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Consumers Remain Positive about Personal Finances, Buying Plans

Arvest-Backed Survey Reveals Increase in Respondents' Long-Range Outlook

FAYETTEVILLE, Ark. (Nov. 1, 2016) – Consumers in Arkansas, Missouri and Oklahoma are more optimistic that their personal financial situation will improve within the next year than they indicated in the previous survey conducted earlier this year. More than half of those surveyed also continue to believe the next six months will be a good time to purchase major household items.

These observations are found in the second phase of the Fall 2016 Arvest Consumer Sentiment Survey, which was conducted in August and released today. This phase includes a study of consumers' outlooks on personal finances, buying conditions over the next six months, and business conditions over the next year and the next five years.

Overall results indicate 87 percent of the respondents in the three-state area, including Greater Kansas City, expect their personal financial situation to improve or remain the same during the next 12 months. That's down one percentage point from the survey in March, but still overwhelmingly positive.

Specifically, consumers showed improved confidence in their personal financial situation, with 40 percent of respondents expecting improvement during the next 12 months. That's up from 38 percent in March. Those who expect their situation to remain the same fell from 50 percent to 47 percent.

More than half – 55 percent – of those surveyed, expect the next six months to be a good time to buy household items such as furniture, televisions and refrigerators. That's up from 53 percent in March.

“Consumers in the region are responding to the good economic news we have been seeing reported throughout the country, which sometimes takes a short while to be reflected locally,” Arvest Marketing Director Jason Kincy said. “As we see how that

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sentiment has increased in the region, we can be ready to help our customers with consumer loans or future financial planning.”

Kathy Deck, director of the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas and lead economist for the survey, continued to credit growth in the state’s labor force and a decline in unemployment for the record uptick in Arkansas.

“For the first time since the beginning of the Arvest Consumer Sentiment Index, Arkansas consumers expressed more optimism about the future than their national counterparts. High sentiment readings were recorded for all three components of the expectations index, indicating high hopes about future personal financial conditions, shorter-term business conditions and longer-term business conditions,” Deck said.

In Missouri, David Mitchell, director of the Bureau of Economic Research at Missouri State University, said although Missouri consumers consider themselves better off than they were last year, they have not basically changed in their opinion of the future.

“The number of people who found themselves better off a year ago is roughly the same for late 2015 and 2016 — the number of households that are worse off compared with a year ago is up in late 2016 compared to late 2015,” Mitchell added.

Russell Evans, director of the Steven C. Agee Economic Research & Policy Institute at Oklahoma City University, said Oklahomans are cautious but looking to manage through tough economic situations.

“Oklahomans expressed cautious optimism about the future, indicating hope that their ability to manage personal finances in the year ahead and a long run of improvement to economic activity would offset what they expect to be uncertain to rough economic conditions in the year ahead,” Evans said.

When looking at expectations of business conditions in the next year, regional respondents were both more optimistic and, in one case, more pessimistic, with the percent of respondents who are “uncertain” about business conditions declining from 47 percent in March to 37 percent in August. The percentage of respondents who expect business conditions to be favorable increased from 24 percent to 32 percent. Those who expect business conditions to be bad in the next 12 months increased from 28 percent to 30 percent.

Expectations of business conditions in the next five years were more positive than in March, with 43 percent of those surveyed anticipating good times, up two percentage points.

This round of survey results also includes a Current Conditions Sub-Index and a Consumer Expectations Sub-Index, which follows the model of the national Thomson/Reuters Michigan Surveys of Consumers.

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These sub-indexes are meaningful in comparison to national indexes or to previous values of Arvest Consumer Sentiment indexes. Higher numbers indicate some combination of consumer satisfaction with their current and expected personal finances, current and expected economic performance, and the purchasing environment. Larger increases indicate more confidence across the three areas.

The Current Conditions Sub-Index is tabulated from the answers to two questions on the survey: “How is your current financial situation compared to a year ago?” and “What do you think of buying conditions over the next six months?” The Current Conditions Sub-Index for the region was 91.0 in August, up from 90.3 in March.

The Consumer Expectations Sub-Index is tabulated from the answers to three survey questions: “How do you expect your financial situation to change in the next year?”, “How do you think business conditions will be in a year?” and “How do you expect business conditions will be in five years?” The regional Consumer Expectations Sub-Index rose from 78.9 to 82.1.

The Arvest Consumer Sentiment Survey is conducted by the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas in Fayetteville, with the University of Oklahoma’s Public Opinion Learning Laboratory conducting 1,200 random online and telephone surveys.

Arvest Bank’s sponsorship of this survey is due to its desire to provide beneficial data for its customers and communities. The data provides a reading of how consumers are feeling about the economy in the states where the bank operates.

The Bureau of Economic Research at Missouri State University provides state analysis of the Missouri data. The Steven C. Agee Economic Research & Policy Institute, Meinders School of Business at Oklahoma City University, evaluates the data for Oklahoma.

The survey is conducted twice a year. With each study, the index score is released first, followed by a second release on consumer outlook, including the Current Conditions Index and the Consumer Expectations Index, and a third release on savings and spending expectations.

Information about the survey and research partners, copies of this release, summary documents and print-ready logos can be found at www.arvestconsumersurvey.com.

About Arvest Bank

Arvest Bank operates more than 260 bank branches in Arkansas, Oklahoma, Missouri and Kansas through a group of 16 locally managed banks, each with its own board and management team. These banks serve customers in more than 120 communities, with extended weekday banking hours at many locations. Arvest also provides a wide range of banking services including loans, deposits, treasury management, credit cards, mortgage loans and mortgage servicing. Arvest is an Equal Housing Lender and Member FDIC.

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About Our Research Partners

The Center for Business and Economic Research, Sam M. Walton School of Business at the University of Arkansas at Fayetteville provides excellence in applied economic and business research to federal, state and local government, as well as to businesses currently operating or those that desire to operate in the state of Arkansas. The center further works to improve the economic opportunities of all Arkansans by conducting policy research in the public interest.

The University of Oklahoma Public Opinion Learning Laboratory serves two functions: to provide a learning environment for the teaching of survey design, public opinion research and data analysis for the purpose of developing student capabilities to conduct academic and professional research and analysis; and to conduct research on public opinion, in order to foster knowledge about public affairs and to assist in the conduct of research on public policy of import to state and local governments, media organizations, other public and private entities, and the general public.

The Meinders School of Business at Oklahoma City University, which includes the Steven C. Agee Economic Research & Policy Institute, offers a full range of undergraduate, graduate and professional development programs. MSB prepares graduate and undergraduate students to be socially responsible leaders in a global economy through teaching excellence and faculty scholarship in business practice and the disciplines. Faculty and students engage with the business community, local government and regulatory agencies as part of the teaching-learning process.

The Bureau of Economic Research, housed within the Economics Department at Missouri State University, serves as a clearinghouse for data and publications on economic conditions within the region, state and nation. The staff has a wide variety of experience and is able to provide consulting services, produce detailed GIS maps, economic and industry forecasts and other relevant reports.