

show some change for the worse since the beginning of the year. A very small deterioration also occurred in attitudes toward longer term economic prospects. Table 3 indicates that evaluations of the business outlook are considerably more favorable now than at the bottom of the 1960-61 recession, but (as in November 1961) are well below peak levels.

The weakening of optimism about business prospects since January is particularly pronounced among people with incomes of \$7,500 and over. Moreover, this is the only group which views business conditions less confidently than last November. It is likely that people in the upper income brackets are most sensitive to stock market news, and that stock market developments account in part for their change in attitudes. Yet, this group may also be most aware of public discussions about the somewhat unsatisfactory strength of the recovery.

Although stock prices declined throughout the interviewing period, the most dramatic break in the stock market occurred near the close of interviewing. This may explain the fact that only 3 percent of all people spoke spontaneously of the drop in stock prices when discussing economic news they heard recently. Direct questions on what people know about stock market developments and how they react to them were not included in the survey. Still, it is possible to compare interviews taken early during the interviewing period with those taken in late May when people might have been more concerned about the stock market decline. These comparisons reveal only a slight deterioration in evaluations of business conditions in late May as against late April and early May. Since late May the stock market has dropped further and has been repeatedly in the news. If the downward trend persists, it might well come to have a stronger impact on consumer confidence and expectations. The Survey Research Center's August survey will (among other things) be concerned with this question.

Answers to questions about the news people heard in the past few months show clearly that consumers are mindful of a number of unfavorable aspects of the business situation other than the stock market. Among the 51 percent of people who could recall some recent economic news, 28 percent referred to unfavorable news, and only 23 percent to favorable news. Even without the 3 percent who spoke about the stock market, references to adverse developments exceeded references to favorable developments by a small margin, while the reverse was true in November 1961. (At that time 21 percent referred to unfavorable news and 26 percent to favorable developments.)

The current mood of consumers is sober, perhaps even cautious, because of three persistent concerns: the recurrence of recessions, the relatively high level of unemployment, and the cold war. Given this frame of mind people are sensitive to bad news. Adverse developments in particular industries or localities, which may be of minor importance in the overall picture, are discussed and remembered. In May more people than last November said they had heard or read that business is declining; occasionally mention was made of specific industries, particularly steel. The steel price stabilization was rarely mentioned, and in these few cases opinions regarding it were divided. People also spoke about intense business competition, the impact of automation on employment opportunities, and labor problems.

Attitudes toward market conditions for major consumer goods were very favorable already last November. Evaluations of the automobile and housing market have improved slightly since then, while buying conditions for household goods are viewed in about the same way as in November (table 4). Satisfaction with recent price trends for durable goods and houses accounts to a large extent for the judgment that this is "a good time to buy."

Viewed as a whole, expressed buying intentions for major consumer goods exhibit no clear trend either up or down. Buying plans for new automobiles have been exceptionally frequent ever since May-June 1961. In January-February they dipped temporarily, but in May they were back at the high 1961 level or even slightly above.