



**LOS ANGELES COUNTY CONSUMER SENTIMENT INDEX FROM LOWE
INSTITUTE OF POLITICAL ECONOMY AT CLAREMONT MCKENNA COLLEGE
DECLINES IN SECOND QUARTER 2017**

Latest Index marks downward trend with three straight quarters of decline

LOS ANGELES – August 3, 2017 – The CMC-Lowe Institute Los Angeles Consumer Sentiment Index (“Index”) declined by seven percent to 96.5 in the second quarter of 2017. This follows a modest 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.

“We now have seen three months of successive decline in Los Angeles’ consumer sentiment. Despite a strong local economy and low unemployment Los Angeles consumers are concerned about the business climate,” noted Marc Weidenmier, the former Director of the Lowe Institute of Political Economy, now Professor of Economics and Finance at Chapman University. The second quarter 2017 Index release marks a new alliance between the CMC-Lowe Institute and Chapman University on current and future consumer sentiment indexes.

“This is a sustained decline which we should consider as a strong signal for Los Angeles businesses and government leaders to be mindful that our economy may have peaked and be prepared for some weakness,” he added.

For instance, since the Index’s first release covering the fourth quarter of 2016, and continuing with the current results, it has shown consumer hesitation in making new car purchases which has played out in our economy as new car sales have fallen.

The latest second quarter 2017 Index shows several demographic distinctions as consumer sentiment declined most sharply among Caucasians, by 26 percent, and men, a 15 percent drop. The second largest decline was people between the ages of 45 and 54. The largest overall decline in the Index was in the outlook for business conditions in the United States – a 12.8 percent drop from the first quarter. When asked specifically about business conditions in Los Angeles County, the Index is down 9.2 percent.

“For the first time one of the largest drops in overall consumer sentiment is among Caucasians and men, and in confidence in the local and national economy,” Weidenmier observed. “We believe this is attributed to these demographic groups losing faith in the current administration’s ability to deliver on reducing taxes or other economic incentives that could assist businesses and higher income earners.”

Differences between Los Angeles County’s largely Democratic populace and more progressive positions and the many policy changes being advocated by the President cannot be overlooked as a contributor to the consumer mood in Los Angeles County.

“Concerns over free trade and restrictions on immigration place Los Angeles in the cross-hairs as it has the nation’s largest port and a significant Hispanic population,” he added.

The Index also shows a decline in confidence among students with a 16 percent drop from the first quarter which may be the result of reduced prospects for financial aid from Washington D.C.

“Los Angeles is the only major metropolitan area in the United States with its own consumer sentiment survey. We decided the Institute would step-up and invest in providing this valuable economic tool because we recognize that Los Angeles’ economy diverges significantly from other parts of the country,” said Robert J. Lowe, co-founder of the Lowe Institute and Chairman of national real estate company, Lowe.

“Comparisons to the national surveys highlight that Los Angeles tends to deviate from national trends.”

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.

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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Contact:
Karen Diehl
310-741-9097
karen@diehlcommunications.com