

Confidence Dips to Five-Month Low

Some retailers could see more red than green this holiday season: Consumer confidence, while still high, has slipped to its lowest level since July.

The risk to retailers is that fewer Americans are in a buying mood. Forty-seven percent say it's a good time to shop, down seven points since early September and 10 points below the nearly 15-year-high it set in January.

Ratings of the buying climate are seven points lower than at this point in 1999 and five points below their level in early December 1998, two strong retail seasons.

But it's not a guaranteed bust for retailers this year. The buying mood is still better than it was at this point in any year from 1985 to 1997. And as reported last week, Americans expect to spend an average of \$798 on holiday gifts this year – down from the record-high \$869 reported last year, but higher than in any other year since 1989.

Other ratings, moreover, are strong: Seventy-six percent rate the national economy positively, four points from the high set in January, and 65 percent say their own finances are in good shape, five from the peak.

| Positive ratings: | Today | ----- Since 12/85 ---- | | |
|-------------------|-------|------------------------|--------|---------|
| | | Highest | Lowest | Average |
| National Economy | 76% | 80 | 7 | 41 |
| Personal Finances | 65 | 70 | 42 | 57 |
| Buying Climate | 47 | 57 | 20 | 38 |

INDEX – This week the ABC News/Money magazine Consumer Comfort Index, based on these ratings, stands at +25 on its scale of +100 to –100. That's down four points from last week to its lowest since July 2.

The index peaked at +38 in January. It's averaged +29 this year, a point above its record 1999 average. Its lifetime average, depressed by recession in the early 1990s, is -9.

| ABC/Money Index | |
|---------------------|---------------------|
| Today | +25 |
| Jan. 16, 2000 | +38 Record high |
| 2000 average | +29 |
| 1999 average | +28 Best full year |
| 1992 average | -44 Worst full year |
| Feb. 9, 1992 | -50 Record low |
| Average since 12/85 | - 9 |

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

GROUPS - As usual, confidence is higher among better-off Americans: The index is +60 in higher-income households compared to -15 in the lowest, +38 among college graduates but -15 among high-school dropouts, +29 among whites but +10 among blacks and +28 among men but +22 among women.

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

NATIONAL ECONOMY- Seventy-six 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. The worst was seven percent in late 1991 and early 1992.

| | Pos. NET | Excel. | Good | Neg. NET | Not good | Poor |
|------------------|----------|--------|------|----------|----------|------|
| This week | 76 | 10 | 66 | 24 | 17 | 7 |
| Avg. since 12/85 | 41 | 4 | 37 | 59 | 39 | 20 |

PERSONAL FINANCES - Sixty-five percent rate their own finances as excellent or good, down three points from last week. The best was 70 percent, set Aug. 30, 1998 and last matched in January. The worst rating was 42 percent on March 14, 1993.

| | Pos. NET | Excel. | Good | Neg. NET | Not good | Poor |
|------------------|----------|--------|------|----------|----------|------|
| This week | 65 | 7 | 58 | 35 | 27 | 8 |
| Avg. since 12/85 | 57 | 5 | 52 | 43 | 31 | 13 |

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

| | Pos. NET | Excel. | Good | Neg. net | Not good | Poor |
|------------------|----------|--------|------|----------|----------|------|
| This week | 47 | 3 | 44 | 53 | 40 | 13 |
| 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 1,026 interviews in the month ending Dec. 10 and have an error margin of plus or minus three percentage points. 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 Aaron Frechette.

ABC News polls can be found at ABCNEWS.com on the Internet, at:

<http://abcnews.go.com/sections/politics/PollVault/PollVault.html>

| 12/10/00 | 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 | 25 | 29 | 29 | 33 | 29 | 38 | 23 | 29 |
| State of Economy | 52 | 54 | 54 | 54 | 46 | 60 | 40 | 50 |
| Personal Finances | 30 | 36 | 34 | 38 | 32 | 40 | 30 | 34 |
| Buying Climate | -6 | -2 | -2 | 6 | 8 | 14 | -6 | 3 |
| ----- | | | | | | | | |
| OVERALL INDEX BY DEMOGRAPHIC GROUPS | | | | | | | | |
| Sex: | | | | | | | | |
| Men | 28 | 31 | 33 | 37 | 41 | 45 | 28 | 36 |
| Women | 22 | 25 | 23 | 27 | 17 | 30 | 13 | 22 |
| Age: | | | | | | | | |
| 18 - 34 | 27 | 28 | 26 | 36 | 20 | 37 | 16 | 27 |
| 35 - 44 | 26 | 25 | 23 | 25 | 35 | 37 | 15 | 27 |
| 45 - 54 | 27 | 30 | 34 | 29 | 35 | 45 | 11 | 32 |
| 55 - 64 | 18 | 25 | 36 | 34 | 34 | 51 | 13 | 30 |
| 65 + | 24 | 32 | 24 | 32 | 29 | 45 | 12 | 29 |
| Income: | | | | | | | | |
| Under \$15K | -15 | -11 | -10 | -17 | -32 | -8 | -36 | -21 |
| \$15K To \$24.9K | -8 | -4 | -5 | -15 | 4 | 26 | -20 | 0 |
| \$25K To \$39.9K | 17 | 12 | 17 | 24 | 33 | 33 | 12 | 22 |
| \$40K To \$49.9K | 28 | 29 | 37 | 43 | 31 | 60 | 19 | 39 |
| Over \$50K | 60 | 64 | 63 | 68 | 64 | 68 | 54 | 61 |
| Region: | | | | | | | | |
| Northeast | 35 | 39 | 27 | 32 | 41 | 48 | 17 | 33 |
| Midwest | 25 | 30 | 33 | 46 | 28 | 46 | 17 | 32 |
| South | 23 | 23 | 23 | 23 | 26 | 30 | 16 | 22 |
| West | 21 | 24 | 32 | 32 | 23 | 43 | 17 | 32 |
| Race: | | | | | | | | |
| White | 29 | 32 | 33 | 35 | 35 | 43 | 25 | 33 |
| Black | 10 | 7 | -5 | 13 | -11 | 25 | -15 | 1 |
| Politics: | | | | | | | | |
| Republican | 36 | 41 | 48 | 38 | 49 | 55 | 31 | 42 |
| Democrat | 22 | 22 | 19 | 32 | 25 | 38 | 7 | 27 |
| Independent | 26 | 28 | 25 | 30 | 21 | 39 | 16 | 24 |
| Education: | | | | | | | | |
| < High School | -15 | -9 | -23 | -15 | -15 | 13 | -23 | -9 |
| High Sch. Grad. | 23 | 21 | 16 | 25 | 23 | 32 | 8 | 19 |
| College + | 38 | 43 | 52 | 51 | 47 | 53 | 38 | 47 |
| Home: | | | | | | | | |
| Own | 31 | 35 | 38 | 40 | 38 | 44 | 31 | 36 |
| Rent | 13 | 12 | 7 | 12 | 6 | 19 | 2 | 10 |
| Marital Status: | | | | | | | | |
| Single | 21 | 21 | 29 | 33 | 21 | 42 | 9 | 26 |
| Married | 30 | 33 | 32 | 33 | 36 | 44 | 30 | 34 |
| Sep/Wid/Div | 6 | 18 | 16 | 27 | 9 | 27 | -3 | 9 |
| Employ. Status: | | | | | | | | |
| Full-Time | 35 | 35 | 35 | 39 | 37 | 44 | 28 | 35 |

| | | | | | | | | |
|--------------|----|----|----|----|----|----|----|----|
| Part-Time | 19 | 27 | 34 | 30 | 24 | 40 | 11 | 26 |
| Not Employed | 14 | 18 | 15 | 22 | 17 | 29 | 10 | 20 |

END