



Economic Trends 2000-2010

Conducted Via
American Consumer Opinion® Online

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Preface

Objectives

The primary objective of this report is to present a high-level overview of important trends in the U.S. economy, as seen through the eyes of ordinary men and women. The data come from Decision Analyst's Economic Index Survey results from the year 2000 through the year 2010. The survey measurements begin in the halcyon days of the dot.com era in 2000 to the start the Great Recession in 2007 and through 2010. The goal is to provide some perspective on the U.S. economy and what the future may portend.

Methodology

The Decision Analyst Economic Index Survey is conducted monthly via the Internet among several thousand households balanced by gender, age, and geography. The survey is conducted during the last 10 days of each month in Argentina, Australia, Brazil, Canada, Chile, China, Colombia, France, Germany, India, Italy, Mexico, Netherlands, Peru, Russian Federation, United Kingdom, and Venezuela. The respondents are from Decision Analyst's proprietary **American Consumer Opinion® Online** panel, one of the world's largest online panels with eight million members worldwide. The monthly data is aggregated and reported by year in this report. The margin of error is less than one percentage point, plus or minus, at a 95% confidence level.

Intellectual Property

Decision Analyst is the sole owner of these survey results. Decision Analyst grants its clients the right to review and use these results in their businesses. However, these results cannot be published, released to the media, or posted on any website without written permission from Decision Analyst.

About Decision Analyst

Decision Analyst is a leading global marketing research and analytical consulting firm, serving a number of major corporations, advertising agencies, and consulting firms. The name, Decision Analyst, reflects the company's decision-oriented, analytical corporate philosophy.

The firm conducts multinational studies on an array of topics, spanning industries from packaged goods to high technology. The firm places great value on hard work, meeting deadlines, and staying within budgets. The focus of Decision Analyst's efforts is decision-oriented marketing research and analytical consulting. Research must lead to decisions, to actions. The education and training of our staff reinforce this decision-analytical emphasis. Decision Analyst seeks the synergy inherent in combining qualitative research, quantitative research, secondary data, and advanced analytics (marketing science and operations research techniques), as required by the objectives of each research project.

Decision Analyst is a corporation chartered in the state of Texas in 1978. The company is totally owned by employees. Decision Analyst is an active member of the Council of American Survey Research Organizations (CASRO) and subscribes fully to the Code of Standards and Ethics for Survey Research specified by CASRO. Also, Decision Analyst subscribes to and supports the ethics and quality standards set forth by the Advertising Research Foundation, the American Marketing Association, the Marketing Research Association, the Marketing Science Institute, INFORMS (Institute of Operations Research and Management Science), and ESOMAR (The World Association of Opinion and Marketing Research Professionals).

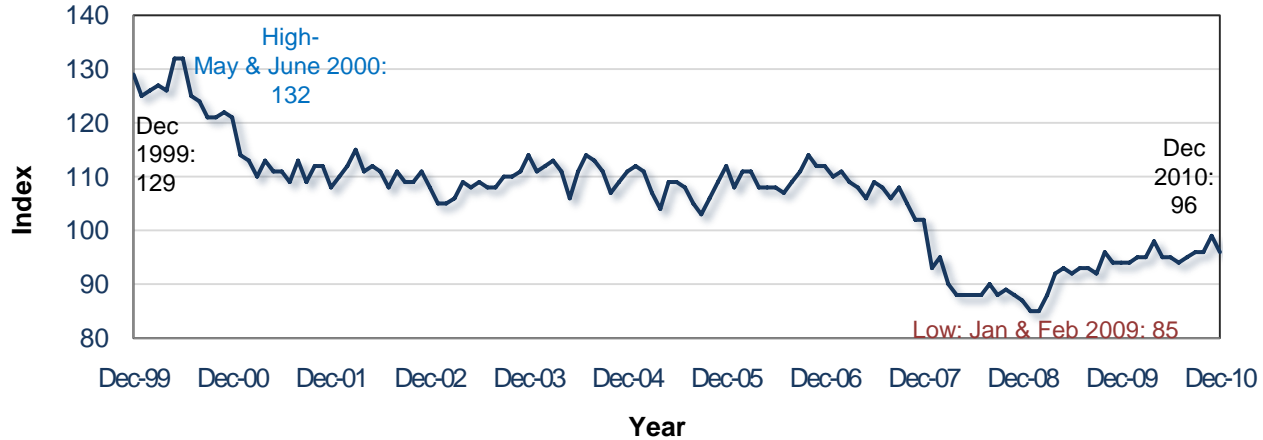
Decision Analyst Economic Index™

11-Year History

The Decision Analyst Economic Index™ is the result of a monthly survey of several thousand adults across 15 different countries. The survey results are inputs to an econometric model that produces the Economic Index™. The Economic Index™ tends to be a lead indicator for the U.S. economy by 6 to 12 months.

11-Year History

Decision Analyst Economic Index United States



Economic Timeline (2000-2003)

- 1995-2001: Dot.com bubble and collapse.
- January 20, 2000: George W. Bush is sworn in as President of the United States.
- February 25, 2000: The Dow Jones Industrial Average drops 230 points.
- March 10, 2000: NASDAQ peaked at an intra-day high of 5,132.52.
- May 16, 2000-June 25, 2003: The Federal Reserve lowered the federal funds rate many times from 6.0% on May 16, 2000, to 1.0% on June 25, 2003. (<http://www.federalreserve.gov/fomc/fundsrate.htm>)
- June 3, 2000: The weekly average for a gallon of regular gas was \$1.26.
- August 22, 2001: The U.S. Budget surplus dwindles.
- September 11, 2001: Attacks on the World Trade Center and Pentagon by terrorists.
- October 10, 2002: NASDAQ has an intra-day low of 1,108.49.
- May 23, 2003: A ten-year, \$350-billion-tax-cut package was signed into law.

Economic Timeline (2004-2008)

- July 2004-July 2006: The Federal Reserve started raising the federal funds rate, contributing to an increase in adjustable-rate mortgage rates.
- August 2, 2005: The Central American Free Trade Agreement (CAFTA), which removed trade barriers between the U.S. and several Central American countries, was signed.
- February-April 2007: Subprime mortgage industry collapses with several subprime lenders filing for bankruptcy, including New Century Financial, the largest U.S. subprime lender.
- March 2007: Unemployment rate is at 4.4%.
- July 24, 2007: The minimum wage increased, from \$5.15 to \$5.85 per hour. It was the first increase in 10 years.
- August 10, 2007: United States Federal Reserve injects \$43 billion to increase the liquidity of the banking system.
- February 13, 2008: The Economic Stimulus Act of 2008 was signed into law. It provided tax rebates to low- and middle-income U.S. taxpayers, and incentives to stimulate business investment. The projected cost of the bill was \$152 billion.
- March 11, 2008: The Federal Reserve begins a \$200 billion loan program that lets banks borrow Treasury securities at discounted rates and post mortgage-backed securities as collateral.
- March 16, 2008: The Federal Reserve approves a \$30 billion loan to JPMorgan Chase so it can take over Bear Stearns, which is on the verge of collapse.
- May-June 2008: The majority of the stimulus checks are mailed out.
- July 14, 2008: The average price per gallon of regular gas peaked at \$4.05.
- July 24, 2008: The minimum wage increased, from \$5.85 to \$6.55 per hour.
- September 2008: Fannie Mae and Freddie Mac placed into conservatorship by the U.S. government.
- October 3, 2008: Troubled Assets Relief Program (TARP) signed into law (\$700 billion emergency bailout for financial institutions).
- December 2008: The National Bureau of Economic Research declares the recession started in December 2007.
- December 19, 2008: GM and Chrysler receive loans totaling \$17.4 billion from the TARP funds.

Economic Timeline (2009-2010)

- January 20, 2009: Barack Obama is sworn in as President of the United States.
- February 17, 2009: The American Recovery and Reinvestment Act of 2009 (economic stimulus package worth \$787 billion) was signed into law.
- March 2, 2009: Insurance giant A.I.G. reports a \$61.7 billion loss for the fourth quarter of 2008, losing \$99.3 billion in 2008.
- March 6, 2009: The unemployment rate in the U.S. is at 8.1% in February 2009. This is the highest rate since 1983.
- April 30, 2009: Chrysler filed for Chapter 11 bankruptcy while entering into a partnership agreement with Fiat.
- June 1, 2009: General Motors files for Chapter 11 bankruptcy.
- June 17, 2009: Major banks begin to repay TARP.
- June 2009: The Great Recession officially ends as the GDP grows 2.2% annually in the third quarter of 2009.
- July 24, 2009: The minimum wage increased from \$6.55 to \$7.25 per hour.
- October 28, 2009: Dow closes above 10,000 for the first time in 2009.
- November 6, 2009: The Bureau of Labor Statistics announces the unemployment rate hit 10.1% in October 2009.
- December 24, 2009: The S&P hits 15-month high, closing at 1126.48.
- January 29, 2010: U.S. Economy grew at an annual rate of 5.7% in the fourth quarter of 2009.
- May 6, 2010: Electronic trading glitches, combined with a high volume sell-off, produced nearly 1,000-point intra-day drop (flash crash) in the Dow Jones Industrial Average before it recovered somewhat to close down 347 points.
- August 10, 2010: The Federal Reserve announces it will buy about \$10 billion of government debt per month.
- August 15, 2010: China's economy passes Japan's, becoming the world's second largest. In the second quarter of 2010, China estimated its economy's value at \$1.33 trillion; Japan's was estimated at \$1.28 trillion.
- August 24, 2010: Home sales for July 2010 were at their lowest level in 10 years. The seasonally adjusted annual sales rate was \$3.83 million, 25.5% lower than at the same time in 2009.
- December 17, 2010: The \$858 billion tax cut deal is signed into law, continuing the expiring tax cuts for all Americans, providing 13 months of extended benefits to the unemployed and a Social Security payroll tax cut for all workers.
- December 27, 2010: The average price per gallon of regular gas is \$3.02.



Findings

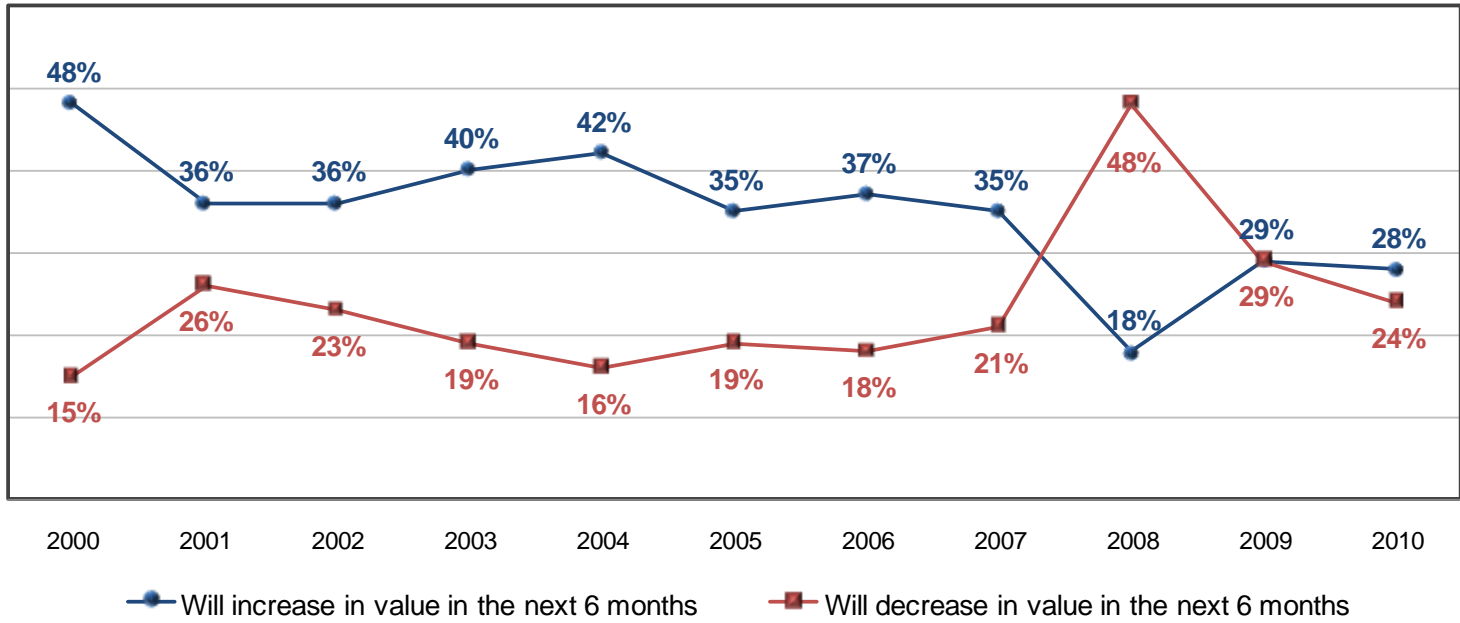
2000 through 2010

Some of the questions that make up the Decision Analyst Economic Index™ are interesting and revealing as standalone measurements. This report summarizes answers to some of these questions over the past 11 years. The following trend data tell the story of a struggling U.S. Economy and employment dismay.

Faith in Stocks & Mutual Funds

U.S. adults' faith in the future appreciation of stocks and mutual funds declined over the past decade. In 2000, 48% of U.S. adults felt stocks and mutual funds would "increase in value in the next 6 months." That percentage ended the decade at 28%, a drop of 20 percentage-points. That translates into roughly 47 million U.S. adults whose faith in stocks and mutual funds declined over the decade.

Percent of U.S. Adults (18+)

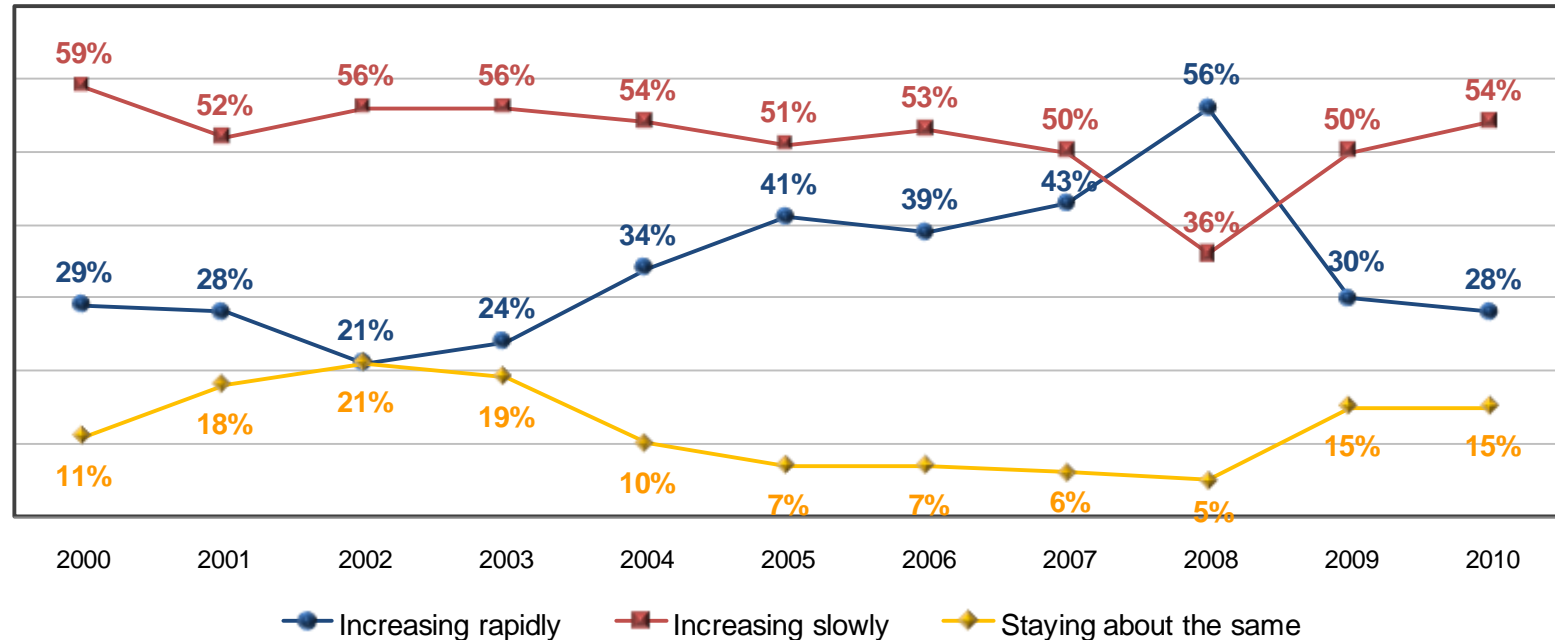


Question: In your opinion, will stocks and mutual funds increase in value, or decrease in value, over the next six months?
 Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

Inflation Perceptions

Over the past decade, U.S. adults have consistently believed that inflation is a persistent problem. About a third of U.S. adults, on average, have reported that prices are “increasing rapidly” over the decade, spiking when gasoline prices peaked in 2008. These data call into question the benign inflation numbers reported by the U.S. government during the past 10 years.

Percent of U.S. Adults (18+)



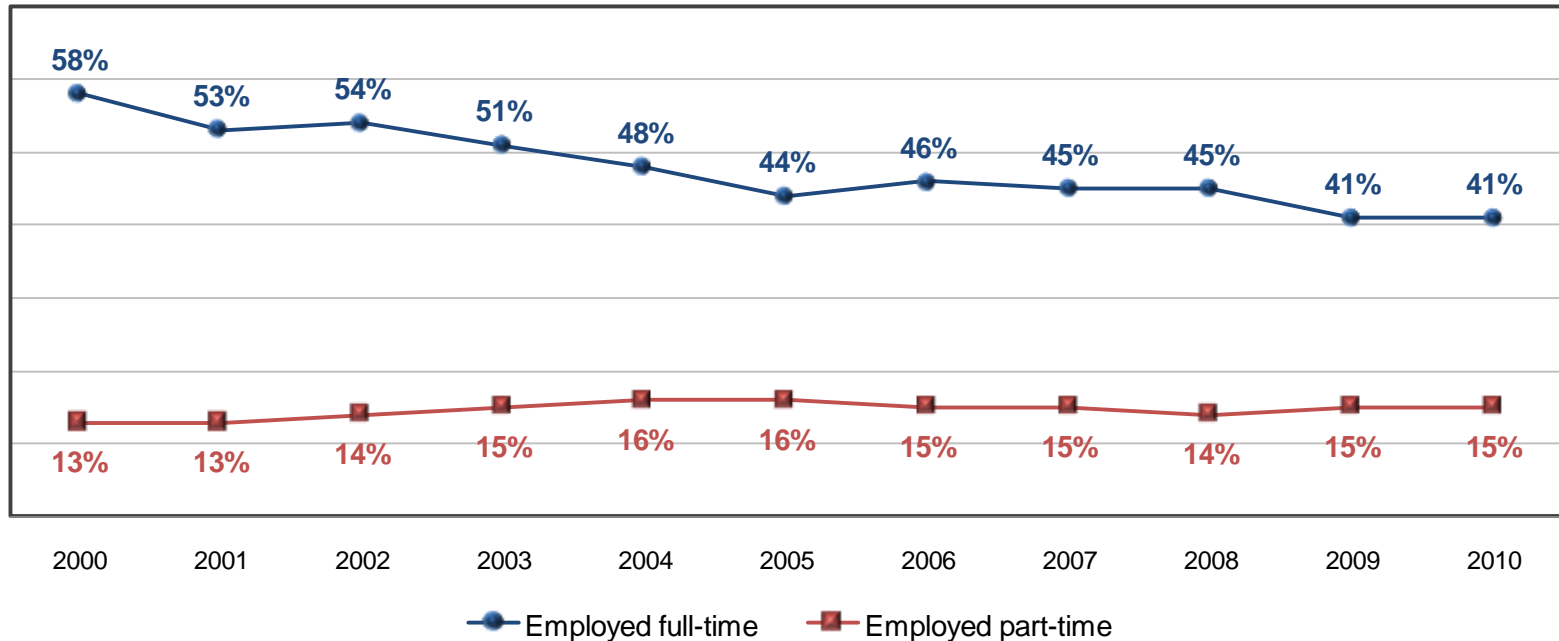
Question: In your opinion, are the prices you pay for goods and services...?

Base: Total Respondents : 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

Percentage Employed

The percentage of U.S. adults who report being employed full-time (32 or more hours per week) has consistently fallen over the past decade. Even allowing for a wide margin of error, it seems likely that the number of U.S. adults employed full-time has declined by roughly 30 million over the past decade. This decline in full-time employment partly explains the lackluster U.S. economic growth over the past 10 years.

Percent of U.S. Adults (18+)

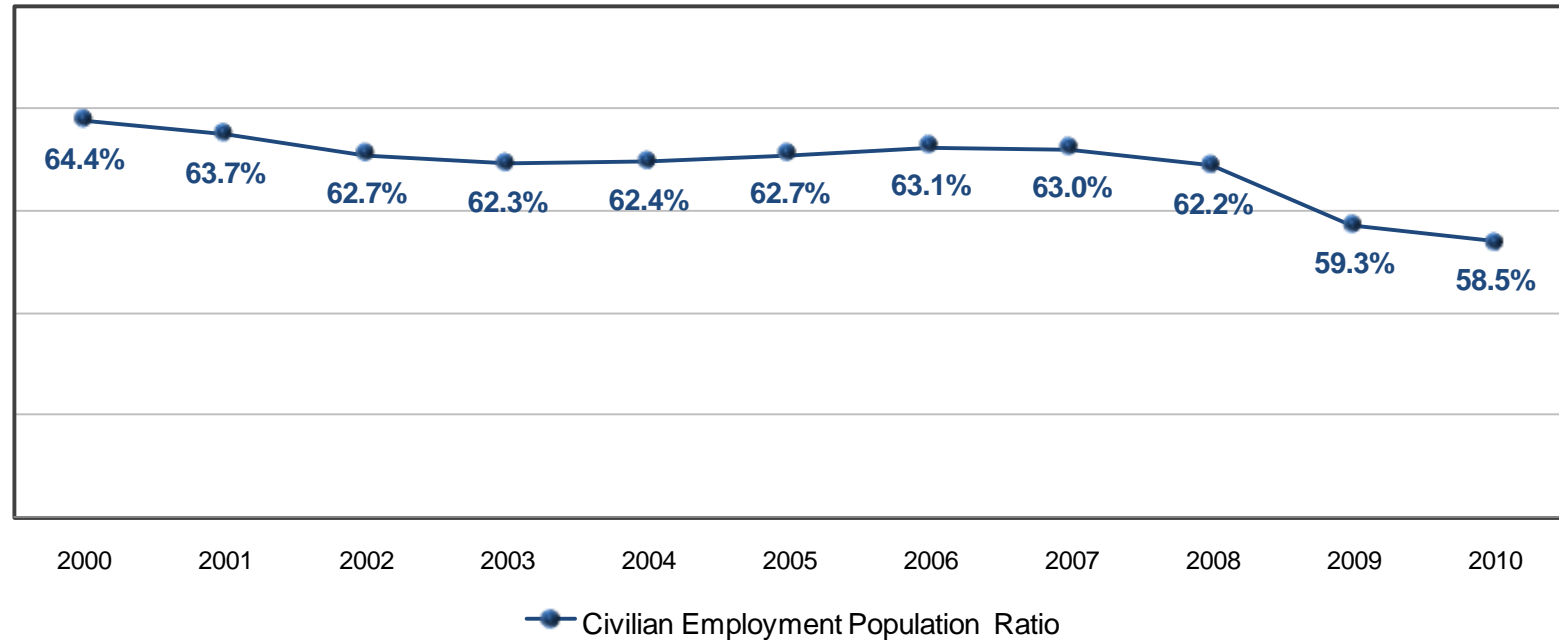


Question: Are you currently employed outside the home, or not?
 Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

U.S. Bureau of Labor Statistics: Employment Rate

As a point of comparison to Decision Analyst's numbers, here are similar statistics reported by the Bureau of Labor Statistics (BLS). Decision Analyst's full-time employment rate is very similar to the Civilian Employment Population Ratio. High unemployment is a massive national problem.

Percent of U.S. Civilian Population Employed

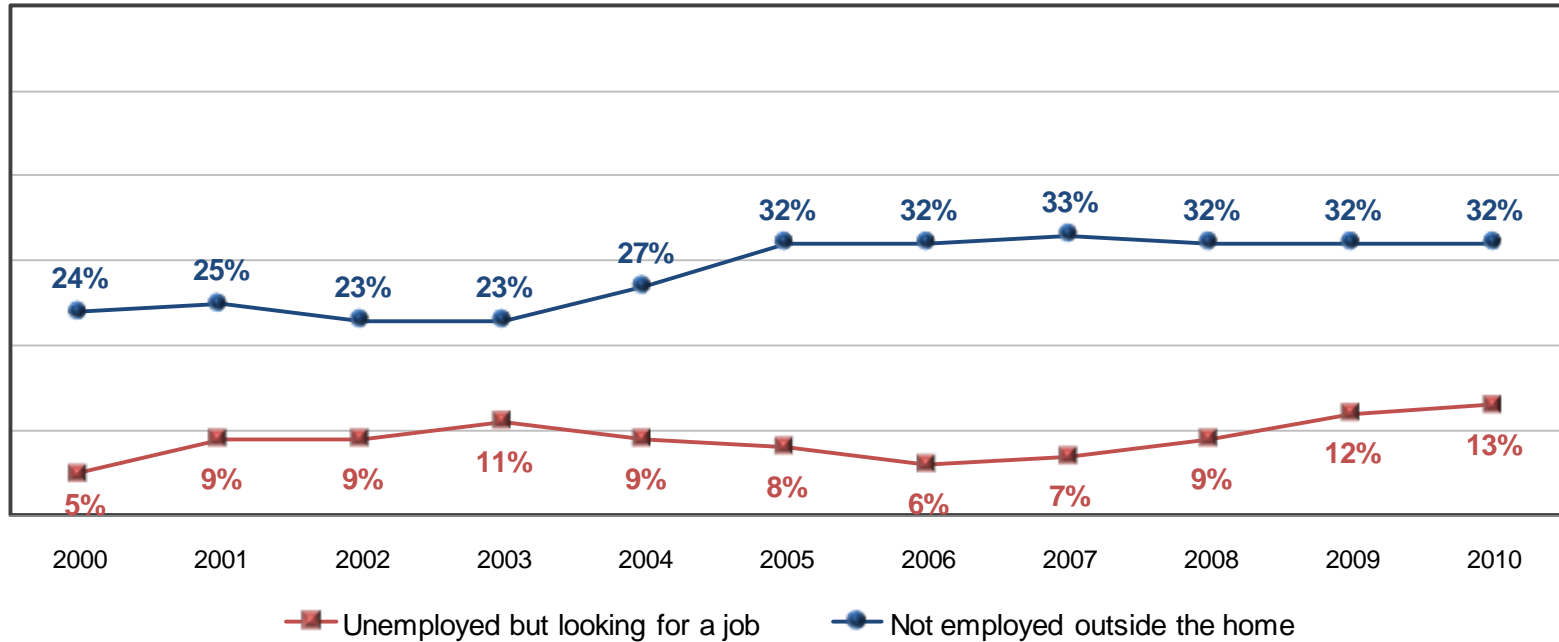


Source: Bureau of Labor Statistics (<http://www.bls.gov/cps/data.htm>)

Percentage Unemployed

The percentage of U.S. adults “unemployed but looking for a job” has more than doubled since 2006. These “unemployed” percentages would be higher if based on size of labor force, instead of total U.S. adults. The “not employed outside of the home” percentage has steadily increased over the decade (many of these are discouraged workers who have given up).

Percent of U.S. Adults (18+)

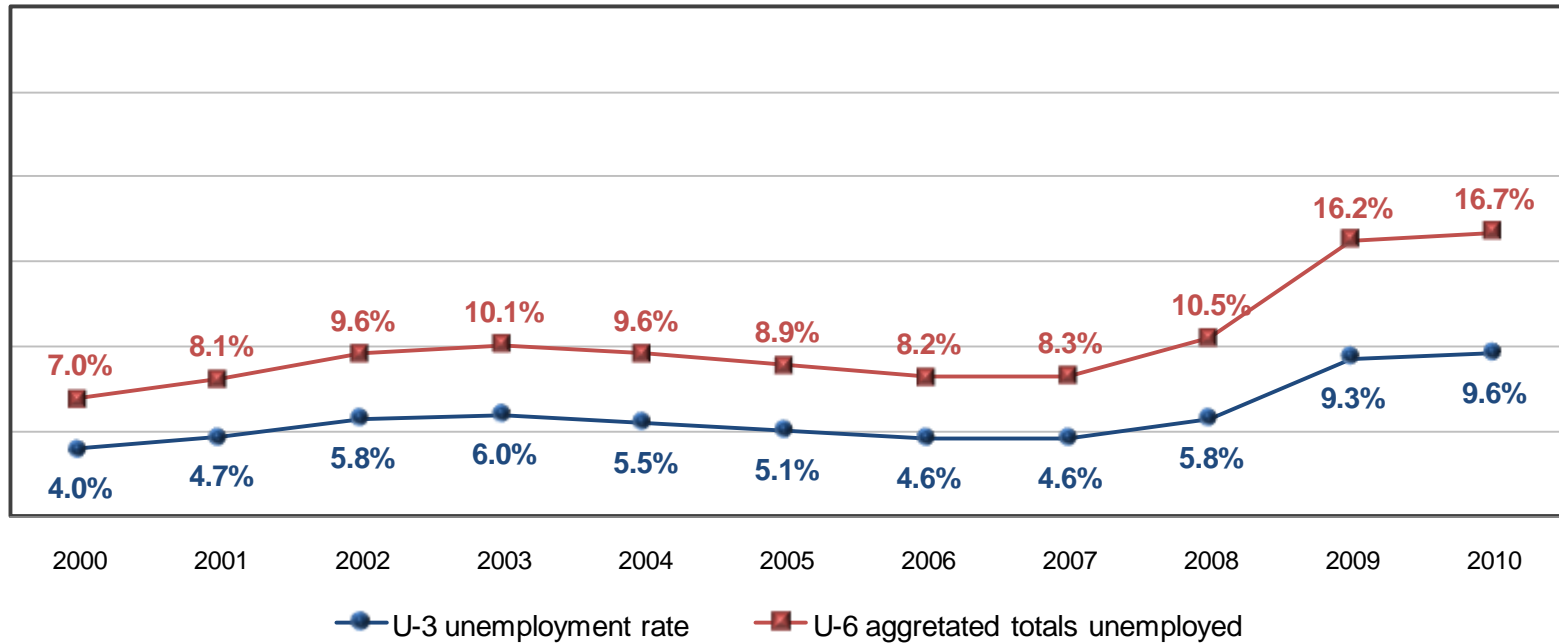


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U.S. Bureau of Labor Statistics: Unemployment Rate

As a point of comparison to Decision Analyst's numbers, here are similar statistics reported by the Bureau of Labor Statistics (BLS). Decision Analyst's unemployment rate (if based on size of labor force instead of total adults) would be very similar to the U-6 unemployment numbers reported by the BLS. The U-6 unemployment rate is more accurate than the "official" unemployment rate (U-3). The U-6 unemployment percentages indicate that roughly 20 million U.S. adults have lost their jobs. High unemployment is a massive national problem.

Percent of U.S. Civilian Labor Force



U-3 unemployment rate:

U-3, total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate) 16 years and over reported annually from 2000 to 2010.

U-6 aggregated totals unemployed:

U-6, total unemployed, plus all marginally attached workers, plus total employed part-time for economic reasons, as a percent of the civilian labor force, plus all marginally attached workers.

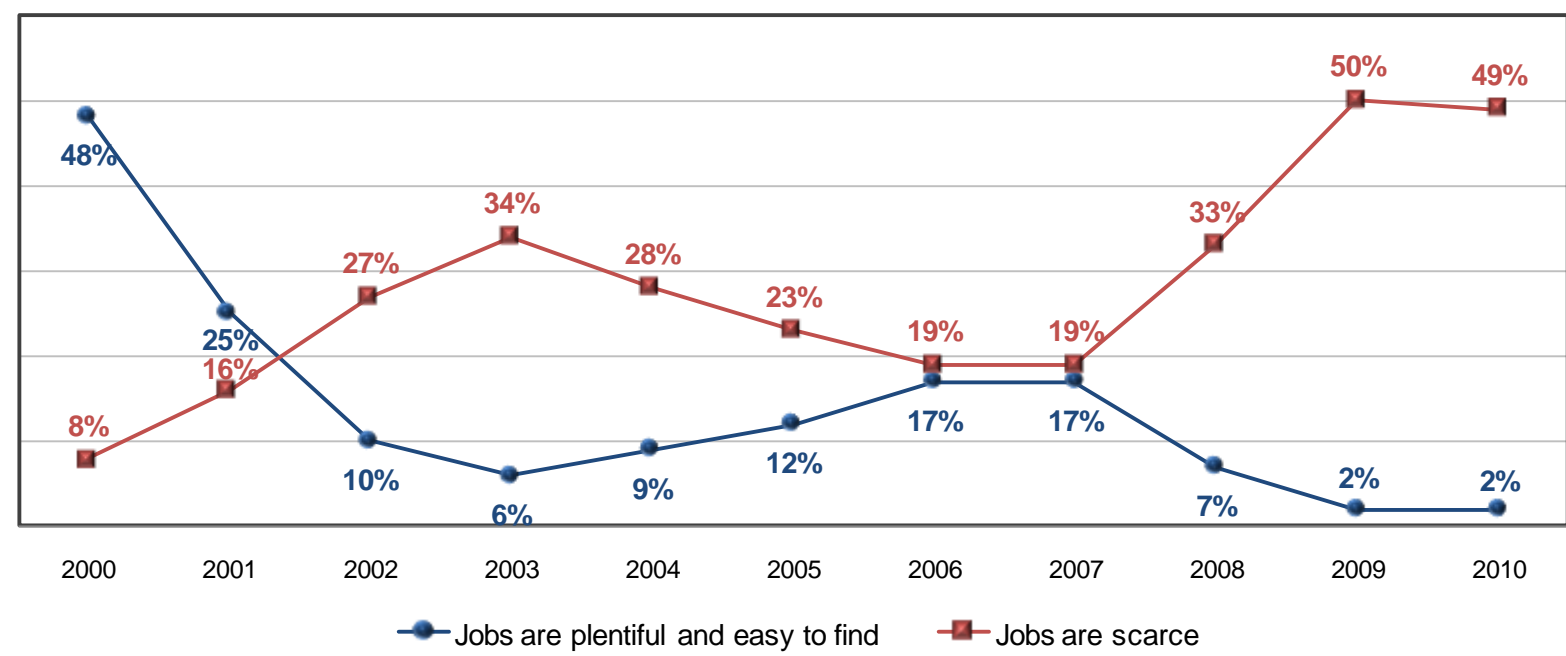
Source:

Bureau of Labor Statistics (<http://www.bls.gov/cps/data.htm>)

Job Availability

This graph shows the percentage of U.S. adults who think “jobs are plentiful and easy to find” versus those who think “jobs are scarce.” The plight of the U.S. labor market and the depth of Americans’ pessimism is all too evident in the 2010 percentages.

Percent of U.S. Adults (18+)



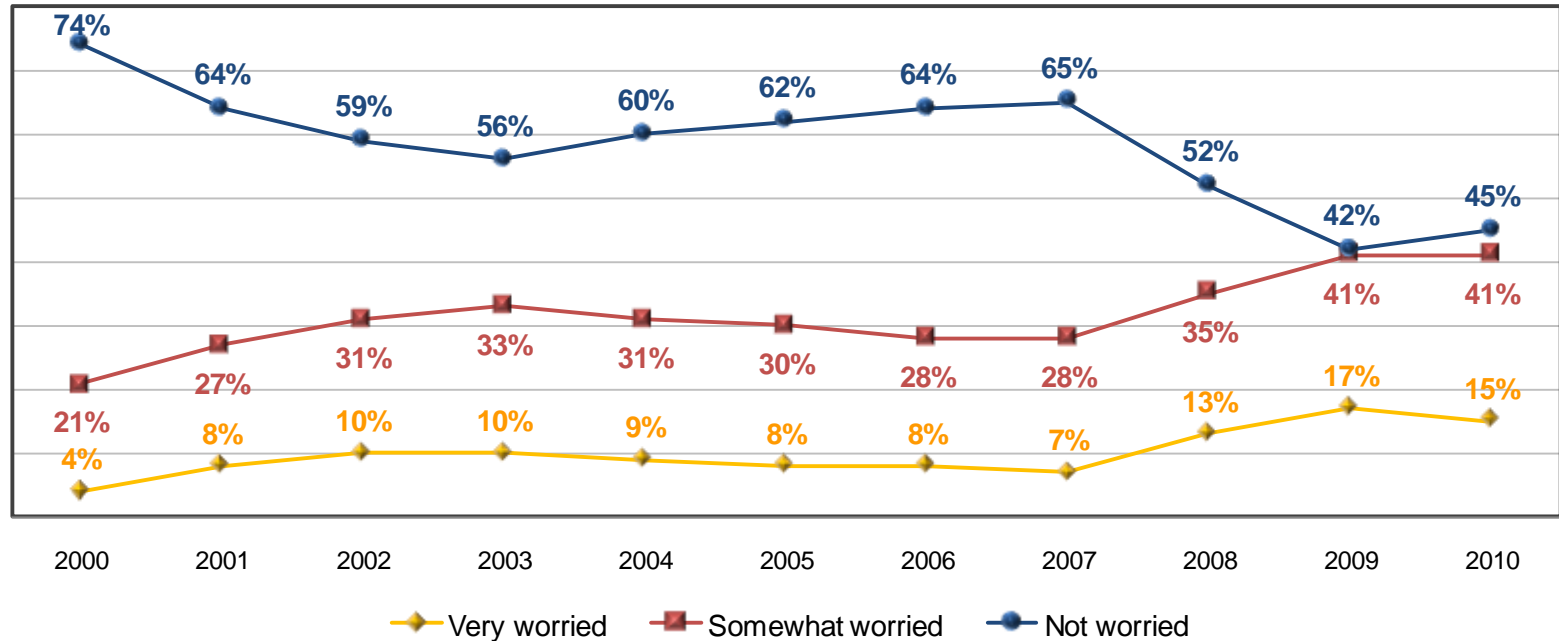
Question: Currently, how plentiful are jobs in your area?
 Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)



Worried About Layoffs

In 2000, 74% of U.S. adults were “not worried” about layoffs where they work. By the end of the decade, the percentage “not worried” had fallen by 29 percentage points. Those 29 percentage points represent roughly 60 million U.S. adults whose confidence in the job market has fallen over the decade. No wonder consumers are unwilling to make major purchases.

Percent of U.S. Adults Employed Outside of Home

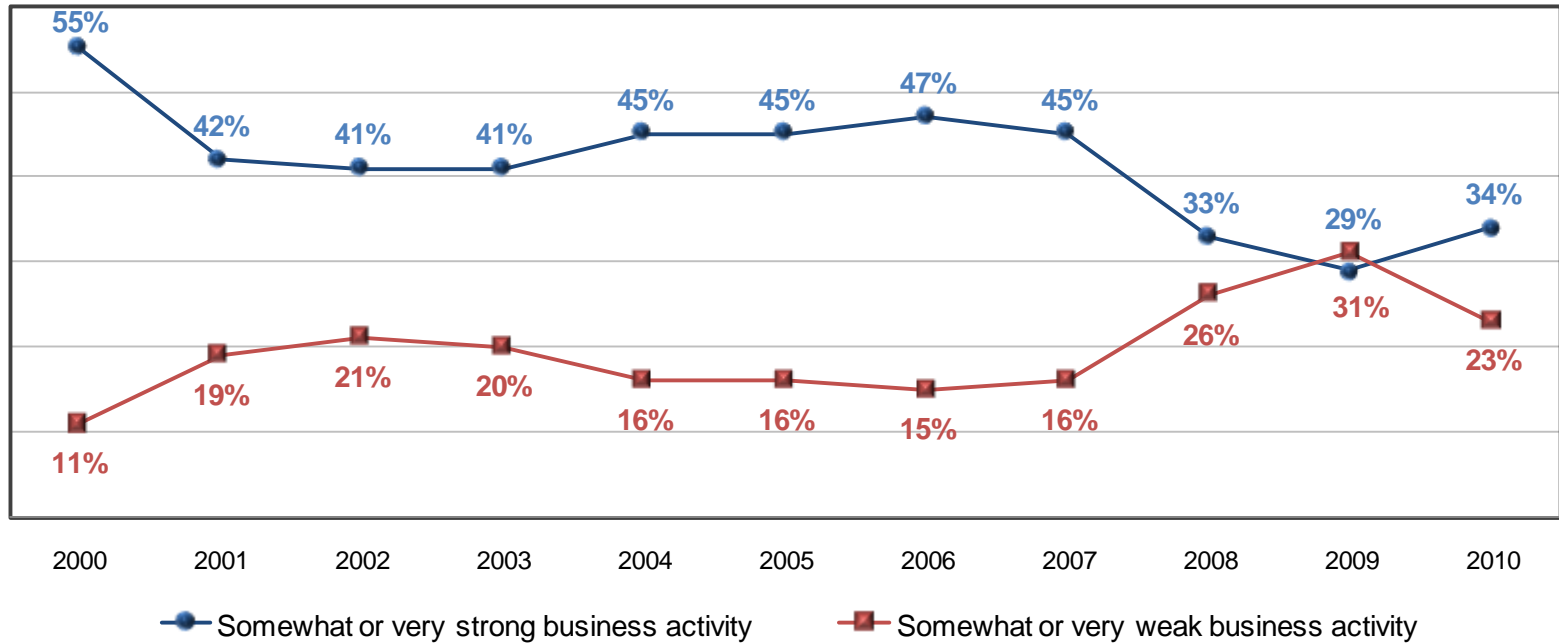


Question: Are you worried about the possibility of layoffs or staff reductions where you work?
 Base: Employed Outside the Home: 2000 (n = 24,040); 2001 (n = 17,415); 2002 (n = 20,472); 2003 (n = 30,913); 2004 (n = 27,057); 2005 (n = 17,764); 2006 (n = 15,165); 2007 (n = 18,816); 2008 (n = 20,582); 2009 (n = 19,769); 2010 (n = 19,673)

Business Activity

U.S. adults report that the “level of business activity” at the place where they work is substantially lower at the end of the decade, compared to the beginning. The percentages in this graph understate the weakness in the U.S. economy because those who lost their jobs (and hence worked at places reducing the number of employees) were not asked this question.

Percent of U.S. Adults Employed Outside of Home

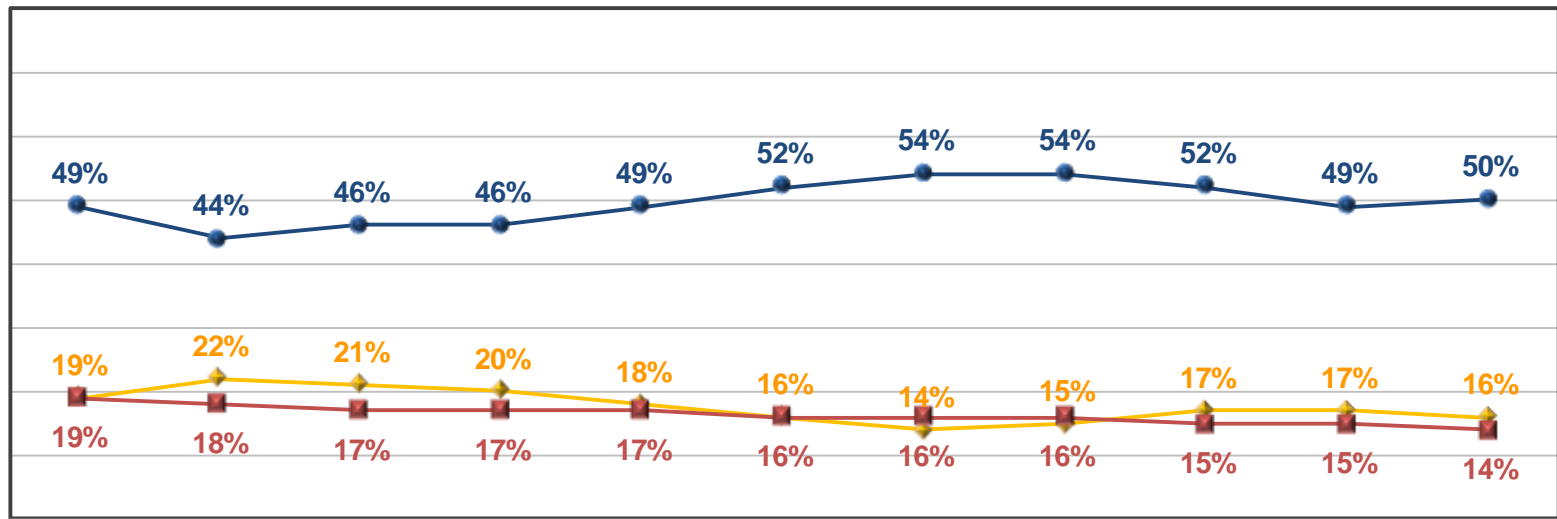


Question: What is the level of business activity at the place where you work? Would you say this month's business activity is...?
 Base: Employed Outside the Home: 2000 (n = 24,040); 2001 (n = 17,415); 2002 (n = 20,472); 2003 (n = 30,913); 2004 (n = 27,057); 2005 (n = 17,764); 2006 (n = 15,165); 2007 (n = 18,816); 2008 (n = 20,582); 2009 (n = 19,769); 2010 (n = 19,673)

Credit Card Limit

The percentage trends in this graph tend to suggest that U.S. adults have reduced credit card debt, since a smaller percentage reported being “very” or “somewhat” close to their total credit limit at end of decade, compared to the beginning. The answer to this mystery (i.e., one would not expect credit card debts to improve in this economic environment) might be found on the next page.

Percent of U.S. Adults (18+)



◆ Very close to total credit limit ■ Somewhat close to total credit limit ● Not close to total credit limit

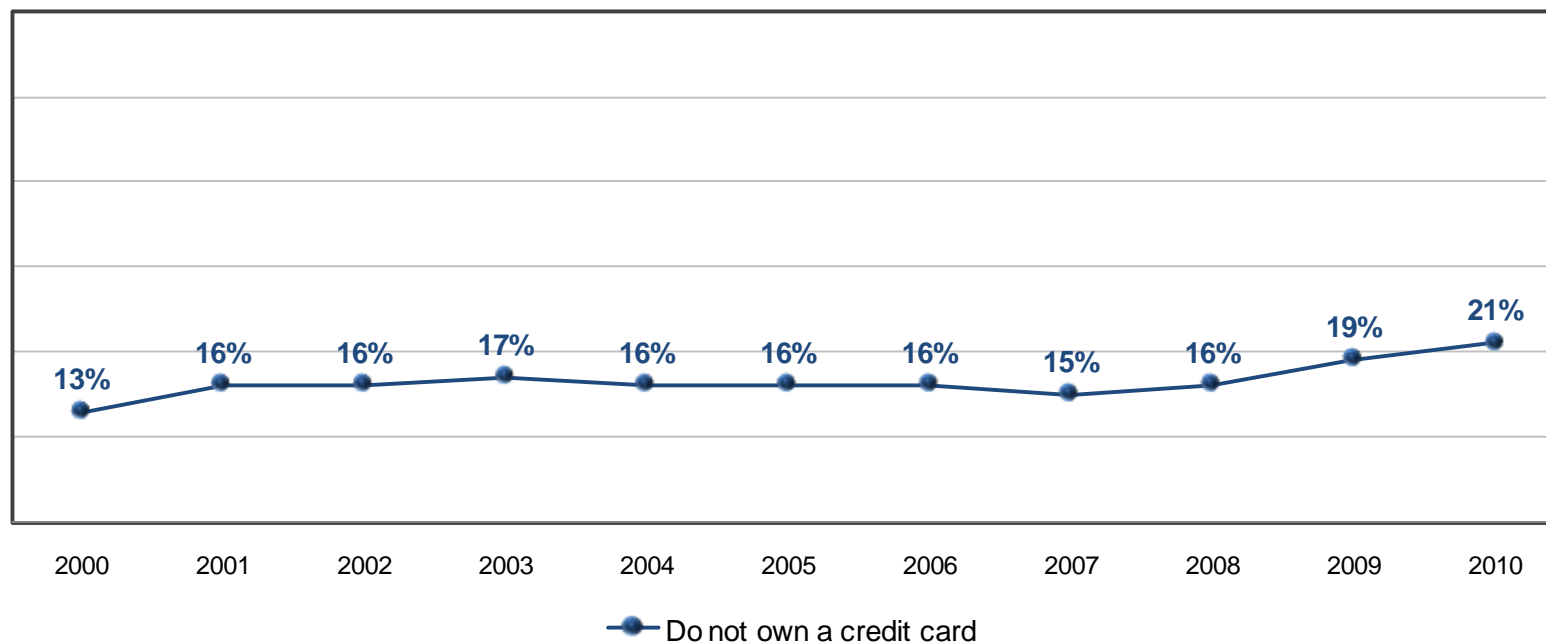
Question: Thinking about all of your credit cards, how close are you to the total credit limit on the credit cards you own?
 Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)



Do Not Own a Credit Card

Since 2006, the percentage of U.S. adults reporting that they “do not own a credit card” has grown from the 15% level up to 21%. The 6 percentage points of increase equals roughly 14 million U.S. adults who no longer own a credit card. This represents a staggering reduction in “instant” purchasing power.

Percent of U.S. Adults (18+)

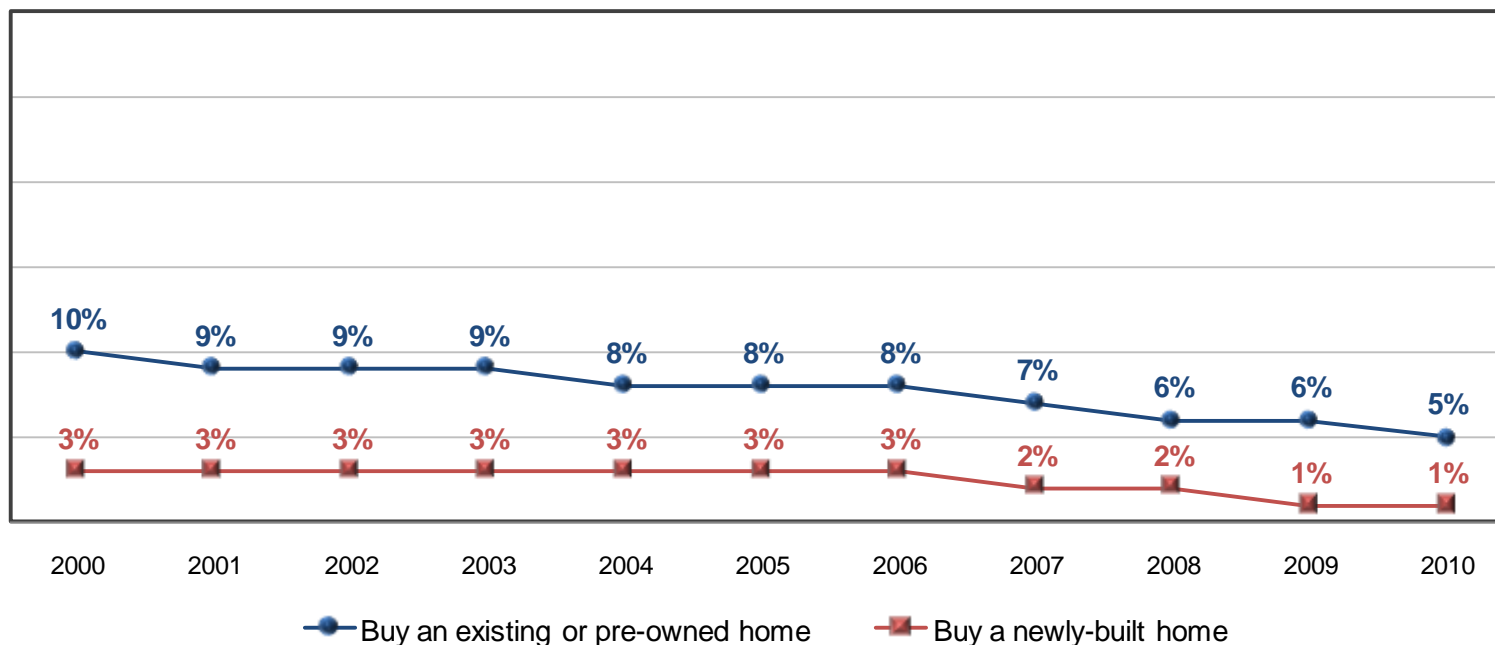


Question: Thinking about all of your credit cards, how close are you to the total credit limit on the credit cards you own?
 Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

Consumer Spending: Plan to Purchase a Home

The percentage of U.S. adults planning to buy a home in the “next 12 months” has gradually moved downward during the past decade, especially since 2006. The share of the U.S. adult population “planning to buy” has fallen by roughly 50% (that is, from 13% in 2000 to 6% in 2010).

Percent of U.S. Adults (18+)



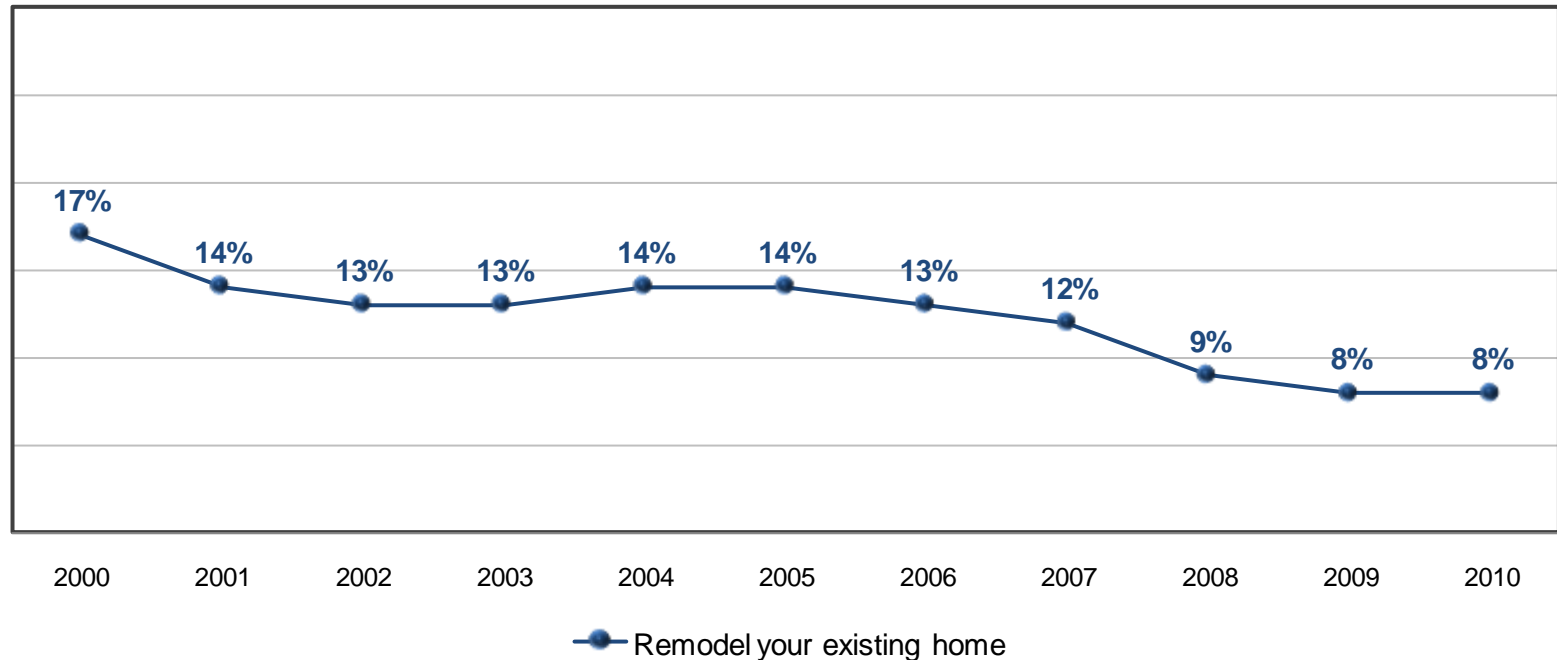
Question: In the next 12 months, which of the following are you very likely to do?

Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

Consumer Spending: Plan to Remodel Home

The percentage of U.S. adults planning to remodel their homes in the “next 12 months” has trended downward since 2005. This is a bit perplexing, and perhaps is an indication of the depth of this recession. Typically, one would expect remodeling intentions to trend up when intentions to buy a new home are trending down.

Percent of U.S. Adults (18+)

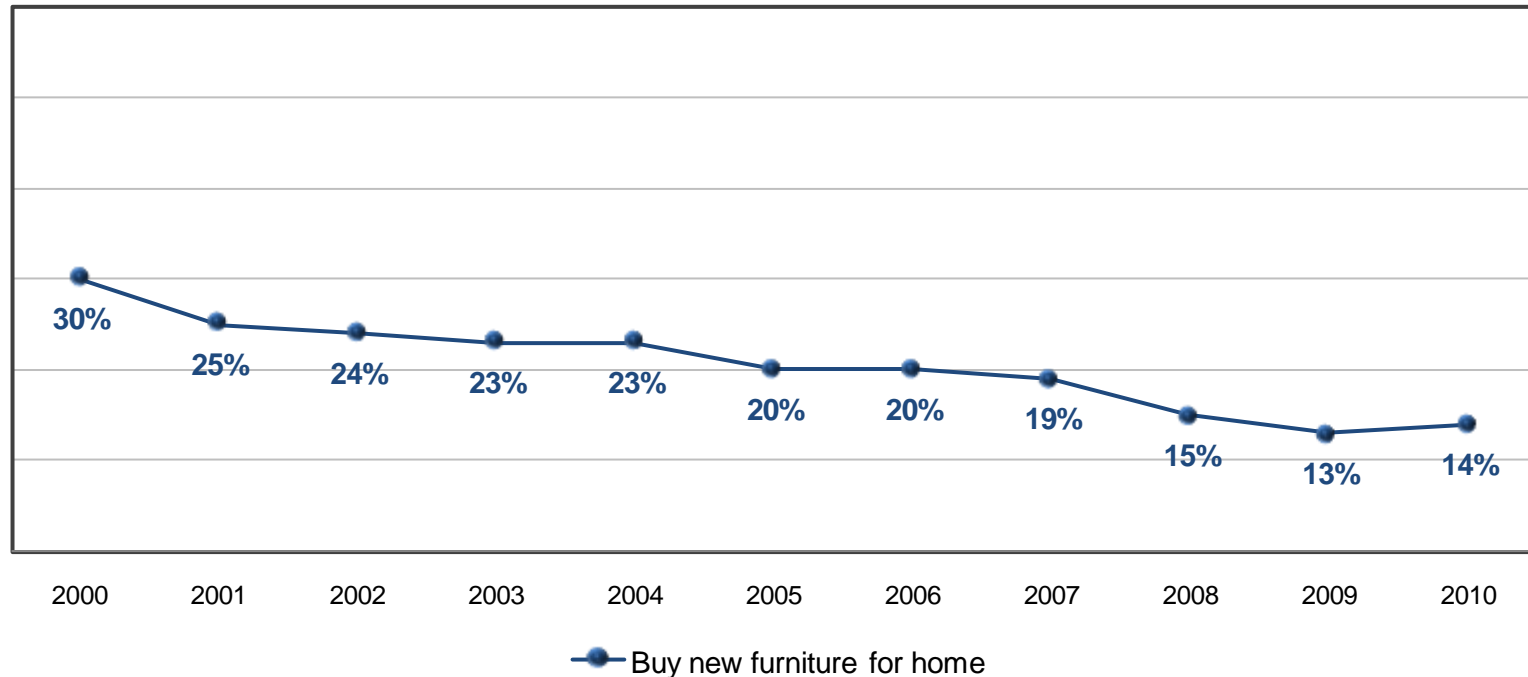


Question: In the next 12 months, which of the following are you very likely to do?
 Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

Consumer Spending: Plan to Purchase New Furniture

After a decade-long decline in the percentage of U.S. adults planning to buy new furniture for the home in the “next 12 months,” 2010 appears to represent a possible upturn and could signal future growth for the furniture industry.

Percent of U.S. Adults (18+)

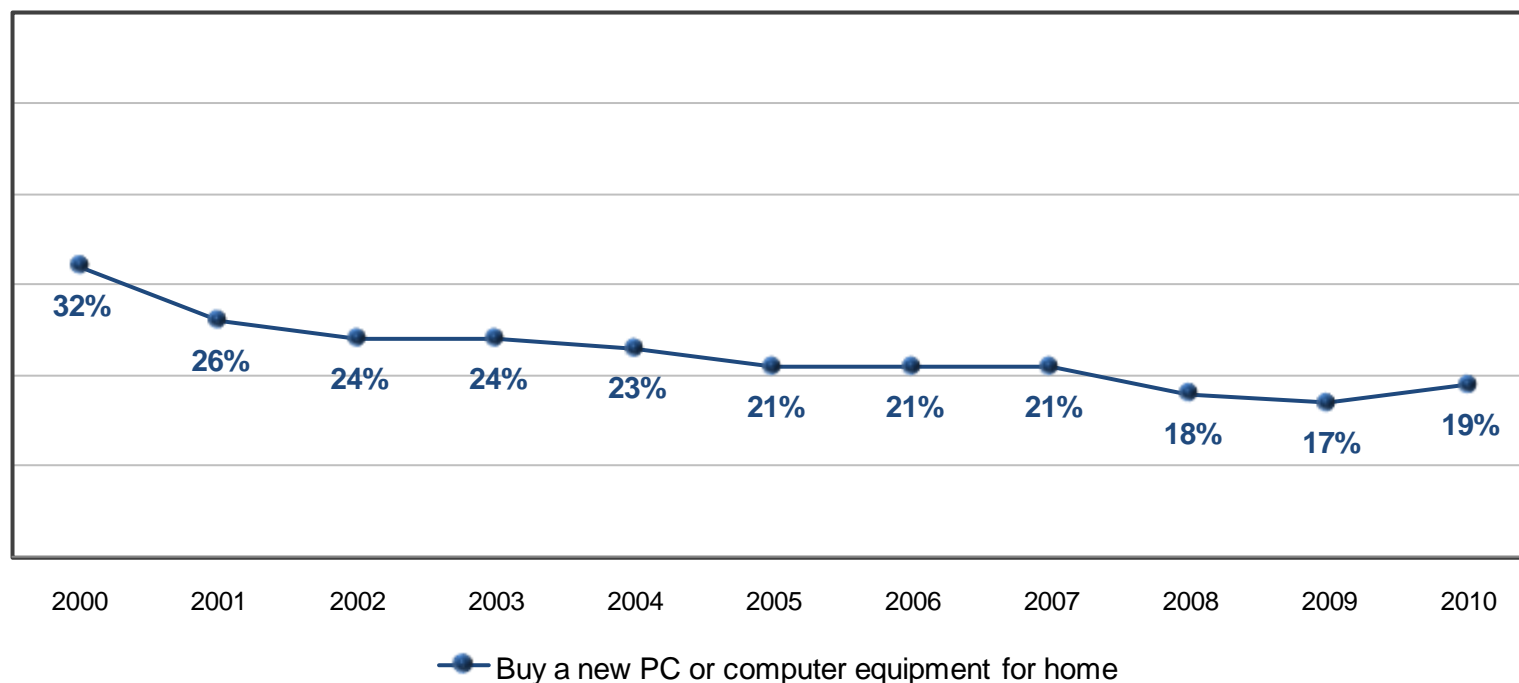


Question: In the next 12 months, which of the following are you very likely to do?
 Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

Consumer Spending: Plan to Purchase PC for Home

The percentage of U.S. adults planning to buy a “new PC or computer equipment for home,” after trending down for almost a decade, turned significantly upward in 2010. The computer industry appears poised for a rebound.

Percent of U.S. Adults (18+)



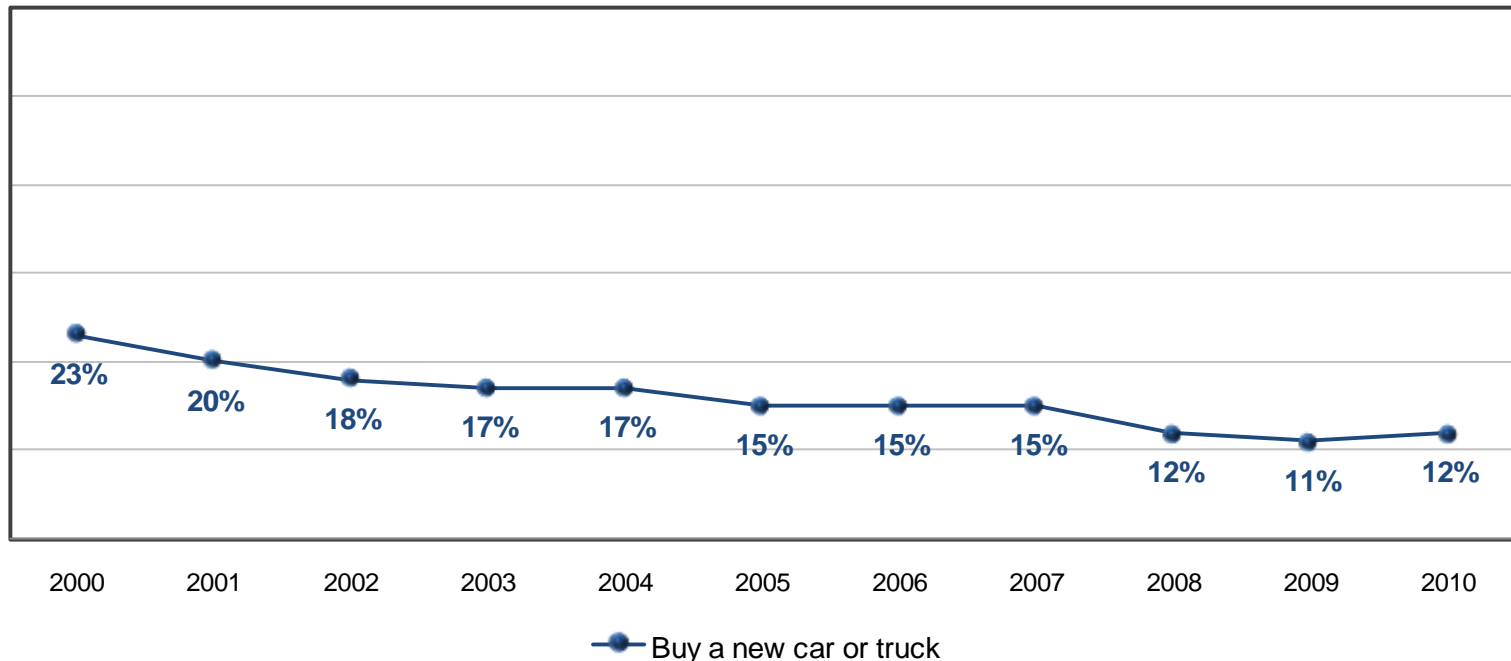
Question: In the next 12 months, which of the following are you very likely to do?

Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

Consumer Spending: Plan to Purchase New Vehicle

After a decade-long slide, the percentage of U.S. adults planning to buy a new car or truck in the next 12 months appeared to bottom out in 2009. The automotive industry is likely to trend up over the next few years as consumers switch to more fuel-efficient cars and trucks.

Percent of U.S. Adults (18+)



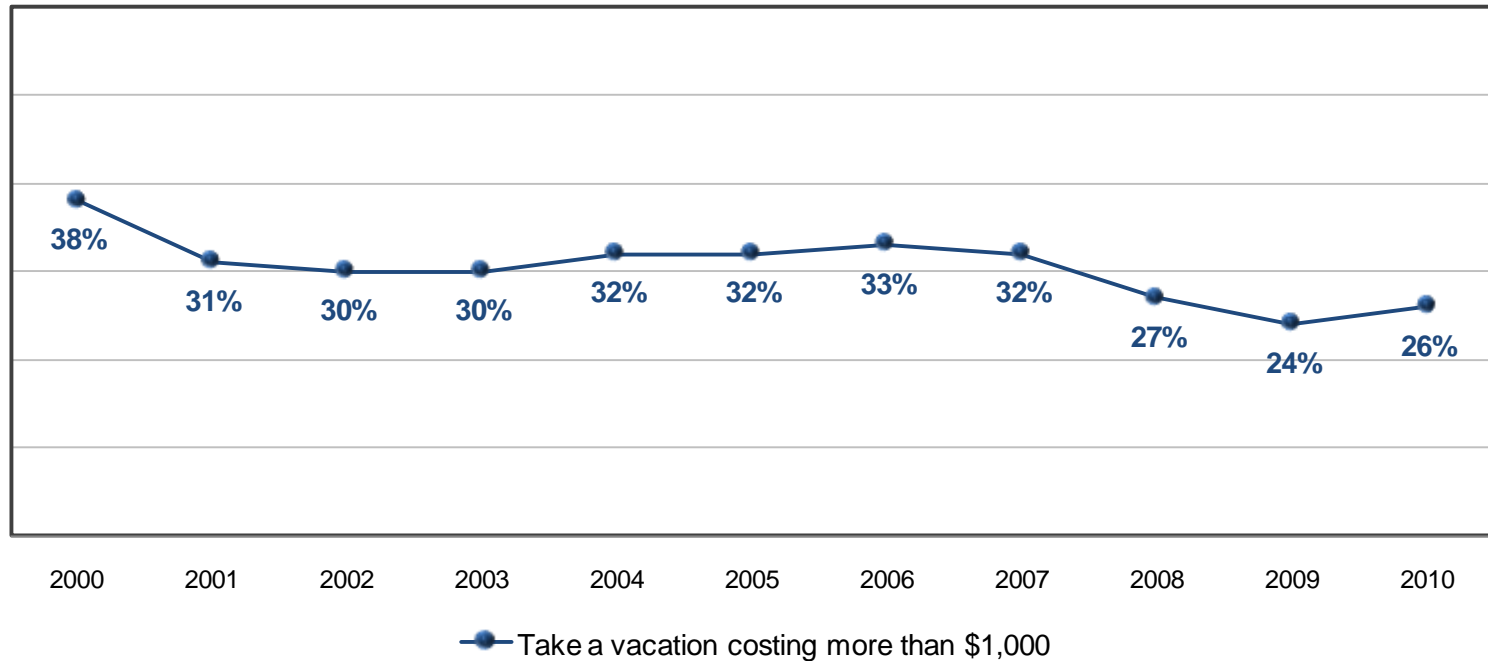
Question: In the next 12 months, which of the following are you very likely to do?

Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)

Consumer Spending: Plan to Take a Vacation Costing More Than \$1,000

The plans of U.S. adults to take an expensive vacation (one costing more than \$1,000) in the next 12 months ended the decade at a lower level than at the start of the decade. It is noteworthy that plans to take an expensive vacation bottomed out in 2009 and increased slightly in 2010, signaling better times are coming for the travel industry.

Percent of U.S. Adults (18+)

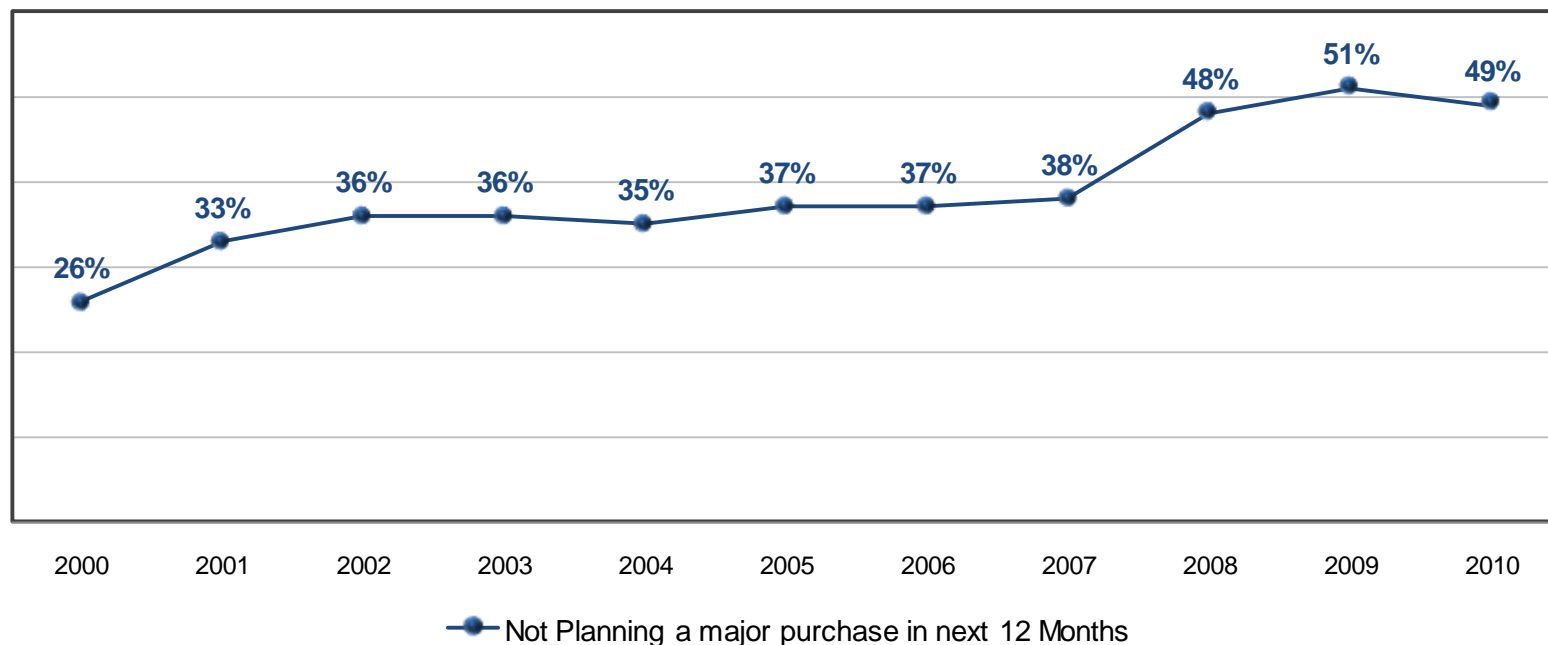


Question: In the next 12 months, which of the following are you very likely to do?
 Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346))

Consumers Reluctant to Spend

When presented with a list of major purchases that one might make in the next 12 months, some individuals said “no” to all of the choices, indicating that they would not make any major purchases in the coming year. The graph below charts the uptrend in the percentage of U.S. adults who plan to avoid major purchases in the next 12 months. The reluctance to spend is no doubt strongly related to the worries about losing one’s job.

Percent of U.S. Adults (18+)



Question: In the next 12 months, which of the following are you very likely to do?

Base: Total Respondents: 2000 (n = 33,696); 2001 (n = 26,153); 2002 (n = 30,195); 2003 (n = 46,809); 2004 (n = 42,480); 2005 (n = 29,310); 2006 (n = 24,780); 2007 (n = 31,105); 2008 (n = 34,906); 2009 (n = 35,232); 2010 (n = 35,346)



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