

CALIFORNIA CONSUMER CONFIDENCE SURVEY

Survey and Policy Research Institute at San Jose State University

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California consumer confidence dips statewide in the first quarter of 2005 *Improved sentiment about the economy and finances in Silicon Valley and Bay Area*

SAN JOSE (April 14, 2005) -- Consumer confidence in California slumped in the first quarter of 2005 -- lower than it was a year ago-- as residents of Southern California lost some of their more buoyant attitude while their counterparts in Silicon Valley and Bay Area showed signs of renewed hope.

As consumer confidence moved down in the South and up in the North, the differences among California regions diminished somewhat. And for the first time consumer confidence in Silicon Valley was the most positive in the state, surpassing the national March index measured by the University of Michigan.

Statewide, the California Index of Consumer Sentiment (ICS) started the year at 91.5 -- down from 94.8 in January and from 93.1 a year earlier. By comparison, the nation's ICS stood at 92.9 in March, down from 97.1 in January.

The Index of Current Economic Conditions (CEC), which measures how consumers feel about the present circumstances, dropped statewide to 99.3, with more people reporting they are doing worse than they had in the past.

In the Central Valley, for example, the CEC dropped from 108.2, the highest in the state in January, to 99.3, lowest in the state in April.

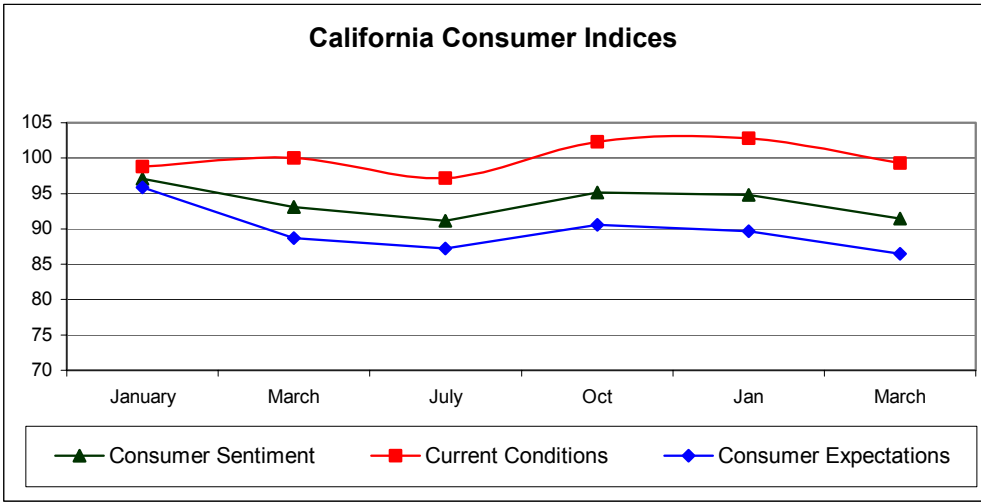
Bay Area and Silicon Valley consumers, on the contrary, reported increased confidence in their current economic conditions. The Silicon Valley CEC rose to 101.2, the highest in the state, from 93.8, lowest in the state, during the first quarter of 2005.

The Index of Consumer Expectations (ICE), which measures attitudes about the future, declined to 86.5, suggesting persistent anxiety about the economy and personal finances. This nervousness about the state of the national economy and its effect on households has a dampening effect on the overall measure of consumer confidence.

Yet this index as well went up to 89.7 in the Silicon Valley, just 0.7 below the highest scoring region -- Southern California outside of Los Angeles -- where expectations dipped to 90.4 from 96.2 in the first quarter of 2005.

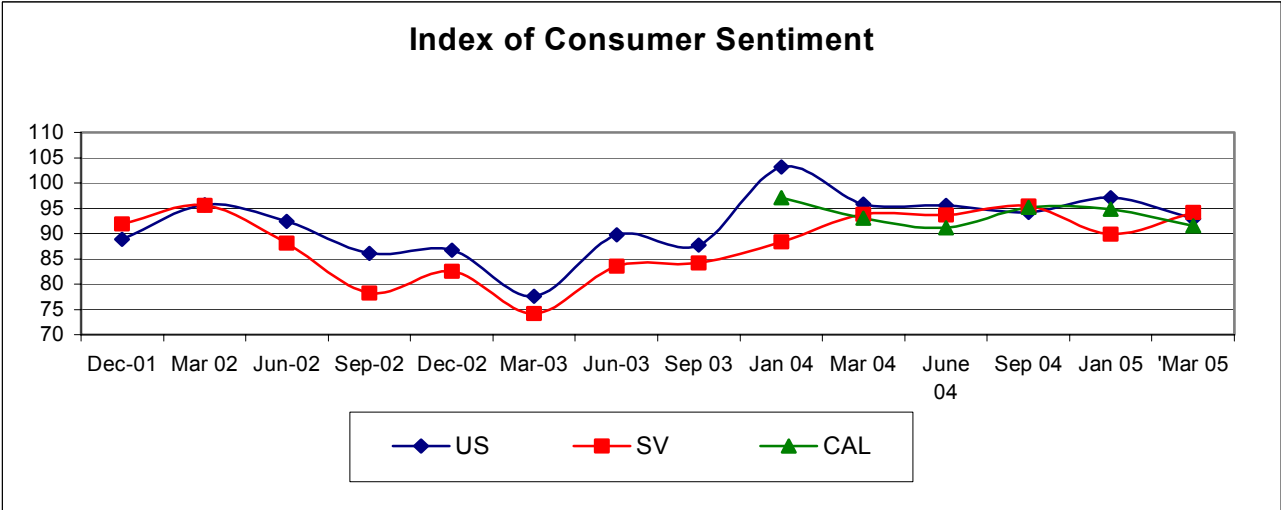
"Consumers throughout the state, are doing worse financially than they were three months and a year ago," said Dr. Miriam Donoho, professor of marketing in the San Jose State University College of Business and director of the California Consumer Confidence Survey.

"Increased gasoline prices and a weak stock market appear to have undercut hopes for better personal financial conditions in the future. People believe prices will continue to rise and so we see a cautious attitude about future spending," Dr. Donoho said.



Compared to three months ago:

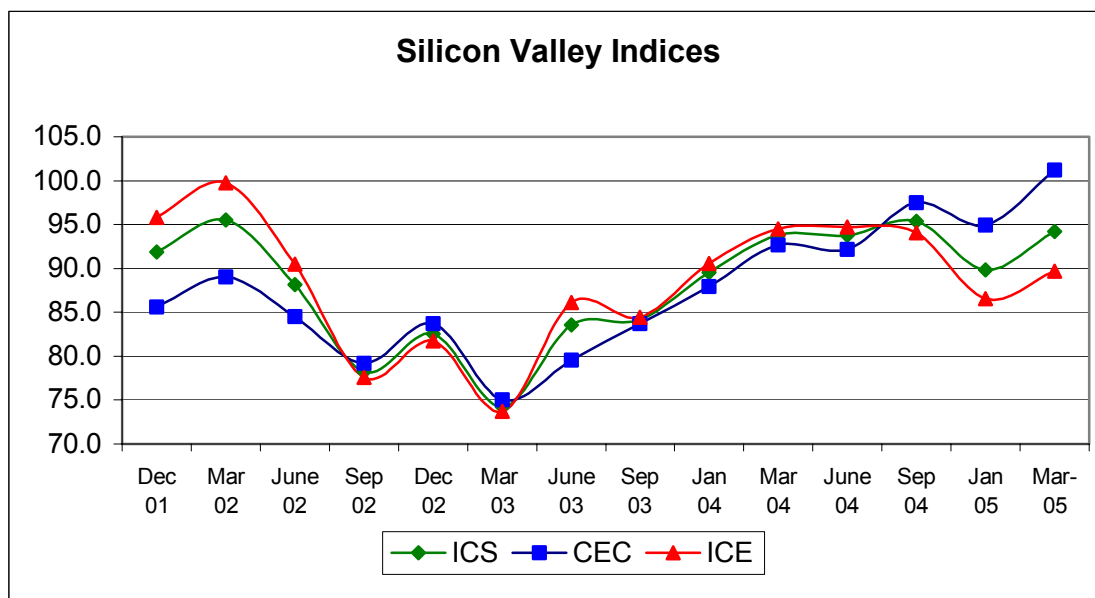
- **Personal finances versus a year ago and personal finances a year from now:** down everywhere except the Bay Area and Silicon Valley.
- **Family income next 12 months:** down everywhere from January, most severely in Southern California outside of Los Angeles.
- **Business conditions in the next 12 months:** down everywhere except a slight improvement in the Bay Area
- **Long- range outlook for business conditions:** down sharply in Southern California outside of Los Angeles but up sharply in the Bay Area and Los Angeles.
- **Plans to make a major purchase:** down sharply in the Central Valley but up solidly in Silicon Valley



04-05	Consumer Sentiment					Current Economic Conditions					Consumer Expectations				
	Mar	Jun	Sep	Jan	Mar	Mar	Jun	Sep	Jan	Mar	Mar	Jun	Sep	Jan	Mar
North	91.5	92.9	91.5	93.2	91.3	94.9	96.7	97.5	100.7	98.7	89.3	90.4	87.7	88.5	86.6
South	94.2	89.9	97.7	95.9	91.5	103.4	97.3	105.6	104.2	99.6	88.3	85.1	92.5	90.5	86.3
SVal	93.8	93.7	95.4	89.6	94.2	92.6	92.3	97.5	93.8	101.2	94.5	94.6	94.0	86.8	89.7
BayA	90.9	93.1	90.5	89.2	92.7	91.4	92.9	95.7	95.6	100.8	90.5	93.2	87.1	85.1	87.5
LA	89.3	86.1	93.8	90.7	90.4	97.5	92.7	99.3	101.3	99.4	84.0	82.0	90.2	83.9	84.7
SoCal	99.7	92.9	101.5	100.2	94.3	110.2	99.7	111.6	106.5	100.4	92.9	88.6	95.0	96.2	90.4
CentV	93.3	93.3	93.6	100.9	92.4	99.6	102.1	102.0	108.2	99.3	89.2	87.7	88.2	96.3	88.0
CA	93.1	91.1	95.2	94.8	91.5	100.0	97.2	102.3	102.8	99.3	88.7	87.2	90.6	89.7	86.5
US	95.8	95.6	94.2	97.1	92.9	106.8	106.7	99.6	106.7	107.3	88.8	88.5	79.6	90.9	83.6

Silicon Valley

In Silicon Valley, consumer sentiment improved significantly, especially the measure of current economic conditions. However, expectations continued to lag behind current conditions, a shift that occurred in September 2004, when optimism about the future began to lag behind current conditions as it had from September 2002 to March of 2003.



Methodology

The Survey and Policy Research Institute called a random sample of 1,030 California consumers March 28-April 1 in English, Spanish and Vietnamese. The sample included and over sample for Silicon Valley, defined as residents of Santa Clara County and adjacent zip codes. The statewide sample was weighted to match the gender and regional distribution of California adults according to the U.S. Census Bureau. The overall margin of error for the survey is +/- 3% at the 95% confidence level. The margin of error for smaller sub-samples is higher.