

Confidence Down Further From its Record Level

Consumer confidence declined this week, its second consecutive drop after tying its nearly 13-year record two weeks ago. But it's still vastly better than usual.

Seventy percent of Americans rate the national economy favorably, down three points in the last two weeks; 65 percent say their personal finances are doing well, down two; and 52 percent view the current buying climate as good, down four points.

But despite these dips, confidence remains remarkably strong, and 1998 is sure to be its best year by far since the weekly ABC News/Money magazine poll began in December 1985. Perceptions of the national economy, for example, are still eight points better than their best between December 1985 and December 1997.

	Today	Positive Ratings		13-year avg.
		Record high	Record low	
National Economy	70%	76	7	36
Personal Finances	65	70	42	55
Buying Climate	52	56	20	36

INDEX - The ABC/Money Consumer Comfort Index, based on ratings of personal finances, the economy and the buying climate, dropped four points this week to +25 on its scale of -100 to +100. The index hit a record-tying +31 two weeks ago; it's averaged +24 this year, compared to a previous best year of +5 and a lifetime average of -15.

	ABC/Money Index	
Today	+25	
Last week	+29	
Two weeks ago	+31	Tied record set 8/30
1998 average (to date)	+24	
1997 average	+5	Best full year
1992 average	-44	Worst full year
Feb. 9, 1992	-50	Record low
Average since 12/85	-15	

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

LAYOFF: The slight ebb in confidence comes as at least 20 major companies have announced layoffs in recent weeks, Boeing most noticeably. The Asian recession and a recent wave of mergers, as well as simple cost cutting, are blamed for these reductions.

GROUPS - The index declined this week across nearly every key demographic group, particularly among people older than 55 (down eight points to +23), men (down seven points to +34), and people who haven't been to college (down eight points to +14). The index was stronger in financially secure groups, such as affluent consumers (down two points to +64) and college graduates (down one point to +48).

Here's a closer look at the three components of the ABC/Money 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? Seventy percent say excellent or good, down one point from last week. The best was 76 percent Feb. 22; the worst, seven percent in late 1991 and early 1992.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	70%	9	61	30	24	6
Avg. since 12/85	36	2	33	64	42	22

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-five percent say excellent or good, down two points from last week. The record was 70 percent Aug. 30; the worst, 42 percent March 14, 1993.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	65%	7	58	35	27	8
Avg. since 12/85	55	4	51	45	32	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-two percent say excellent or good, down three points from last week. The worst rating, 20 percent, was set in fall 1990.

	Pos. NET	Excel.	Good	Neg. net	Not good	Poor
This week	52%	4	48	48	33	15
Avg. since 12/85	36	2	34	64	42	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 1,032 interviews in the month ending Dec. 13 and have an error margin of plus or minus three percentage points. Field work by ICR Survey 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 Ben Fitzpatrick.

ABC News polls can be found at ABCNews.com on the Internet, and are available to news and research organizations via e-mail. To join the e-mail list send a request to Ben.Fitzpatrick@ABC.com

12/13/98	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	25	29	11	31	9	23
State of Economy	40	42	42	44	22	52	20	39
Personal Finances	30	34	34	36	20	40	16	29
Buying Climate	4	10	0	6	-10	12	-10	1

OVERALL INDEX BY DEMOGRAPHIC GROUPS								
Sex:								
Men	34	41	36	36	21	42	18	33
Women	16	18	15	21	1	21	-4	14
Age:								
18 - 34	22	26	17	26	7	29	2	18
35 - 44	28	32	27	32	6	37	6	25
45 - 54	29	27	29	38	12	38	12	25
55 - 64	21	31	29	21	28	47	12	27
65 +	25	32	29	25	9	36	-2	24
Income:								
Under \$15K	-22	-16	-25	-17	-39	-6	-42	-25
\$15K To \$24.9K	3	1	5	16	-9	18	-27	0
\$25K To \$39.9K	17	22	23	10	10	25	5	17
\$40K To \$49.9K	28	33	38	51	20	60	19	40
Over \$50K	64	66	54	62	43	66	43	58
Region:								
Northeast	16	22	30	25	12	37	4	21
Midwest	39	41	30	35	15	41	15	30
South	21	20	15	24	6	29	3	19
West	23	36	32	30	10	40	2	22
Race:								
White	27	31	30	31	14	33	13	27
Black	5	10	-4	12	-16	15	-21	-4
Politics:								
Republican	34	37	35	43	24	46	17	35
Democrat	25	30	29	28	7	35	7	22
Independent	20	24	21	20	9	30	9	18
Education:								
< High School	-22	-15	-3	-8	-38	14	-38	-10
High Sch. Grad.	14	22	15	21	12	27	1	15
College +	48	49	43	46	24	49	24	40
Home:								
Own	31	34	34	34	16	39	16	30
Rent	7	11	1	15	-2	15	-11	4
Marital Status:								
Single	22	27	20	25	2	34	-2	19
Married	32	36	32	35	19	37	15	29
Sep/Wid/Div	-2	-2	-3	8	-14	18	-14	2
Employ. Status:								
Full-Time	38	43	34	37	22	44	20	31

Part-Time	15	5	17	25	-5	31	-5	15
Not Employed	7	15	13	14	-2	25	-6	13