

Consumer Confidence Wraps Up a Banner Year

Americans are ushering out 1998 with more of the high-flying economic confidence they've expressed all year, closing off the strongest year by far for consumer sentiment in 13 years of weekly polls by ABC News and Money magazine.

Seventy-two percent of consumers say the economy is in good shape, twice the average since this poll began in late 1985, and 65 points better than its worst during the 1990-91 recession. Sixty-seven percent rate their own finances favorably, 12 points above normal. And 49 percent say that now is a good time to shop, 13 points higher than average.

Each of these measures has set record highs time and again this year, soaring to levels – particularly in the case of the overall economy's ratings -- that seemed improbable just a few years ago.

For good reason, as the nation's long-running economic boom continues to improve consumers' lives: personal income is rising, unemployment is skirting a 30-year low, inflation has been virtually erased and mortgage and interest rates are low. (The stock market, while a factor, seems to be less of one; relatively few people invest actively or rely on it for ready cash, and most seem inured to its gyrations.)

	Positive Ratings		
	National Economy	Personal Finances	Buying Climate
Today	72%	67	49
Annual averages:			
1998	70	65	51
1997	54	60	43
1995	35	56	37
1993	17	48	29
1991	17	49	25
1989	41	57	36
1987	39	57	39
1985-1998	36	55	36

These views have remained strong throughout the year's stock market swings and the warnings of contagion from the Asian economic crisis. Ratings of the economy today are just four points from the record high

they set in February, and ratings of personal finances are three points from their all-time record, set in August.

	Positive Ratings	
	Record high	Record low
National Economy	76% (2/98)	7 (12/91, 2/92)
Personal Finances	70 (8/98)	42 (3/93)
Buying Climate	56 (11/98)	20 (10/90)

Confidence in the economy is important. Strong confidence begets strong consumer spending, and that's kept the economy growing -- a classic virtuous cycle. More broadly, consumer confidence is like the country's biorhythm; our view of our economic prospects fundamentally fuels how we feel about the country, the government, and even ourselves. (Low confidence six years ago is what defeated George Bush. And high confidence today is the main reason Bill Clinton has a 67 percent job approval rating, impeachment or no).

INDEX - The ABC/Money Consumer Comfort Index, based on these gauges, edged up this week to +25 on its scale of -100 to +100, reversing a few weeks of decline after tying its record high, +31, a month ago. It's averaged a remarkable +24 this year, compared to a previous best year of +5 and a lifetime average of -15.

	ABC/Money Index	
Today	+25	
11/29 and 8/30	+31	Record high
1998 average	+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.

GROUPS - As usual, confidence was higher all year among economically advantaged groups. The index averaged +33 among men compared to +15 among women; +59 among higher-income consumers compared to -25 among the lowest; +28 among whites but -2 among blacks; and +41 among those who've attended college, compared to -9 among high school dropouts.

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-two percent say excellent or good, up 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	72%	10	62	28	22	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-seven percent say excellent or good, up one point 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	67%	6	61	33	25	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? Forty-nine percent say excellent or good, unchanged from last week. The record was 56 percent Nov. 29; the worst rating, 20 percent, was set in fall 1990.

	Pos. NET	Excel.	Good	Neg. net	Not good	Poor
This week	49%	4	45	51	35	16
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 1,024 interviews in the month ending Dec. 27 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.

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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

12/27/98

This Last 4 Wks 3 Mo. 1 Yr. 12 Mo 12 Mo 12 Mo
 Week Week Ago Ago Ago High Low Avg

Group

GENERAL POPULATION:

Group	This Week	Last Week	4 Wks Ago	3 Mo. Ago	1 Yr. Ago	12 Mo High	12 Mo Low	12 Mo Avg
Overall Index	25	24	31	27	11	31	11	24
State of Economy	44	42	46	46	22	52	22	40
Personal Finances	34	32	34	34	20	40	20	30
Buying Climate	-2	-2	12	2	-8	12	-8	2

OVERALL INDEX BY DEMOGRAPHIC GROUPS

Sex:

Men	31	31	42	33	20	42	18	33
Women	19	16	19	21	3	21	3	15

Age:

18 - 34	24	20	27	29	2	29	2	19
35 - 44	22	24	30	24	18	37	9	25
45 - 54	34	32	30	30	22	38	12	26
55 - 64	20	30	32	29	19	47	12	28
65 +	23	17	36	23	1	36	1	25

Income:

Under \$15K	-20	-30	-15	-15	-28	-6	-42	-25
\$15K To \$24.9K	-6	-10	4	18	-17	18	-27	0
\$25K To \$39.9K	26	23	24	10	12	26	5	18
\$40K To \$49.9K	34	35	42	42	23	60	23	41
Over \$50K	58	62	66	62	56	66	52	59

Region:

Northeast	19	20	27	25	4	37	4	22
Midwest	36	35	38	38	23	41	21	31
South	21	24	20	23	7	29	7	20
West	25	13	39	22	12	40	2	22

Race:

White	28	26	33	30	16	33	16	28
Black	3	9	0	3	-18	15	-21	-2

Politics:

Republican	33	34	37	39	23	46	23	36
Democrat	29	25	30	28	8	35	8	23
Independent	21	18	30	20	10	30	9	18

Education:

< High School	-9	-18	-5	-9	-21	14	-26	-9
High Sch. Grad.	15	14	21	20	2	27	2	15
College +	43	44	49	43	29	49	29	41

Home:

Own	33	31	36	33	21	39	21	31
Rent	4	3	10	12	-10	15	-11	4

Marital Status:

Single	29	18	21	21	6	34	-2	20
Married	30	30	37	33	19	37	19	30
Sep/Wid/Div	2	1	5	9	-12	18	-12	3

Employ. Status:

Full-Time	33	35	44	35	23	44	20	32
Part-Time	22	18	14	28	1	31	1	16
Not Employed	13	6	14	13	-3	25	-3	13