

The Course of Consumer Confidence: A Record Year, A Remarkable Decade

Consumer confidence closes out another record year this week, capping an extraordinary decade-long rise from the depths of economic despair to the heights of contentment.

Ratings of the national economy, personal finances and the buying climate have averaged higher in 1999 than in any year since the weekly ABC News/Money magazine poll began 14 years ago. Even more remarkable is their climb from the pit of the 1990-91 recession.

Consider: At the end of 1991, just seven percent of Americans said the economy was in good shape; today 75 percent say so. Just 25 percent called it a good time to buy things; now that's doubled. And positive ratings of personal finances are up by 18 points.

These ratings also are well above their 14-year averages, and close to their individual records.

	----This Decade----		-----Since 12/85-----		
Positive ratings:	12/16/99	12/29/91	High	Low	Average
National Economy	75%	7	77	7	39
Personal Finances	66	48	70	42	56
Buying Climate	52	25	56	20	37

WINGS - Confidence has been soaring for two years, lifted on the wings of the nirvana economy and its rising incomes, low inflation, low interest rates and strong job market. (The stock market, while also a positive factor, seems to be a less immediate element of confidence, because relatively few Americans are active investors who rely on the market for income.)

Strong confidence in turn has boosted consumer spending, keeping the economy in a "virtuous circle" of sustained growth. This year in particular, confidence rallied in step with the holiday shopping season, to the delight of traditional and online retailers alike.

POLITICS – Beyond its influence on the economy, consumer confidence also has had extraordinary political impact this decade. Economic discontent turned George Bush out of office in 1992, and enough remained to turn against the Democrats in 1994. The recovery in confidence began in earnest in 1996, earning Bill Clinton a second term, then bolstering his public support against impeachment.

These trends cement the notion that public perceptions of the economy are the single most influential factor in political views. Economic discontent creates angry voters

looking to kick over the traces; a strong economy, by contrast, fuels support for the status quo.

CAP? - Strong as it is, confidence may have hit a ceiling: Despite its record this year, it has lost some steam from last year, when its growth was more explosive. Indeed, confidence is ending 1999 slightly lower than it began the year, the first time that's happened since 1995. Its future course may be critical in the election year ahead.

It's worth noting, too, that many millions of Americans have not fully participated in the economy's growth: A third still rate their own finances negatively.

INDEX – This poll folds ratings of the economy, buying climate and personal finances into the ABC/Money Consumer Comfort Index, figured on a scale of +100 to –100. It stands this week at +29, compared to +31 when the year began.

For all of 1999 the index has averaged +28. That compares to a previous record year of +24 last year, and a lifetime average of just –12.

ABC/Money Index		
Today	+29	
1999 average	+28	Best full year
1998 average	+24	Previous best year
1992 average	-44	Worst full year
Average since 12/85	-12	
Record high	+32	(1/17, 3/7, 3/14/99)
Record low	-50	(2/9/92)

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 +59 in higher-income households compared to -28 in the lowest; +43 among college graduates but -14 among high-school dropouts; +35 among whites but -8 among blacks; and +41 among men compared to +17 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? Seventy-five percent say excellent or good, up one point from 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	75%	15	60	25	19	6
Avg. since 12/85	39	3	35	61	40	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-six percent say excellent or good, up 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	66%	7	59	34	26	8
Avg. since 12/85	56	5	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-two percent say excellent or good, down two points. The record, 56 percent, was set on Nov. 29, 1998 and tied Dec. 5, 1999; 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	34	14
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 1,049 interviews in the month ending Dec. 26 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 Gary Langer.

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

12/26/99	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	29	29	29	25	25	32	22	28
State of Economy	50	48	46	42	44	54	38	46
Personal Finances	32	30	32	34	34	40	28	33
Buying Climate	4	8	10	0	-2	12	-4	4

OVERALL INDEX BY DEMOGRAPHIC GROUPS

Sex:								
Men	41	41	38	37	31	44	30	36
Women	17	16	21	14	19	31	11	20
Age:								
18 - 34	22	20	19	25	24	35	16	26
35 - 44	31	37	32	28	22	40	13	28
45 - 54	36	34	33	25	34	41	13	28
55 - 64	26	32	42	23	20	47	13	28
65 +	29	26	29	20	23	37	17	27
Income:								
Under \$15K	-28	-29	-32	-25	-20	-11	-42	-24
\$15K To \$24.9K	5	6	6	-6	-6	12	-15	-1
\$25K To \$39.9K	32	30	28	17	26	38	8	25
\$40K To \$49.9K	37	39	43	46	34	56	27	42
Over \$50K	59	61	65	59	58	67	53	60
Region:								
Northeast	39	38	34	34	19	42	19	30
Midwest	25	23	33	20	36	41	20	31
South	20	24	30	17	21	31	14	24
West	37	30	18	33	25	43	13	27
Race:								
White	35	34	34	29	28	37	26	32
Black	-8	-2	-1	-3	3	22	-11	4
Politics:								
Republican	55	52	44	35	33	55	32	40
Democrat	25	23	32	21	29	35	15	26
Independent	20	19	15	25	21	34	13	23
Education:								
< High School	-14	-13	-2	-20	-9	6	-27	-10
High Sch. Grad.	26	26	21	24	15	31	12	21
College +	43	43	45	42	43	52	38	45
Home:								
Own	36	36	39	30	33	40	26	34
Rent	10	7	4	10	4	26	-3	11
Marital Status:								
Single	17	21	27	20	29	36	8	24
Married	36	35	37	30	30	41	27	34
Sep/Wid/Div	10	8	3	7	2	18	-9	6
Employ. Status:								
Full-Time	37	38	39	32	33	42	30	36
Part-Time	19	25	32	27	22	38	7	23
Not Employed	20	14	13	14	13	26	8	17

END