2002 high	+ 1	
2002 low	-15	
2002 average	- 7	
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	



**GROUPS** – As usual, confidence is higher among better-off Americans. The index is +9 among people in higher-income households compared to -38 in the lowest, -1 among college graduates while -42 among high-school dropouts, -11 among whites but -26 among blacks and -6 among men while -20 among women.

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

**NATIONAL ECONOMY** – Thirty-two percent of Americans rate the nation's economy as excellent or good, down 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	32	1	31	68	47	21
Avg. since 12/85	41	4	38	59	39	19

**PERSONAL FINANCES** – Fifty-seven 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	57	5	52	43	28	15
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, unchanged 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	2	39	59	41	18
Avg. since 12/85	39	3	36	61	41	21

**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 1,003 interviews in the month ending September 1, 2002 and have an error margin of plus or minus three percentage points. The result on expectations is based on 500 interviews Aug. 21-Sept. 1 and has a 4.5-point error margin. 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/us/PollVault/PollVault.html>

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09/01/02	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	-13	-11	-13	-5	0	2	-15	-6
State of Economy	-36	-34	-34	-22	-10	-8	-38	-24
Personal Finances	14	18	18	20	28	30	12	20
Buying Climate	-18	-18	-24	-14	-18	-4	-24	-15

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OVERALL INDEX BY DEMOGRAPHIC GROUPS

Sex:								
Men	-6	-2	-5	7	7	10	-6	1
Women	-20	-21	-20	-17	-8	-3	-23	-12
Age:								
18 - 34	-1	-4	-12	4	12	12	-12	0
35 - 44	-28	-24	-9	-8	2	9	-28	-7
45 - 54	-13	-2	-11	1	-4	6	-22	-7
55 - 64	-17	-12	-11	-10	-22	20	-30	-6
65 +	-19	-21	-16	-22	-9	0	-23	-15
Income:								
Under \$15K	-38	-27	-45	-46	-49	-23	-54	-42
\$15K To \$24.9K	-32	-28	-23	-44	-22	-14	-44	-27
\$25K To \$39.9K	-31	-22	-11	-13	2	6	-31	-12
\$40K To \$49.9K	-14	-8	0	-3	5	15	-15	2
Over \$50K	9	7	1	27	26	33	0	17
Region:								
Northeast	-22	-17	-21	-18	-5	2	-22	-9
Midwest	-10	-7	-11	4	6	6	-18	-6
South	-13	-17	-22	0	-5	7	-24	-5
West	-9	-4	9	-12	4	9	-21	-6
Race:								
White	-11	-9	-8	-1	4	8	-12	-2
Black	-26	-29	-37	-41	-31	-8	-51	-34
Politics:								
Republican	9	9	5	17	26	34	5	17
Democrat	-28	-25	-27	-26	-11	-11	-32	-19
Independent	-12	-9	-16	-5	-5	1	-19	-9
Education:								
< High School	-42	-31	-18	-35	-36	-12	-49	-31
High Sch. Grad.	-18	-19	-22	-14	-4	-3	-22	-10
College +	-1	-1	-4	11	13	13	-5	5
Home:								
Own	-11	-11	-10	2	5	9	-14	-1
Rent	-21	-12	-15	-24	-13	-8	-28	-18
Marital Status:								
Single	-2	-2	-7	6	3	10	-19	-5
Married	-14	-12	-8	-2	8	11	-14	-1
Sep/Wid/Div	-24	-23	-26	-26	-33	-14	-42	-26
Employ. Status:								
Full-Time	-4	-4	-8	6	14	14	-8	3
Part-Time	-21	-20	-9	-2	-8	14	-21	-6
Not Employed	-25	-21	-20	-22	-15	-8	-28	-19

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
9/1/02	19	36	44	1
8/4/02	21	43	34	0
7/28/02*	17	44	39	1
7/15/02*	20	36	43	2
7/7/02	22	37	41	0
6/9/02	27	29	43	1
5/12/02	35	27	38	0
4/14/02	34	26	40	0
3/17/02	47	20	32	1
2/17/02	29	27	42	2
1/20/02	25	36	39	1
12/9/01	24	37	38	1
11/11/01	16	48	36	1
10/14/01	15	46	39	0

9/16/01	9	44	46	1
8/12/01	16	46	38	0
7/15/01	13	40	46	0
6/17/01	17	45	38	1
5/20/01	13	47	39	0
4/22/01	12	44	44	0
3/25/01	13	49	37	1
2/11/01	13	45	41	1
1/14/01	12	40	47	1

Call for full trend.

\*ABC/Post

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