

Economic expectations not as grim in Bay State

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By Robert Gavin, Globe Staff | November 18, 2009

Boston-area residents are more optimistic about the economy and their own financial prospects than the nation as a whole, but they continue to cut spending as many struggle to make ends meet, according to a survey released yesterday by the banking giant [Citigroup](#).

Boston's brighter outlook is the result of the region faring better in the recession than other parts of the country, particularly the Midwest, which was battered by a slumping auto industry, and the South, hard hit by the housing collapse, said Lisa Caputo, a Citi executive vice president. But "better" remains a relative term.

About 7 in 10 of the Bostonians surveyed described local business conditions as fair or poor. One in 5 of the women said they sometimes can't sleep because they are worried about paying household bills. About 1 in 4 of the men who were polled said fear of losing a job keeps them up at night. One in 2 two respondents said they are putting off major purchases.

"What we see happening is a reset," Caputo said. "People are going back to basics. No one is going back to the old ways of doing things."

The survey of 500 residents, conducted in September, is consistent with other recent polls, which have found hints of optimism in Massachusetts overshadowed by economic anxiety. This anxiety, much of it related to weak labor markets, has consumers keeping a tight rein on spending, and economists forecasting a long, difficult recovery.

Last month, a Suffolk University/Boston Globe poll found that 2 of 3 Massachusetts residents who were surveyed believed an economic recovery was underway, but nearly half were worried about losing their jobs. The October consumer confidence survey by the Boston consulting firm Mass Insight Corp. also found that Massachusetts residents were more optimistic than consumers nationally, but still insecure.

Nearly 60 percent of those polled said jobs were hard to get, and 64 percent expected no job growth over the next six months.

"There are these small surges of optimism that get squashed by negative news," said Mass Insight president William H. Guenther. "And the thing that people are feeling the most is the job market."

The state unemployment rate, 9.3 percent in September, was the highest since 1976, but below the national rate of 9.8 percent. In October, the US rate jumped to 10.2 percent. The state reports its October rate tomorrow.

In the Citi survey, 4 of 10 Boston respondents said they had dipped into savings or investments to pay bills. One in 3 said they were working longer hours to make ends meet. The greatest concern for the household budget: the rising cost of health care.

Still, the view of the future was brighter than for current conditions. Nearly 2 of 3 residents surveyed by Citigroup, or 65 percent, said they expected the local economy to improve over the next year, compared with 57 percent nationally. Nearly 70 percent of those surveyed in Boston expected their own financial positions to improve in the next year, compared with 65 percent nationally.

An improving Massachusetts housing market is also providing a lift; sales and prices have risen in recent months. Nearly 2 out of 3 Boston homeowners, or 64 percent, said they could sell their home for more than they paid, compared with 57 percent nationally.

The Citi survey had a margin of error of plus or minus 4.4 percentage points.

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