

April 2014

## CONSUMER OUTLOOK CONTINUES TO BE NEUTRAL

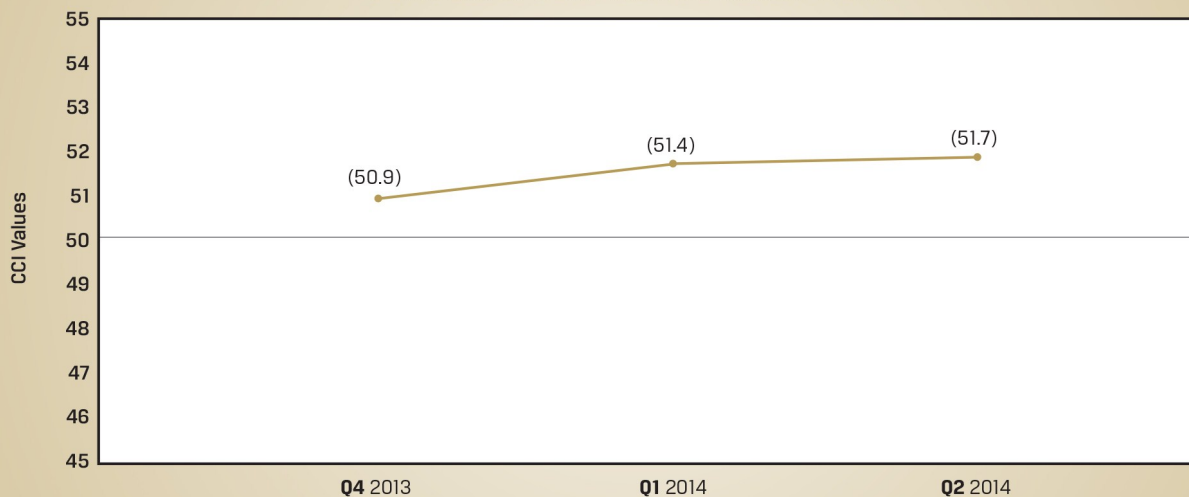
The SE MI Consumer Confidence Index registered 51.7 for the second quarter of 2014, an improvement of only 0.3 from the first quarter of 2014. The Index has shown minor improvement since its inception in the fourth quarter of 2013, and consistently remains just above 50 – the level for a neutral outlook (45 to 55). Dragging down the Consumer Confidence Index is consumers' lackluster outlook for Q4 (National economy next year), as well as over the next five years (Q5), and their difficulty in getting along financially (Q1). Although all of these indexes improved very slightly from their first quarter values, they are still just in the 45 to 55 range, indicating a neutral outlook.

### Income Effect

Higher income respondents (>80K) had a Confidence Index of 56.9 while low income respondents (<\$30K) had an Index value of 51. This income effect is more dramatic in the Getting along financially by Income figure on the next page. In Q1 (getting along financially now) there is a significant difference of 10.5 (45 vs 55.5) between the low and high income respondents. However, Q3 (financial outlook a year from now) only has a difference of 2 (59.3 vs. 61.3). The figure illustrates a significant increase in optimism a year from now for respondents with incomes less than \$80K. This may be because the economic recovery has not yet reached them.

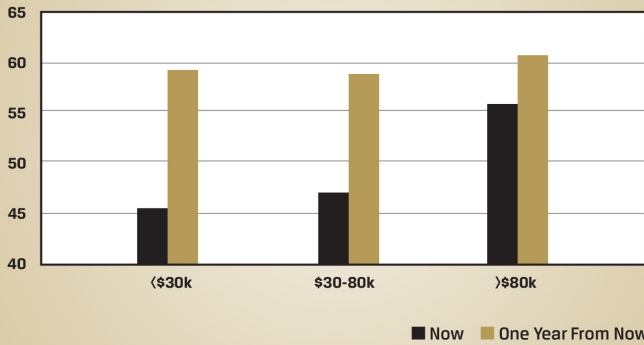
2014 SECOND QUARTER INDEX VALUES		CHANGE FROM Q1
<b>Current Conditions</b>		
Q1: Getting along financially	47.6	+0.9
Q2: Buying major household items	53.3	+0.8
<b>Future Expectations</b>		
Q3: Financially a year from now	59.2	-1.9
Q4: National economy next year	50.1	+0.4
Q5: National economy next 5 years	48.1	+1.1
<b>Consumer Confidence</b>	<b>51.7</b>	<b>+0.3</b>
Index above 50 indicates positive outlook		
Index below 50 indicates negative outlook		

### Consumer Confidence Index Trend

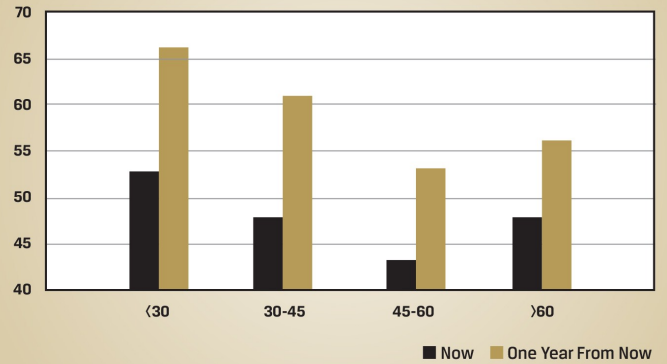


**SOUTHEASTERN MICHIGAN  
ECONOMIC OUTLOOK**

**Getting along financially now vs one year, by income**



**Getting along financially now vs one year, by age**



**Age Effect**

Younger respondents (<30) had a Composite Index of 56.1 which was significantly more optimistic than older respondents not of retirement age (45-60) with an Index of 47.9. Focusing on Q1 (current finances) one can see in the by Age figure this decrease in optimism as the respondents age. Although this same pattern is seen in Q3 (next year's finances), each age group shows a significant increase in optimism regarding next year's finances (Q3) with the smallest increase being for those greater than 60.

**Location Effect**

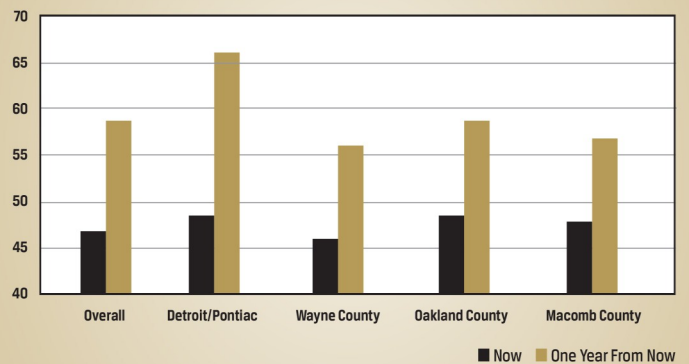
There was no significant difference between the locations of the respondents regarding Q1 (getting along financially), however respondents in all locations showed a significant increase in next year's finances (Q3). With the largest increase occurring in cities of Detroit and Pontiac in the by location figure.

**ABOUT THE CONSUMER CONFIDENCE INDEX**

The SE MI Consumer Confidence Index measures the degree of optimism on the state of the economy that consumers are expressing through their activities of savings and spending and their expectations about the future of the economy. Five questions are asked. A five-part scale is used for each question with the choices weighted +2, +1, 0, -1, -2. The overall Index = (((Sum of responses / # surveys)\*25) +50). The range is 0 to 100, with 50 the neutral point and 45 to 55 the neutral range. An index is similarly calculated for each of the five components of the survey. The index is part of the SE MI Economic Outlook project (<http://www.oakland.edu/business/economic-outlook>).

In the first two weeks of March 2014, 468 consumers completed the survey. They were equally drawn from Detroit/ Pontiac and Wayne, Oakland and Macomb counties each with about 25 percent of respondents. The survey was administered by CINT with the sampling and questionnaire designed by the Oakland University Economic Outlook project.

**Getting along financially now vs one year, by location**



**RESPONDENT CHARACTERISTICS**

Location	
Cities of Detroit and Pontiac	23.5%
Wayne County	25.6%
Oakland County	26.1%
Macomb County	24.8%
Income	
LT \$30,000	36.3%
\$30,000-\$80,000	43.2%
GT \$80,000	13.8%
Undisclosed	6.7%
Age	
LT 30	23.8%
30-45	26.7%
46-60	40.0%
GT 60	9.5%
Gender	
Male	27.2%
Female	72.8%