The SE MI Consumer Confidence Index registered 51.7 for the third quarter of 2014, no change from the second 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 the National economy next year, as well as over the next five years, and their difficulty in getting along financially. Consumers are most optimistic about their financial condition improving next year with a value of 58.8, the only Index component above the neutral range.

The SE MI Consumer Confidence Index reflects the lackluster economic recovery since the recession end in June 2009, and a stall in the local labor market in the 1st quarter of 2014. The local unemployment rate (7.9%) continues to be substantially above the national rate (6.3%), although the difference has shrunk by over 2.5% in the last 4 years. Wage gains above inflation have been meager. Total nonfarm employment for the Detroit-Warren-Livonia Metropolitan Statistical Area stood at 1,840,900 in March 2014, down 4,400 or 0.2 percent over the year. During this same period the national job count increased 1.6 percent.
EDUCATIONAL CHARACTERISTICS OF RESPONDENTS
This quarter we began tracking the educational characteristics of our respondents. The table to the right and graph below shows the breakdown by educational attainment. Note that over 30% have a college or graduate degree.

The graph below shows the respondents perception of the current economy in SE Michigan vs the future economy. Not surprisingly as educational attainment increases the view of the current economy improves significantly. The exception is those without a high school degree; they are significantly more optimistic than high school graduates or those with some college.

In contrast, the view of the future decreases with education until a college degree is attained. In fact, those with a technical skill or associates degree are the lest optimistic about the future. They are the only group who views the future more pessimistically than the current economy. What is somewhat surprising is those with less education hold out the greatest hope about the next year versus the current economy; they might be hoping that the improved economy 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 June 2014, 437 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.