

Consumer Confidence Stabilizes. Consumer confidence remained virtually unchanged in the most recent survey as consumers continued to report dismal job and income prospects. The Index of Consumer Confidence was 105.5 in the 3rd quarter survey, nearly identical with the 105.3 recorded in the 2nd quarter and well below last year's 3rd quarter level of 132.5. Last quarter's substantial gains in confidence reflected a collective sigh of relief that the economy would not fall into the widely feared abyss of depression; the stabilization of confidence at that same level indicates the recognition among consumers that it will take some time before the return of more normal economic conditions can be expected. Importantly, the 3rd quarter gains were quite uneven across Jamaica, with the tourist areas posting substantial declines compared with modest gains in all other areas. Consumers attribute continued weakness in tourism as well as remittances to the worldwide economic recession, and these weaknesses were compounded by federal budget imbalances. The longer the Jamaican downturn lasts, the longer it will take to repair the damage done to the financial situation of consumers and the slower the rebound in consumer spending.

Recession Expected to Continue. The current state of the economy has not improved, with as many consumers in the 3rd quarter as in the prior two quarters reporting continued declines in economic conditions. When asked about prospects for the year ahead, consumers were no more likely to anticipate improvement in the overall economy in the 3rd quarter than last quarter. While the economic free-fall was thought to be over, 41% still expected the economy to worsen in the year ahead, compared with just 7% who anticipated any improvement in the year ahead.

Job Prospects Worsen. Current job prospects remained the bleakest ever recorded in these surveys. Among all consumers, 89% reporting that jobs were scarce, unchanged from last quarter and the highest percent ever recorded. When asked about the job outlook for the year ahead, job prospects worsened. Better job prospects were anticipated by 21% in the 3rd quarter, down from 25% in the 2nd quarter, and just half the peak of 42% recorded two years ago.

Smaller Income Gains Expected. Consumers were less likely to anticipate income increases in the latest survey, as income gains were expected by just 34% of consumers, plunging from 52% at the end of 2008. The last time expected income gains were as negative was in 2003; indeed there have only been two other surveys since 2001 that consumers held less favorable income prospects. Moreover, inflation-adjusted income declines were expected since price increases were anticipated by 86%, with just 5% expected declines in prices during the year ahead.

Declines in Size and Frequency of Remittances. Fewer Jamaicans received remittances and the dollar amounts of the remittances were smaller. The proportion of Jamaican that received remittances fell to 34% in 2009, down from 38% in 2008. Among all those receiving remittances, smaller remittances were reported by 41% in 2009, up from 30% in 2008 and just 17% in 2007. The receipt of larger remittances fell to 28% in 2009 from 41% in 2008 and 56% in 2007. Importantly, fewer consumers also reported getting remittances on a regular fixed schedule.

Spending Plans Decline. Purchase plans for vehicles were reported by 17%, unchanged from the prior quarter but well below the 23% recorded a year ago. Home buying plans were reported by 10%, down from 12% last quarter and 14% a year ago. In sharp contrast, plans to take a vacation remained quite frequent, with 34% reporting plans to take a vacation in the 3rd quarter survey, just below the all-time peak of 38% recorded in the 2nd quarter of 2009.

Indexes (2001:2 = 100)	2 nd Q 2007	3 rd Q 2007	4 th Q 2007	1 st Q 2008	2 nd Q 2008	3 rd Q 2008	4 th Q 2008	1 st Q 2009	2 nd Q 2009	3 rd Q 2009
Index of Consumer Confidence	135.6	163.0	147.7	142.4	126.7	132.5	125.7	96.0	105.3	105.5
Current Economic Conditions	121.0	136.6	132.4	145.9	134.4	131.2	112.9	94.1	94.4	99.9
Index of Consumer Expectations	140.4	171.8	152.8	141.3	124.1	132.9	130.0	96.6	108.9	107.4
Index Components (%Better - %Worse + 100)										
Current Business Conditions	75	88	81	86	79	79	70	61	62	66
Current Job Prospects	20	19	23	29	27	24	18	13	13	12
Expected Business Conditions	97	128	109	99	86	94	93	64	78	80
Expected Job Prospects	84	122	107	90	78	85	76	46	68	65
Expected Change in Income	149	155	144	144	128	135	137	118	111	108