



**LOWE INSTITUTE OF POLITICAL ECONOMY AT CLAREMONT MCKENNA
COLLEGE UNVEILS THE FIRST LOS ANGELES COUNTY CONSUMER
SENTIMENT INDEX – SHOWS MARKED DOWNTURN**

Fourth quarter 2016 results drop 12 percent versus third quarter 2016

LOS ANGELES – February 7, 2017 – The first Lowe Institute Los Angeles Consumer Sentiment Index (“Index”) unveiled today shows a 12 percent decline in the fourth quarter 2016 versus third quarter 2016 results, a period when there was a sharp rise in consumer sentiment. This is important data as the Index provides guidance on future consumption activity by Los Angeles area residents, key to assessing the overall prospects for the local economy. Consumption accounts for, on average, 70 percent of all U.S. economic activity and its importance cannot be overstated.

“This is a notable drop in consumer sentiment though it is just for one quarter. If the first quarter 2017 results also drop then we can view this as a downward cycle,” noted Marc Weidenmier, Director, Lowe Institute of Political Economy. “Right now, businesses should be cautious and take a ‘wait and see’ approach before making major inventory commitments. For governments relying on sales tax revenue, it’s not time to redraw the budgets but time to pause and consider the potential ramifications if we head into a period of decreased consumption.”

National consumer sentiment has been measured by the University of Michigan since the 1950s and its predictive abilities have led to this sentiment series being included in the government’s index of leading economic indicators. Los Angeles County has a population of more than 10 million and is the third largest metropolitan economy in the world. The Institute deemed this a region that could benefit from its own consumer sentiment survey.

“The Index serves as a timely source of information crucial to assessing the pulse of the local economy but also as an example of how localized knowledge can be captured and utilized to improve forecasting and decision making,” said Robert J. Lowe, founder of the Lowe Institute and Chairman of national real estate company, Lowe. .

“The fourth quarter results bear out the need for Los Angeles County data as the national consumer sentiment survey showed an uptick during this same period.”

Among the factors that can drive differences from the national survey is Los Angeles’ multicultural and diverse economy that is not reliant on any one industry, its position as a gateway to the Pacific Rim, and other business and economic variables that are distinct to the region. “Another factor in Los Angeles may be the ‘Trump effect’ as the majority of Los Angeles County is deeply Democratic with policy views that are opposite those of the new administration,” said Weidenmier. “The fourth quarter survey was taken in December, after the election when Los Angeles area residents were absorbing the news following the surprising election outcome.”

The decline in Los Angeles consumer sentiment was across all ethnic groups – African American, Asian, Hispanic, Caucasian and other. The decline was also consistent across most age groups with the exception of senior citizen (65+) respondents. There was a significant uptick with senior citizens and a very small uptick in the 45-54 age category.

The survey also asks for respondent’s employment status and includes full-time and part-time employed, self-employed, homemaker/domestic engineer, students and unemployed. There was a significant decline in consumer sentiment across all six groups. There was a slight uptick in consumer sentiment among retirees.

About the Survey

The representativeness of the Lowe Institute Los Angeles Consumer Sentiment Index is ensured by its being constructed from a random sample of 500 people stratified on the basis of age, gender, ethnicity, income, and zip code. The survey questions ask respondents seven questions concerning their current situation, perceived future prospects, and spending plans. People are asked to assess whether they see their financial situation getting better or worse over the coming year and how this is linked to their perception of recent business conditions both in Los Angeles and in the nation as a whole. They are also asked directly whether they think their chances of finding a new job are likely to improve over the coming year and whether they think the next year would be a good time, or a bad time, to buy a new car. The first quarterly survey was done in the second quarter of 2015 and has proceeded quarterly since, providing a baseline of data upon which to build. Additional information is available at www.laconsumersentiment.com

About the Lowe Institute

Founded in 1986 by Robert J. Lowe, the Institute offers a variety of programs to provide learning opportunities for students outside the classroom including: a faculty-student research program, a public lecture series and a public policy focus on economic forecasting. The Institute strives to enhance existing curricula and provide emphasis on public affairs and the attendant concentration in economics and government. The mission of the Lowe Institute is to promote undergraduate education in economics and to enhance the public visibility of the College and its sister institutions.

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