

Confidence Holds Steady In 2nd Week After Attacks

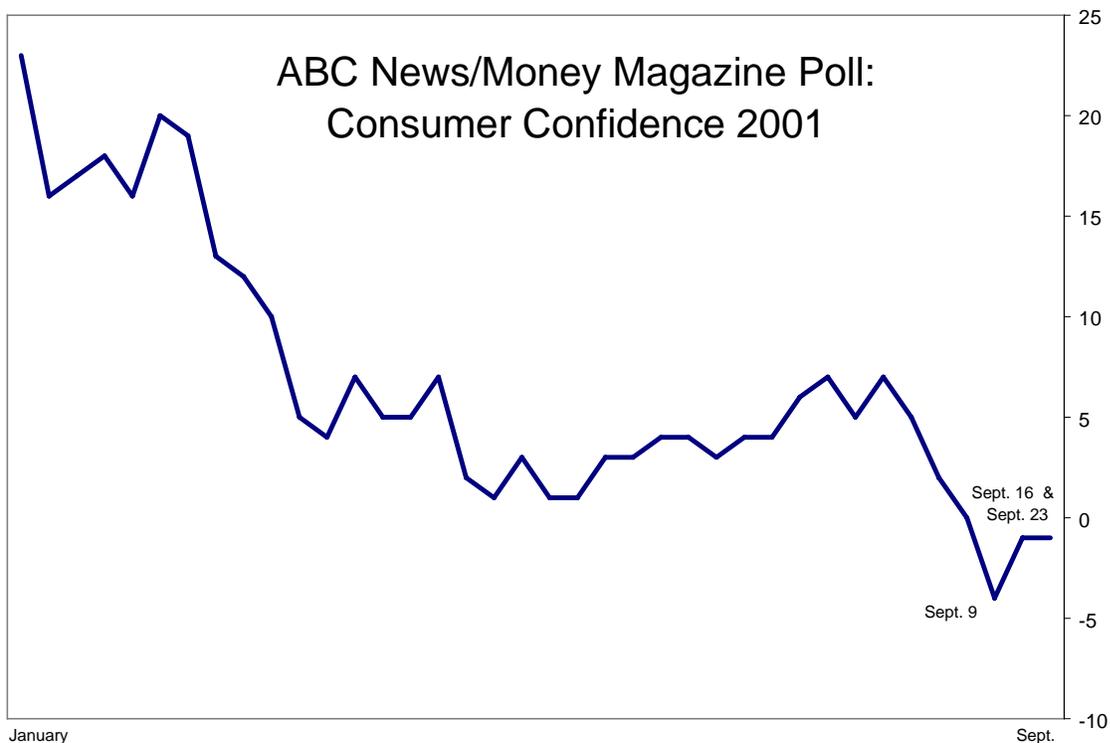
Consumer confidence held steady in the latest ABC News/Money magazine poll, unfazed by war jitters that prompted the stock market’s worst week in 61 years.

After improving slightly last week – perhaps part of a broader rally-‘round effect – the ABC/Money index is unchanged this week, standing at –1 on its scale of +100 to –100. It was –4, its lowest since March 1997, the week before the attacks.

Confidence is not strong – the index is down very sharply from +23 at the beginning of the year. But it’s also well above the levels associated with the last recession, in 1990-91. And it’s grown no worse in the face of the Sept. 11 terrorist attacks and their aftermath.

The ABC/Money index combines public ratings of the economy, buying climate and personal finances. Today 62 percent of Americans call their own finances excellent or good, unchanged from last week; 44 percent rate the economy positively, down two points; and 42 percent call it a good time to buy things, up two points.

	ABC/Money Index	Positive Ratings of...		
		Finances	Economy	Buying climate
Now	-1	62%	44	42
Sept. 9	-4	61	43	40
Jan. 7	+23	66	71	47

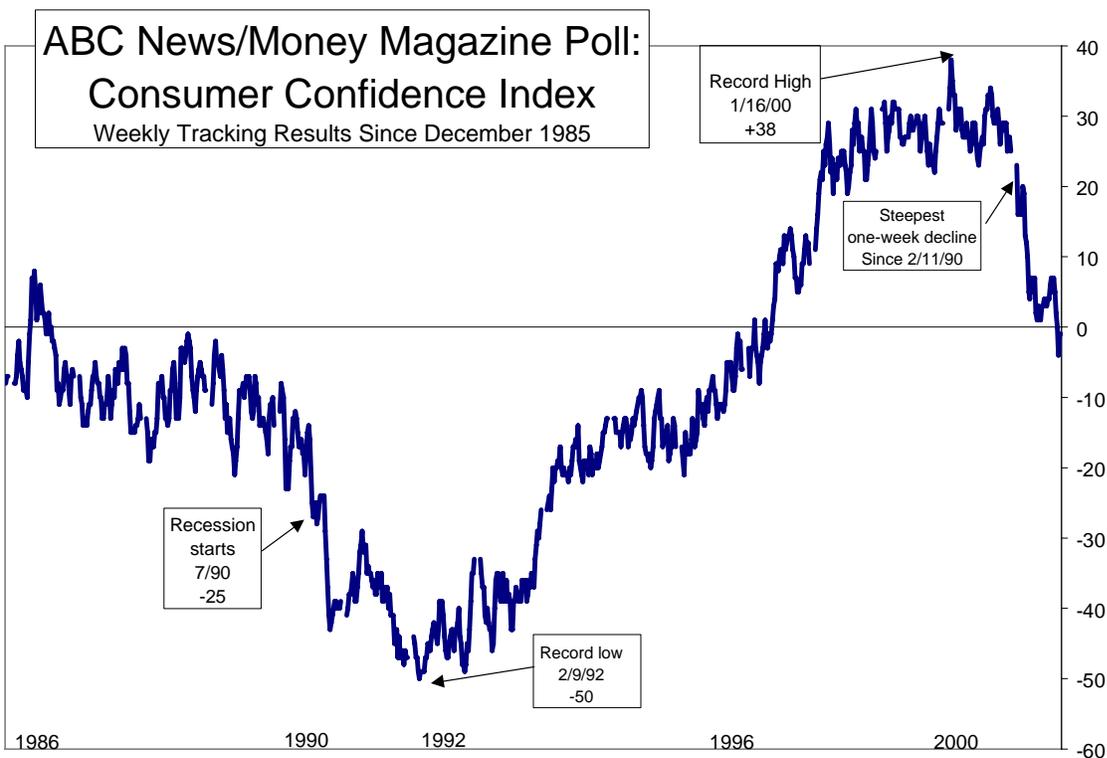


This poll includes about 500 interviews the two weeks before the attacks and 500 the two weeks after, ending Sunday; the latter results were slightly more positive than the pre-attack interviews. Many other post-attack polls, by ABC News and others, also show public ratings of the economy steady or slightly improved from their pre-Sept. 11 levels.

Part of this seems to reflect an “optimism rally” within the public’s broader closing of the ranks. This would explain why, somewhat counterintuitively, several post-attack polls have found an increase in the number of people saying they’re satisfied with the way things are going in the country.

Also, two prominent economic events of the past week – layoffs and the declining stock market – historically have not had a reliable or lasting impact on consumer confidence. Layoffs, especially industry-specific ones, tend to affect too few people, as a percentage of the entire population, to influence confidence strongly. And while market declines may hurt, the vast majority of stockholders describe themselves as long-term investors who don’t rely on the market for ready cash; that softens the blow. So does their experience with market gyrations – ups and downs alike.

What has affected confidence most strongly in the past are personal incomes, inflation and interest rates, none of which has worsened in the last two weeks. Coincidentally, the Census Bureau today reported that median income remained at an all-time high last year, while the poverty rate was at an all-time low.



RECESSION – While confidence is down this year, its drop at the beginning of the last recession was steeper and more dramatic. The ABC/Money index dived from -14 in June 1990 to -28 in August; long after, authorities declared that the recession had begun in July 1990.

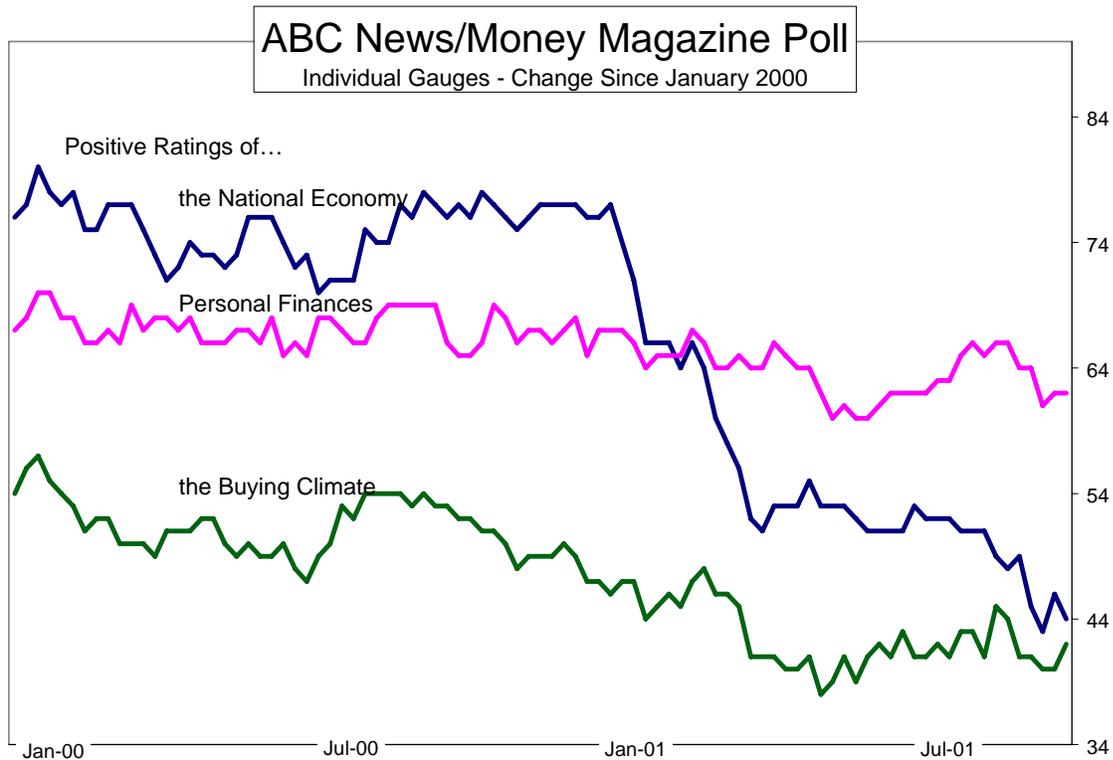
Confidence continued to dive, reaching -43 in October 1990 and bottoming at -50 in February 1992. It's still vastly better today – indeed still a little above its 15-year average in this weekly poll.

	ABC/Money Index	
Today	-1	
Last week	-1	
Sept. 9	-4	
Jan. 7	+23	
2001 average	+7	
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	

Separately, an ABC News/Washington Post poll last Thursday asked whether people thought the economy was heading into a recession. Fifty-seven percent said yes. While hardly a positive rating, that compares to 53 percent in an ABC/Post poll just before the attacks, and 58 percent last March. Again, not better, but also no worse.

If the attacks tip the economy into recession as a result of decreased business activity, travel and the like, consumer confidence assuredly will follow. But for the moment, at least, confidence seems to be following the business cycle, rather than leading it.

GROUPS – As usual, confidence is higher among better-off Americans. The index is +22 in higher-income households compared to -36 in the lowest, +13 among college graduates while -39 among high-school dropouts, +5 among whites but -34 among blacks and +4 among men while -5 among women.



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

NATIONAL ECONOMY – Forty-four percent of Americans rate the nation's economy as excellent or good, down two points 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	44	1	43	56	42	14
Avg. since 12/85	42	4	38	58	39	20

PERSONAL FINANCES – Sixty-two percent rate their own finances as excellent or good, unchanged 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	62	6	56	38	29	9
Avg. since 12/85	57	5	53	43	30	12

BUYING CLIMATE – Forty-two percent say it's an excellent or good time to buy things they want and need, up two 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	42	3	39	58	43	15
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 1,009 interviews in the month ending Sept. 23, 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 Gary Langer.

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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09/23/01	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	-1	-1	2	4	29	31	-4	13

State of Economy	-12	-8	-3	6	54	56	-14	21
Personal Finances	24	24	28	24	30	38	20	29
Buying Climate	-16	-20	-18	-18	4	4	-24	-11

OVERALL INDEX BY DEMOGRAPHIC GROUPS

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