



CLAREMONT  
MCKENNA  
—COLLEGE—

# Consumer Confidence Index

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# Consumer Sentiment Index (CSI)

- Measure of expectations regarding future consumption.
- Consumption accounts for about 70% of US economic activity.

# Consumer Sentiment Indices for the US

- 1) University of Michigan
- 2) Conference Board
- 3) State level measures

# Why have a CSI for Los Angeles County?

- Los Angeles is the second largest city in the US.
- We are unaware of a CSI for any major city in the United States.
- Opportunity to provide the local economy with important information about future economic activity in Los Angeles.

# Questions for the LA Consumer Sentiment Index

- Q1. Do you think that a year from now you and your family will be...
  - 1) Better off financially
  - 2) Worse off financially
  - 3) About the same financially
  
- Q2. Do you think that business conditions in the United States during the next year will be...
  - 1) Better
  - 2) Worse
  - 3) About the same

# Questions for the LA Consumer Sentiment Index

- Q3. During your last few months, have business conditions in Los Angeles...
  - 1) Improved your economic situation
  - 2) Worsened your economic situation
  - 3) Had no effect on your economic situation
  
- Q4. Are current business conditions in Los Angeles...
  - 1) Better than a year ago
  - 2) Worse than a year ago
  - 3) The same as a year ago

# Questions for the LA Consumer Sentiment Index

- Q5. A year from now, do you expect that overall business conditions in the United States will...
  - 1) Improve your family's economic situation
  - 2) Worsen your family's economic situation
  - 3) Allow your family's economic situation to remain the same

# Questions for the LA Consumer Sentiment Index

- Q6. Complete the following statement:  
Compared to today, if you lost your job within the next year you think you would have \_\_\_\_ at finding a new job.
  - 1) A better chance
  - 2) A worse chance
  - 3) About the same chance
  
- Q7. Do you think the next year will be...
  - 1) A good time to buy an automobile
  - 2) A bad time to buy and automobile



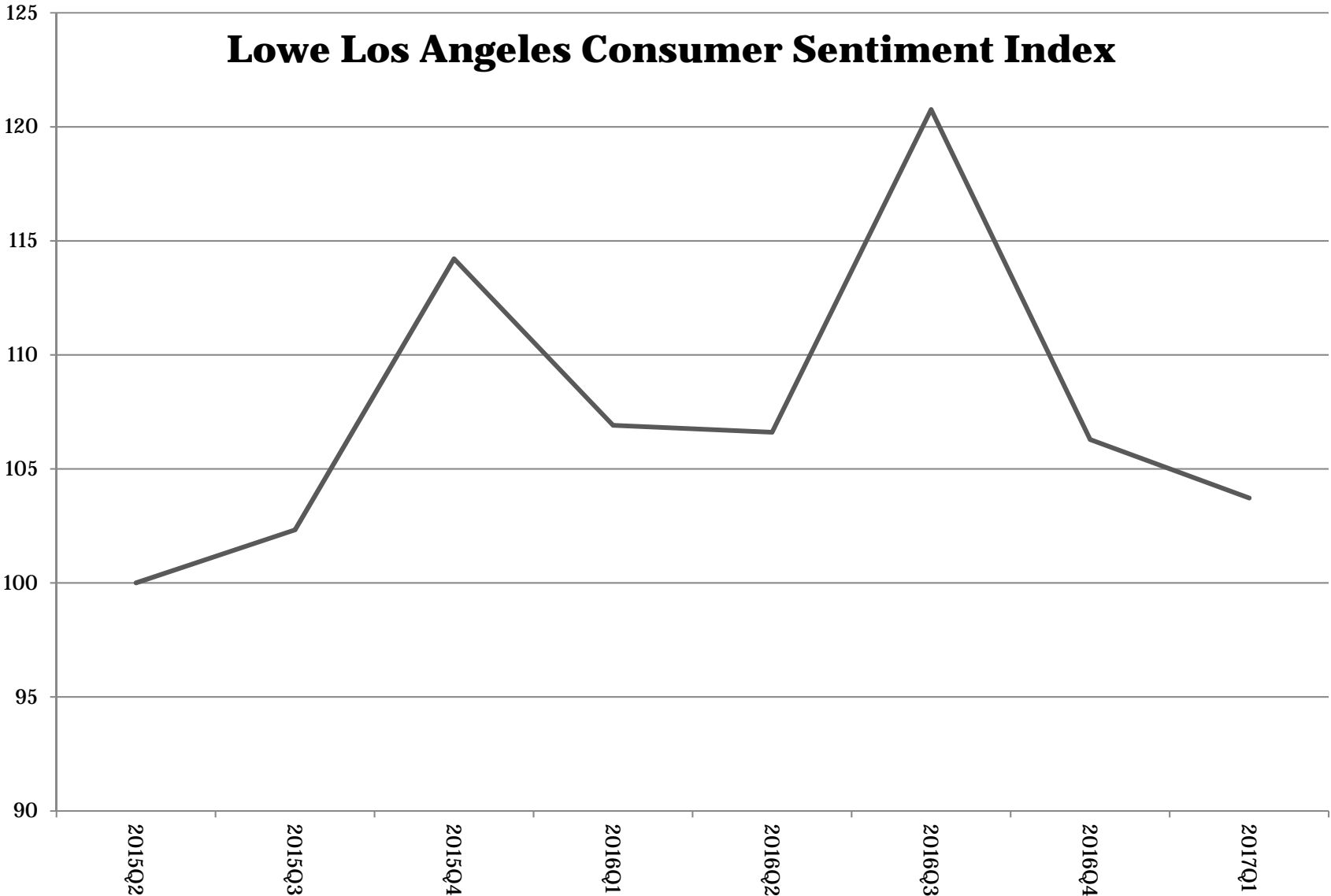
# How is the CSI constructed?

- Each question has a:
  - 1) positive response
  - 2) neutral response
  - 3) negative response

## How is the CSI constructed?

- 1) Calculate the fraction of positive responses for each question.
- 2) Calculate the fraction of negative responses for each question.
- 3) Compute the difference between (1) and (2).
- 4) Then add 1 to the difference constructed in part (3).
- 5) Sum up the value of the indices constructed from the 7 questions.
- 6) Then divide by the value of the base index (second quarter of 2015).
- 7) Multiply by 100.

# Lowes Los Angeles Consumer Sentiment Index



# Question Responses 2016Q3 and 2016Q4 (Base QTR=2015Q2)

Question	Q3	Q4	%Change
#1	113.8	110.7	-2.8%
#2	116.1	98.0	-15.6%
#3	120.0	104.7	-12.7%
#4	126.3	113.3	-10.3%
#5	118.7	101.2	-14.7%
#6	133.7	112.8	-15.7%
#7	120.9	104.4	-13.7%

## Summary-Age

AGE	% Change 2016Q4-2017Q1
18-24	11.5%
25-34	0.3%
35-44	-12.5%
45-54	-2.2%
55-64	-6.4%
65+	-8.2%

## Summary-Gender

GENDER	% Change
Male	4.8%
Female	-7.3%

## Summary-Ethnicity

ETHNICITY	% Change
African American	-8.7%
Hispanic/Latino	-11.4%
Asian	-5.5%
White	5.8%
Others	0.6%

## Summary-Income

INCOME	% Change
Less than \$25,000	-4.4%
\$25,000-\$34,999	-10.4%
\$35,000-\$49,999	2.8%
\$50,000-\$74,999	4.1%
\$75,000-\$99,999	-5.1%
\$100,000-\$149,999	-2.0%
\$150,000 or more	-2.1%



# Summary-Education

EDUCATION	% Change
Grade School	29.3%
Less than high school	-10.7%
Graduated from high school	6.6%
Some college	-6.6%
Graduated from college	-1.1%
Graduate or post-graduate work	-0.6%

# Summary-Employment

EMPLOYMENT STATUS	% Change
Full-time employed	-2.4%
Part-time employed	3.5%
Self-employed	19.7%
Homemaker	-17.4%
Student	19.7%
Unemployed	1.7%
Unable to work	7.5%
Retired	-15.0%

## Summary-Marital

MARITAL STATUS	% Change
Single, never married	-7.1%
Domestic partnership	-1.2%
Married	1.3%
Divorced/Separated	-12.6%
Widowed	18.6%

**CAUTION!!!!!!**