

## **Confidence Slips to Lowest Level in a Year**

Consumer confidence inched lower this week, extending its fall slump to seven weeks.

Though relatively high from an historical standpoint, the ABC News/Money magazine Consumer Comfort Index slipped to +22, its lowest since +21 on Nov. 1, 1998. This follows an average of +24 for October, the lowest-rated month so far this year.

From January through September, the index – based on the public's ratings of the buying climate, national economy and personal finances – averaged a record +29 on its scale of +100 to -100. It reached record highs, +32, three times this year, in January and March.

This week 69 percent of Americans rate the economy positively, far above the poll's 13-year average but the lowest since November 1998. Sixty-four percent say their own finances are in good shape, tying its low mark of the year. And 50 percent call it a good time to buy things, slightly above its low point of the year.

Again, though, all are much better than average. Since late 1985 the weekly index has averaged only -12, compared to today's +22.

	Today	----- Since 12/85 -----		
Positive ratings:		Highest	Lowest	Average
National Economy	69%	77	7	38
Personal Finances	64	70	42	56
Buying Climate	50	56	20	37

The drop in confidence has coincided with slower retail sales in October, suggesting that the Federal Reserve's two interest rate hikes this summer may be having the desired effect. On the other hand, unemployment declined again in October and is now its lowest in 30 years. Given these mixed signals, some economists are putting the chance of another rate hike at about 50-50 when the Fed meets again next week.

**HOLIDAY SPENDING** – Despite the recent dip in confidence, retailers seem to be in reasonably good shape for the holiday season. Only 29 percent of Americans say they are planning to spend less on holiday gifts this year than last, down from a high of 47 percent during the 1990-91 recession and near its lowest level since 1985.

Just over half (54 percent) say they are going to spend the same as last year, and another 15 percent expect to spend more. This overall outlook is similar to expectations before the 1997 and 1998 holiday seasons, which were well above average for many merchants.

However, the number who plan to spend more, at 15 percent, is below its levels of the mid to late 1980s – suggesting a good season for retailers this year, but perhaps not a stellar one.

	Plan to Spend		
	More	Less	Same
11/7/99	15	29	54
12/5/98	16	27	55
10/25/98	19	28	52
11/9/97	17	30	52
10/15/95	13	36	50
10/17/93	14	38	47
10/20/91	11	47	40
10/22/89	20	32	47
12/17/87	25	29	45
10/26/87	17	29	53
12/17/85	25	28	45
(Partial Trend)			

INDEX – Despite its recent slump, the ABC/Money index has averaged +28 so far this year, and is well on its way to breaking the full-year record of +24 last year.

	ABC/Money	Index
Today	+22	
Last week	+23	
Oct '99 average	+24	
Record high	+32	(1/17, 3/7, 3/14)
1999 average	+28	
1998 average	+24	Best full year
1992 average	-44	Worst full year
Feb. 9, 1992	-50	Record low
Average since 12/85	-12	

Call the ABC News Polling Unit, ext. 2621, for a chart tracking the ABC/Money index over time.

GROUPS – As usual, confidence is higher among better-off Americans: The index is +55 in higher-income households compared to -28 in the lowest; +38 among college graduates but -21 among high-school dropouts; +26 among whites but -3 among blacks; and +33 among men compared to +11 among women.

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

NATIONAL ECONOMY- The poll asks: Would you describe the state of the nation's economy these days as excellent, good, not so good or poor? Sixty-nine percent say excellent or good, down one point last week. The record, 77 percent, was set Jan. 10 and tied in March, April and July. The worst rating was seven percent in late 1991 and early 1992.

Pos. NET    Excel.    Good    Neg. NET    Not good    Poor

This week	69%	8	61	31	22	9
Avg. since 12/85	38	3	35	62	41	21

PERSONAL FINANCES - The poll asks: Would you describe the state of your own personal finances these days as excellent, good, not so good or poor? Sixty-four percent say excellent or good, down one point from last week. The record, 70 percent, was set Aug. 30, 1998, and tied this January, June and September. The worst was 42 percent March 14, 1993.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	64%	5	59	36	24	12
Avg. since 12/85	56	4	52	44	31	13

BUYING CLIMATE - The poll asks: Considering the cost of things today and your own personal finances, would you say now is an excellent time, a good time, a not so good time or a poor time to buy the things you want and need? Fifty percent say excellent or good, the same as last week. The record was 56 percent Nov. 29, 1998; the worst rating, 20 percent, was set in fall 1990.

	Pos. NET	Excel.	Good	Neg. net	Not good	Poor
This week	50%	3	47	50	34	16
Avg. since 12/85	37	3	35	63	41	22

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 1,039 interviews in the month ending Nov. 7 and have an error margin of plus or minus three percentage points. The question on wealth was conducted Oct. 27-Nov. 7 among 517 respondents; that result has a 4.5-point error margin. Fieldwork 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 Daniel Merkle.

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

11/07/99	This Week	Last Week	4 Wks Ago	3 Mo. Ago	1 Yr. Ago	12 Mo High	12 Mo Low	12 Mo Avg
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Group  
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GENERAL POPULATION:

Overall Index	22	23	26	29	23	32	22	28
State of Economy	38	40	44	46	38	54	38	46
Personal Finances	28	30	34	34	32	40	28	33
Buying Climate	0	0	0	6	-2	12	-4	4

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OVERALL INDEX BY DEMOGRAPHIC GROUPS

Sex:								
Men	33	30	35	38	30	44	30	35
Women	11	15	17	19	15	31	11	20
Age:								
18 - 34	16	18	26	35	18	35	16	27
35 - 44	23	19	16	30	22	40	13	28
45 - 54	26	30	26	18	31	41	13	28
55 - 64	22	22	35	30	19	47	13	27
65 +	20	26	29	26	22	37	17	27
Income:								
Under \$15K	-28	-30	-31	-21	-30	-11	-42	-23
\$15K To \$24.9K	2	11	3	-1	1	11	-15	-1
\$25K To \$39.9K	21	17	14	24	19	38	8	24
\$40K To \$49.9K	28	27	43	48	32	56	27	42
Over \$50K	55	54	55	58	55	67	53	60
Region:								
Northeast	24	21	42	32	25	42	16	29
Midwest	22	27	31	29	24	41	20	32
South	24	24	17	28	17	31	14	23
West	14	15	20	24	27	43	13	28
Race:								
White	26	27	30	33	27	37	26	31
Black	-3	2	-1	0	-5	22	-10	5
Politics:								
Republican	40	39	38	35	34	49	32	39
Democrat	20	21	23	27	24	35	15	26
Independent	14	19	24	26	19	34	14	24
Education:								
< High School	-21	-17	-12	-20	-2	6	-27	-10
High Sch. Grad.	16	12	18	25	11	31	11	20
College +	38	41	43	46	39	52	38	45
Home:								
Own	32	34	34	34	31	40	26	34
Rent	0	-1	2	15	1	26	-3	11
Marital Status:								
Single	20	13	18	36	18	36	8	24
Married	27	30	34	30	30	41	27	34
Sep/Wid/Div	-3	0	1	12	0	18	-9	5
Employ. Status:								
Full-Time	32	32	33	38	28	44	28	36
Part-Time	17	20	25	9	27	38	5	22
Not Employed	8	11	15	19	12	26	6	16

238. Compared to last year, would you say this Christmas you will spend more, less, or about the same on presents for friends and family?

	Plan to Spend			Don't Celeb (vol.)	No Opin.
	More	Less	Same		
11/7/99	15	29	54	-	2
12/5/98	16	27	55	1	1
10/25/98	19	28	52	-	1
11/9/97	17	30	52	1	0
10/12/97	18	36	36	3	6
12/8/96	14	35	48	3	0
10/13/96	11	33	55	1	0
11/26/95	13	38	48	1	0
10/15/95	13	36	50	1	0
11/27/94	15	34	48	1	1
10/16/94	14	34	51	0	1
10/17/93	14	38	47	0	0
11/29/92	10	41	47	2	1

10/18/92	12	41	45	1	-
10/20/91	11	47	40	1	0
10/21/90	14	38	45	1	1
10/22/89	20	32	47	1	1
10/30/88	16	32	51	-	-
12/17/87	25	29	45	*	1
10/26/87	17	29	53	1	*
11/30/86	17	36	46	-	-
12/17/85	25	28	45	3	-

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