

Consumer News & Views

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In this Issue...

- **Consumer Confidence Drops in August. What Impact Will It Have on the November Presidential Elections?**
- **5 Consumer Predictions from the American Consumer Council for 2013.**
- **Carter Federal Credit Union is Putting Louisiana Consumers on the Map.**
- **XCEL Federal Credit Union is the Lending Leader for Northern New Jersey Consumers.**
- **Apply for the 2012 Green CSM Certification Program.**

Consumer Confidence Drops in August. What Impact Will It Have on the November Presidential Election?

Despite the fact that jobs are being created albeit at a very slow pace, and the U.S. housing markets are showing modest gains, the consumer confidence index fell to its lowest level since November 2011. The Conference Board **Consumer Confidence Index**[®], which had improved in July, declined in August. The Index now stands at 60.6 (1985=100), down from 65.4 in July. The Conference Board's Consumer Confidence Index[™] for August dropped nearly five points continuing its rollercoaster ride for 2012.

This year, the index declined in January, rose in February and then posted four months of declines before registering an increase in July. August's reading indicates that the gains in the job and housing markets aren't big enough to put to rest Americans' economic fears, which could have an impact on how they vote in November's presidential election.

Why? According to the American Consumer Council, a non-profit consumer education organization with 130,000 members across the United States, consumers remain nervous about their short-term economic future. In addition to worries about jobs and business conditions, consumers are unhappy with job growth numbers, their prospects for more economic opportunity and rising gas prices. On that note, gas prices fell sharply from a peak of \$3.94 in early April, but have started to surge again in recent weeks. During the week of August 19, prices at the pump rose 19 cents to \$3.71. According to surveys by the American Consumer Council, this is putting more financial pressure on low and middle-class consumers.

Ironically, despite their economic worries, according to The Conference Board, Americans appear to be optimistic about their future earnings potential. This bodes well for President Obama while Republican candidate Mitt Romney will benefit from the decline in consumer confidence. According to the index, the proportion of consumers expecting an increase in their incomes improved to 15.7 percent from 14.2 percent.



According to Thomas Hinton, president of the American Consumer Council, the drop in consumer confidence is not good news for President Obama. "Traditionally, when consumer confidence falls below 90, it does not bode well for incumbent presidents or the political party seeking re-election," Hinton said citing a study in 2011 by Lawrence Yun, the Chief Economist and Senior Vice President of Research at the National Association of Realtors. Below is a summary of Yun's research on consumer confidence and election results.

According to Lawrence Yun, "when pocketbooks get pinched and many face unemployment, there's bound to be plenty of anger. This anger generally means high voter turnout at elections. For better or for worse, and for whatever it is worth, one key economic data component has been quite good at predicting presidential elections, and that is consumer confidence. If the consumer confidence index is at 100 or higher, then the incumbent party is likely to win. If not, then the opposition party wins.

The consumer confidence index is based on simple economic questions about current conditions and future expectations related to business, employment and family income. There are no questions on contentious social issues such as about war, abortion, or gay marriage. The data has been gathered from 1967.”

Here are some examples of the confidence index readings leading up to past presidential elections:

Year	Incumbent Party	Confidence Index (October)	Result on Incumbent Party	Prediction
1968	Johnson	142	Lost	Wrong
1972	Nixon	112	Won	Correct
1976	Ford	87	Lost	Correct
1980	Carter	65	Lost	Correct
1984	Reagan	100	Won	Correct
1988	Reagan	113	Won	Correct
1992	Bush I	61	Lost	Correct
1996	Clinton	107	Won	Correct
2000	Clinton	143	Lost	Correct/Wrong
2004	Bush II	106	Won	Correct
2008	Bush II	52	Lost	Correct

Mr. Yun notes that the table above shows that consumer confidence levels correctly predicted the outcome in 9 of the past 11 presidential elections. One may reasonably dispute the outcome in 2000, when the popular vote actually picked the incumbent party candidate (Al Gore), though the electoral-college vote did not. The predictive power rises to 10 of the past 11 elections if we base it on the popular vote count.

The near-perfect predictive power of the consumer confidence index essentially says that at the time of voting, the single most important issue comes down to the economy. As James Carville once said, “it’s the economy, stupid!” Forget the tough talks on terrorism or the flowery talks of hope; voters are rewarding or punishing the incumbent on the economy.

Lawrence Yun is Chief Economist and Senior Vice President of Research at NAR. He directs research activity for the association and regularly provides commentary on real estate market trends for its 1 million REALTOR® members.



Carter Federal
 Credit Union
 Providing Value through Life's Stages

The mission of Carter Federal Credit Union based near Shreveport, Louisiana, is to provide value through all stages of life to our members and their communities. We are able to do this by offering members quality, convenient services for savings and credit needs within a sound financial institution. Carter Federal is a full service financial institution, offering a host of convenient services like checking and savings accounts, online eACCESS and more. We're sure you'll like lower interest rates on loans to higher earnings on dividend accounts available at Carter Federal Credit Union.

As a member of the American Consumer Council, you're eligible to join Carter Federal. [Click here for more details](#) -- or call their Membership Department at by phone at 1-318-688-3620 to get exact membership information.

From savings to loans to services designed for your convenience, Carter Federal is a full service institution. Across the nation, credit unions generally offer better rates and better service than banks or thrifts.

Check out the competitive rates and dividends offered by Carter Federal Credit Union. Deposits are insured by the National Credit Union Administration, an agency of the Federal Government.

The History of Carter Federal Credit Union:

Carter Federal's beginnings date back to 1954, when Floyd Carter chartered the credit union to serve the employees of International Paper Company in Springhill, Louisiana. As paymaster of International Paper, Floyd Carter witnessed predatory lending practices within his own workplace, and made a commitment to seek a safe way for employees to borrow and save money. Mr. Carter was a true credit union pioneer. His mission was to form a financial cooperative based on the premise of "people helping people". Carter Federal Credit Union was chartered for the purpose of improving the financial well being of its members. This tradition continues today, many years after Mr. Carter's pioneering efforts. Carter Federal Credit Union is unique among credit unions in the United States as it continues to carry the name of its founder.

Carter Federal continued to operate on site at International Paper until 1979 when the paper mill closed. Moving to a new location was the beginning of a new period of growth for the Credit Union. The 1980's were marked by expansion and increasing operations. New locations in Shreveport, Mansfield, and Monroe, Louisiana were opened by acquisition of other credit unions through merger. In 1989, three major companies in Magnolia, Arkansas joined the field of membership and a fifth office was opened in Magnolia.

In 2000 the Credit Union added another office in Minden, Louisiana. In 2001, the field of membership grew to include anyone who lives, works, worships, or goes to school in the Parishes of Bienville, Claiborne, DeSoto, Red River, Webster, Caddo, and Bossier and the counties of Columbia and Lafayette in Arkansas. In 2004 the Bayou Walk branch was opened in Shreveport, and most recently another location was opened in Haughton, Louisiana.

By 2005 the credit union industry was faced with unprecedented challenges as the national unemployment rate reached record highs. Another milestone in the Credit Union's history occurred that year when the Board of Directors recruited James P. Gibson to become President and CEO. Under his leadership, Carter Federal has continued its tradition of service to its members, and has experienced tremendous growth, doubling its asset size in only five years.

Currently, Carter Federal Credit Union operates seven locations, an Operations Center, an Administration Service Center, a virtual Call Center and eight full service ATMs. It is a shareholder and participant in the Credit Union Service Center Network. This expands the availability of teller service for its members across the United States, and included hundreds of locations.

Now over 27,000 members strong with assets topping \$200 million, Carter Federal stands proud of its growth and accomplishments and remains dedicated to the mission of improving the well-being of its members.

The American Consumer Council and the Louisiana Consumer Council are pleased to recognize Carter Federal as a Sponsoring Member.



The American Consumer Council and the New Jersey Consumer Council are pleased to recognize XCEL Federal Credit Union as a sponsoring member.

XCEL is a New Jersey-headquartered, not-for-profit, and member-owned financial institution. We are federally insured and we have been competently serving our members since 1964. We are rated 4 Stars by Bauer Financial – an independent financial institution rating service.

WHO CAN JOIN?

American Consumer Council members and their immediate family members.

WHAT WE OFFER?

Outstanding rates on vehicle, home equity, and mortgage loans. No minimum balance checking and savings. Attractive rates on money markets and certificates. See our complete product and rate listings at www.XCELfcu.org. We are members of a network with 28,000 surcharge-free ATMs and 4,440 shared branch service centers across the USA.

A special 0.15% bonus for American Consumer Council members will be applied on all posted certificate rates and a 0.15% discount will be applied on all installment loan rates – including new, refinanced, and used vehicle loans and home equity loans – through March 29, 2012.

Special Offers:

- New, pre-owned or refinanced vehicle rates as low as 2.84% APR* for 36 months. .
- 60-Month Certificate - 2.15% APY* \$500 minimum (penalty for early withdrawal). Federally-insured. Other rates and terms available.

*APR=Annual Percentage Rate. APY=Annual Percentage Yield.

Rates quoted include the special bonus and discount offers and are subject to change without notice.

Your American Consumer Council exclusive contact is: Mr. Ray de Quintal at 800-284-8663, ext. 3040 or 201-546-2928 (cell) or email raydequintal@xcelfcu.org.

XCEL Federal Credit Union is federally insured, regulated, and examined annually by both the federal government and an independent CPA firm. Each member's deposits are insured to the \$250,000 maximum allowable limit by the National Credit Union Administration (NCUA), which is backed by the full faith and credit of the U.S. government.

At XCEL Federal Credit Union, it is our mission to provide a unique combination of cutting-edge technology – to simplify your busy life, and friendly, personal service – to make you feel right at home!

Our Mission Statement: To be the primary financial institution for members by providing the highest quality affordable products and services, delivered with honesty and integrity in a convenient and secure manner for generations to come.

Members can also take advantage of a full array of loans including real estate, business and new and used car loans.

There are also many types of credit cards available. Scroll down the page to see our full report for Xcel FCU including charts to show their 10 year performance for growth, membership, total assets and number of branches. We also show their rates for certain loans and interest rates for certain savings certificates taken from their quarterly reports required by the NCUA (National Credit Union Association).

As a member of the American Consumer Council, you're eligible to join XCEL Federal Credit Union. To see if you qualify to join, contact XCEL by phone at 800-284-8663, ext. 3040 or 201-546-2928 (cell) or email raydequintal@xcelfcu.org.

Five Predictions for Consumers in 2013

As we enter the final quarter of 2012, another disappointing year for consumers, here are five predictions for 2013 from Thomas Hinton, president of the American Consumer Council, a non-profit consumer education organization with 130,000 members across the United States.



1. More of the Same in 2013 with Sluggish Job Growth and a Slow Housing Recovery.

Regardless of who is elected president in November, unemployment will remain in the 7.7% – 8.0% range through 2013 and sluggish economies in Europe and China will keep America's economic engine performing at less-than-full speed. Despite a stronger economic performance in the USA, consumers will continue to struggle to meet their monthly financial obligations, making 2013 almost as frustrating as 2012.

2. Corporate Spending will Increase.

Companies will finally ease the spending controls as profits continue to rise allowing businesses to spend more on travel, meetings and employee training. This will help consumers to increase their spending across the board by 4%-5% in 2013 although consumers will be careful not to burden themselves with excessive debt. Large ticket items such as autos, appliances, student loans and vacations will benefit the most. The only key area to remain flat will be housing sales as a result of tight credit and under-water home values in most major cities.

3. Europe will Struggle and China's Economic Growth will Cool Down.

The world economy is a complex puzzle that will continue to keep the United States recovery in check during most of 2013. The European economic crisis will continue to play out in 2013 as Germany and France try to find a meaningful solution to keep their neighbors financially sound. While their efforts will ultimately be successful, Europe's economy will sputter along in 2013 and not contribute much more than 1.5% - 2% to the economic growth of the United States. China's over-heated economic engine will take a breather in 2013 to cool down and allow the Chinese government to recalibrate its growth, spending and borrowing strategies. While China will grow during 2013, Chinese government intervention will slow the United States' economic recovery to remain at a 2%-3% level during 2013.

4. Mortgage Rates Will Remain Low, but Interest Rates will Rise Slightly.

As the United States economy begins to reignite in 2013, the Fed will begin to raise interest rates by 1.5% through 2013, but money lenders will be forced to keep mortgage rates below 4.5% in order to drive home loans and sales. This strategy will keep inflation at bay and interest rates near current levels.

5. Congress Will Continue to Under-perform in 2013.

It doesn't take a crystal ball to realize that regardless of who wins the presidential election, we cannot expect much from the United States Congress in 2013. If Romney wins the White House, it will be a year of developing a new strategy and economic game plan. If Obama wins re-election, the Congress will most likely remain divided and, therefore, Mr. Obama will have to fight hard to get any meaningful legislation through a stubborn and uncooperative Congress. Don't expect much from Congress in 2013.

Green CSM Certification Accepting Applications for 2012 Fall Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green CSM Certification**. Applications for the 2012 Fall cycle are now being accepted through December 10, 2012.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green CSM Certification** criteria can be viewed at ACC's website located at: <http://americanconsumercouncil.org/greenc.asp>

