

# Precise predictions

## The consumer confidence index follows the main variations of the coverage of the economy

**M**edia Tenor compares its analysis of the coverage of the economy in the U.S. with the Consumer Confidence Index, producing good examples for how opinion polls reflect the tone of the news coverage: Since January 2004, the Consumer Confidence Index has continuously reflected the tone of the TV news coverage of the state of the economy.

This methodology illustrates how public opinion of the overall economic development is not only dependent on concrete economic factors, but also on how the media frames its coverage of the economy. In the same vein, **Media Tenor** has used this methodology as a tool to predict polling results, not only regarding the economy, but also to forecast public opinion on political, social, and other issues.

The Consumer Confidence Index is the result of a poll based on a representative sample of 5,000 U.S. households and provides an indication of the way the public is seeing the economy. The data analyzed by Media Tenor comprises all statements in the evening news broadcasts on **ABC**, **CBS** and **NBC** on the economy, e.g. on economic forecasts and prognoses, business and consumer sentiment, corporate investment or the job market.

The chart below shows the results of the analysis: The consumer confidence index follows the main variations of the coverage of the economy, with a lag of a few weeks:

Some periods show this correlation very well, such as the overall improvement in the media coverage from February (overall tone: -55) to June, 2004, (overall tone: 8.8), which was followed by an increase in the CCI that started in March (88.5) and lasted until July (105).

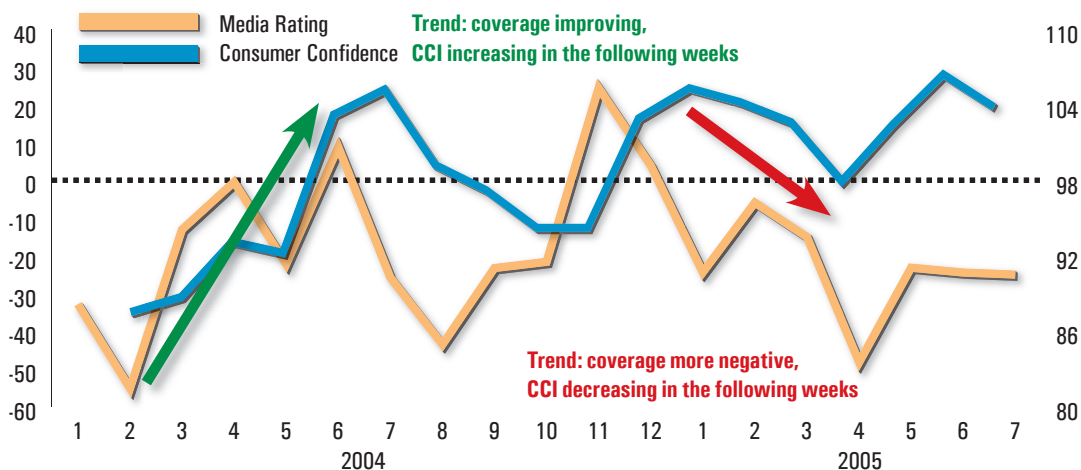
Between June and August, 2004, the coverage of the economy got negative (from 8.8 to -43) and the CCI showed a similar decline with a one months lag, from 105 in July to 94 in October.

From October to November, 2004, there was a sharp increase in positive coverage of the economy, followed by continuous decline until April, 2005. The CCI followed this trend with a few weeks delay – first, rising significantly, with highly positive coverage in November, and remaining on a higher level until January. From then on, the CCI once again dropped, until April 2005.

From May, 2005, on, the media coverage and the CCI have progressed in a much more compressed pattern – the previous lag of a few weeks diminished, resulting in an almost simultaneous response by consumers.

*Media Tenor welcomes the input and feedback of researchers and organizations interested in collaborating in this ongoing study.*

### Rating on Economic Development on ABC, NBC, CBS news vs. CCI



Mean rating per month and consumer confidence

Source: Media Tenor; Conference Board  
01/2004 - 07/2005