

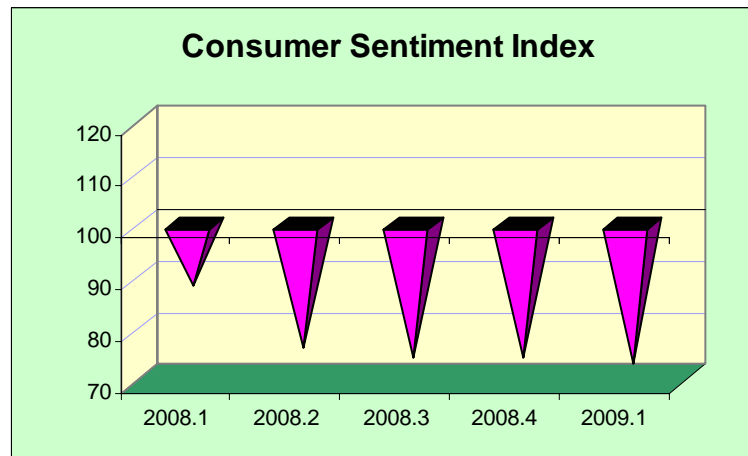
Bakersfield Consumer Sentiment Survey

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Bakersfield's Index of Consumer Sentiment decreased by one point to 73 in the first quarter of 2009. CSUB began compiling the local index in 1999 to help local businesses compare national and local trends and provide insight into whether a Bakersfield company's sales trajectory reflects industry trends or shifts in market share. The Bakersfield index was a leading indicator of the current recession. The local index peaked at 125 in the first quarter of 2007, while the National Bureau of Economic Research officially timed the recession as beginning in December 2007. The Bakersfield index declined in 2007 from 125 to 111 and plunged further to 76 by the second quarter of 2008. The index has not declined markedly since mid-2008, but it has been mired at historically low levels.



Although the Bakersfield index is similar to the University of Michigan's national index of consumer sentiment, the two cannot be directly compared. They have different base years and are tabulated from different questions using different formulas. Like the Bakersfield index, the University of Michigan's national index remained essentially unchanged in the first quarter at an historically low level.

The Bakersfield index is disaggregated into sub-indexes reflecting financial outcomes over the previous 12 months and expectations for the coming year. Although the composite index changed by just one point, there were larger offsetting movements in the two sub-indexes. The sub-index measuring recent trends increased from the previous quarter, while the sub-index reflecting expectations for the coming year declined by a similar amount.

The sub-index measuring recent trends increased from a historically low 62 in the fourth quarter of 2008 to 75 in the first quarter. The percent of respondents reporting that their recent spending on discretionary items was "more than usual" increased from a nearly nonexistent one percent in the fourth quarter to a still-miniscule seven percent in the first quarter; those reporting they spent less than usual decreased from 31 to 26 percent. The percent of households indicating they were better off than one year ago increased from three percent to five percent, while the percent indicating they were worse off decreased from more than one-in-three to about one-in-four. The percent indicating their financial condition did

not change increased from 61 to 69 percent. Households reported a similar modest improvement in the financial condition of their acquaintances in Kern County.

The sub-index reflecting expectations for the coming year declined from 87 to 72. Less than one-in-five households thought their financial situation would improve in the coming year, while one-in-four were optimistic in the previous quarter. Whereas almost one-half the respondents indicated their local acquaintances were optimistic about financial improvement in the fourth quarter, less than one-in-four indicated their local friends and relatives were optimistic in the most recent quarter. However, people are slightly less leery about using savings or incurring debt to make a major purchase. While just 10 percent of the households think this is a safe time to make a major purchase that will draw down savings or incur debt, this is twice the five percent response rate of the previous quarter. About one-in-three households view this as a risky time to make a major purchase, less than the 45 percent who were bearish in the previous quarter.

	Most Recent Quarter	Previous Quarter	One Year Ago
Bakersfield Consumer Sentiment Index	73	74	88
Sub-index: Current Conditions	75	62	79
Sub-index: Future Expectations	72	87	96

	More than usual	Same as usual	Less than usual
Your recent spending on discretionary items (dining out, weekend outings, entertainment)	7 %	67 %	26 %
	Better off	Same	Worse off
How your family is doing financially compared to one year ago.	5 %	69 %	26 %
How your acquaintances in Kern County are doing financially compared to one year ago.	3 %	59 %	38 %

	Better or more stable	About the same	Worse or more risky
The most likely financial situation of your family one year from now	18 %	43 %	39 %
	Optimistic	Neutral	Fearful
How your acquaintances in Kern County view the coming year.	23 %	15 %	62 %
	Safe time to buy	Neutral response	Risky time to buy
Is now a safe or risky time for most people to use savings or incur debt to buy expensive goods?	10 %	56 %	34 %

