



**For Release:**

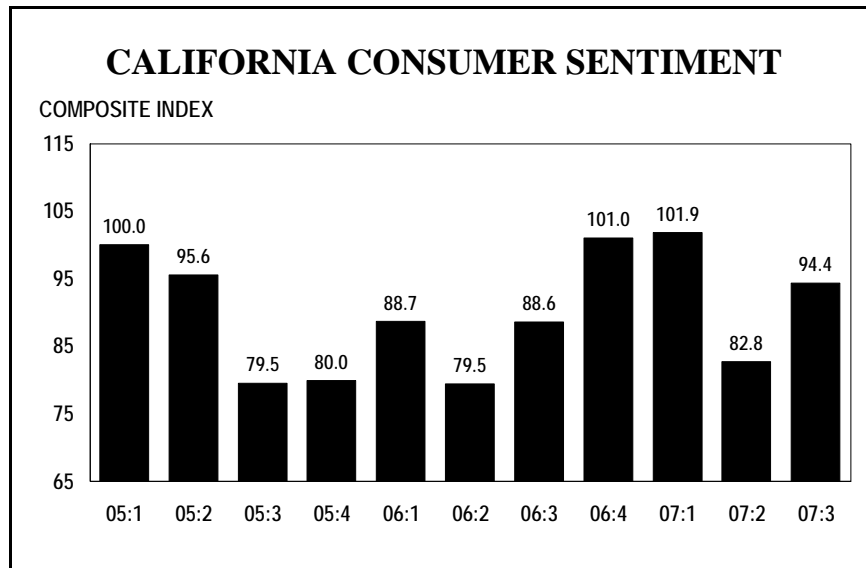
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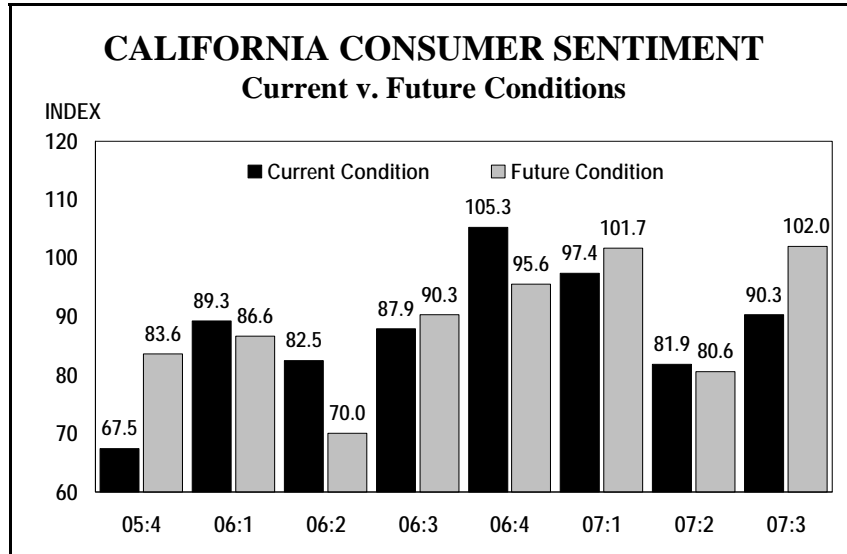
## Consumer Pessimism Persists

ORANGE, CA — After a steep drop in California Consumer Confidence in the previous quarter, the Anderson Center’s Composite Index of Consumer Sentiment stands at 94.4 for the third quarter of 2007. An index level below 100 reflects a higher percentage of pessimistic consumers as compared to those that are optimistic. Continued housing market woes, a volatile stock market, and concerns about the future job market are negatively affecting consumers’ expectations about current economic conditions.

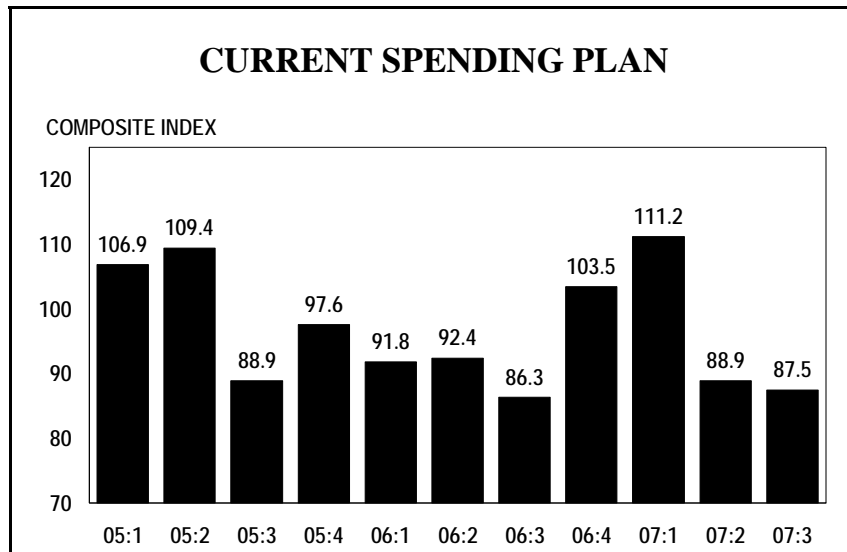


The California Composite Index is generated based on three indices: consumers’ outlook on current and future economic conditions, and an index measuring consumers’ future spending plan. Two of the three components of the composite index increased in this quarter compared to the second quarter levels.

The index measuring **current** economic conditions shows an increase from a level of 81.9 in the second quarter of 2007 to 90.3 in the third quarter of 2007. The index, however, remains under 100, indicating a higher level of pessimistic consumers. The index measuring **future** economic conditions improved from 80.6 in the previous quarter to 102.0 in the third quarter of 2007—an increase of almost 22 points.



The index measuring consumers' planned spending on big ticket items is about the same level as the second quarter of 2007. But, these last two quarters show significant pessimism about planned spending and this suggests that consumers are planning to cut back spending over the next six months compared to the first quarter of 2007.



## **BACKGROUND AND METHODOLOGY:**

Beginning in the third quarter of 2002, the Anderson Center for Economic Research at Chapman University launched a survey to measure California consumer sentiment. This survey is similar to the monthly national survey of consumer sentiment conducted by the University of Michigan.

A survey comprised of six questions is mailed to a stratified sample of 5,000 residences throughout the state, with a historical response rate of 5 to 10 percent. Three questions relate to the current economic conditions, two questions address future economic conditions (one year outlook) and one question evaluates the consumers' current plan for purchasing big ticket items.

The results are summarized into four indices. One index measures consumer sentiment about the current economic condition, a second measures consumers' future economic expectations, the third is a composite index representing overall consumer confidence, and the fourth index measures consumers' current spending plan on durable goods.

## **ABOUT THE ANDERSON CENTER FOR ECONOMIC RESEARCH:**

The A. Gary Anderson Center for Economic Research (ACER) was established in 1979 to provide data, facilities and support in order to encourage the faculty and students at Chapman University to engage in economic and business research of high quality, and to disseminate the results of this research to the community.

## **ANNUAL SCHEDULE OF CONFERENCES AND PRESS RELEASES:**

- JANUARY**      † Economic Forecast Conferences for Los Angeles County and the Inland Empire  
                 † California Purchasing Managers Survey
- FEBRUARY**    † California Leading Employment Indicator
- MARCH**       † California Consumer Sentiment Survey
- APRIL**       † California Purchasing Managers Survey
- MAY**       † California Leading Employment Indicator
- JUNE**       † Economic Forecast Update Conference for the U.S., California, Orange and Los Angeles counties, and the Inland Empire  
                 † California Consumer Sentiment Survey
- JULY**       † California Purchasing Managers Survey
- AUGUST**      † California Leading Employment Indicator
- SEPTEMBER**   † California Consumer Sentiment Survey
- OCTOBER**     † California Purchasing Managers Survey
- NOVEMBER**   † California Leading Employment Indicator
- DECEMBER**   † Economic Forecast Conference for the U.S., California and Orange County  
                 † California Consumer Sentiment Survey