



**LOS ANGELES COUNTY CONSUMER SENTIMENT INDEX FROM
LOWE INSTITUTE OF POLITICAL ECONOMY AT CLAREMONT MCKENNA
COLLEGE STABILIZES IN THIRD QUARTER 2017
FOLLOWING THREE QUARTERS OF DECLINE**

Concern for the Los Angeles economy deepens

LOS ANGELES – October 24, 2017 – The CMC-Lowe Institute Los Angeles Consumer Sentiment Index (“Index”) held steady at a value of 96.8 in the third quarter of 2017 compared to 96.5 in the second quarter. It has leveled off following a seven percent decline in the second quarter 2017, a two percent decline in the first quarter 2017 to 103.73 and a steep drop of 12 percent in the fourth quarter of 2016 to 106.29.

“The Index has essentially stabilized, albeit at a low level as sentiment has been steadily declining. There is likely a realization that the economy is still growing, though slowly, despite ongoing debate and uncertainty on a host of issues that have ramifications for business and the economy, including healthcare, immigration and tax reform. Los Angeles consumers appear to have become inured to the rhetoric,” noted Marc Weidenmier, the former Director of the Lowe Institute of Political Economy, now Professor of Economics and Finance at Chapman University. The Index is generated by an alliance between the CMC-Lowe Institute and Chapman University.

One area of continued strong concern is for the current state of the Los Angeles economy. Sentiment dropped 4.6 percent in this most recent survey on the heels of a 5.9 percent decline in the second quarter.

“Los Angeles is poised among the areas in the nation most at risk from current federal policy priorities. It has been widely reported and discussed that immigrants make up a large sector of our workforce and whether it’s the repeal of DACA or significant deportation, both have the potential to dampen the area’s growth and prosperity,” he noted. “Further, there is a large import/export segment of the area economy which continues to be threatened by efforts in Washington D.C. to curtail international trade.”

A review of the data by demographics shows there were few differences among age, ethnic and income groups. However, there were some distinctions as consumer sentiment among those 45-54 and under increased 17.5 percent and sentiment among seniors declined 13.6 percent. Respondents with annual earnings between \$100,000 - \$150,000 had a double-digit decline 19.7 percent in sentiment.

One noticeable change and potential bright spot is a 5.4 percent increase in positive sentiment when asked whether the next year would be a good time to purchase an automobile. This is recognized as a key economic indicator and one that has been on a steady decline in the Index results for the last few quarters.

“For the moment, the Index shows that Los Angeles consumers are feeling a little more optimistic as indicated by the uptick in respondents that might consider an automobile purchase in the next year,” Weidenmier observed. “Though this is counterbalanced by respondents growing concern for their personal financial situation in the coming year.”

When asked to gauge their personal financial situation in the next year the Index showed concern as consumer sentiment declined 2.5 percent which follows a 4.3 percent decline in the second quarter.

“The current economic expansion is the third longest in U.S. post-war history and there continues to be a steady stream of modestly positive economic news. The current resilience of the Index, which has in 2017 given back the gains of 2015 and 2016 but not declined further yet, thus far reflects the durability of the expansion,” he concluded.

“Providing this economic data is a signature project for the Lowe Institute. We have made a significant investment in the Index, along with our partner Chapman University, to make this tool available to aid in planning and decision making for individuals, businesses and government. Los Angeles is the only major metropolitan area in the United States with its own consumer sentiment survey,” said Robert J. Lowe, co-founder of the Lowe Institute and Chairman of national real estate company, Lowe.

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. Consumption accounts for, on

average, 70 percent of all U.S. economic activity and its importance cannot be overstated.

The economists behind the Index will delve into the data and provide analysis and context in a live stream presentation at www.laconsumersentiment.com on Thursday, October 26 at 12:30 p.m.

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 asks 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 and his father Thomas 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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