

behavior research center's

Rocky Mountain Poll

NEWS RELEASE [RMP 2010-III-06]

Contact: Jim Haynes
President or
Earl de Berge
Research Director

CONCERNS ABOUT JOBS, FAMILY INCOME AND BUSINESS CLIMATE DRIVES CONSUMER CONFIDENCE IN ARIZONA EVEN LOWER

Phoenix, Arizona. July 27, 2010. Already at low levels, Arizona consumer confidence in the economy has slipped even further and their negative views are souring their plans for buying of consumer durable goods such as automobiles, kitchen appliances, electronic home entertainment and computer equipment.

The overall Consumer Confidence Index for Arizona currently stands at 49.1 compared to 49.6 in April and 50.2 at the outset of the year. The Index is a blend of consumer views of both the present and future economic climate in Arizona. Consumers' attitude about the present situation is slightly improved over April (24.4 compared to 20.7) while their views of the next six months have eroded to 65.8 compared to 68.8 in April and 70.3 at the outset of the year. Consumer pessimism about the next six months may be very bad news for the state's retailers, especially if the mood continues into the Fall season and dampens holiday related spending.

"The Arizona economy was hit harder than almost every state in this recession, losing more than ten percent of jobs, nearly double the national decline," said Lee McPheters, Research Professor of Economics at the W. P. Carey School of Business at Arizona State University. "This month the Arizona unemployment rate nudged above the national rate for the first time, signaling that Arizona is not going to be among the first states to recover. Consumers may not have these statistics at their finger tips but they know the economy is weak and they are simply being cautious. We aren't going to see a more positive consumer until Arizona job creation picks up, and that is probably not going to happen this year at all," he said.

(Continue)

The angst felt by Arizona consumers expresses itself in these recent findings:

JOBS

- 89 percent see a tight job market including 63 percent who characterize jobs as “hard to get”.
- 72 percent believe the job market will stay the same as it is now or even worsen by year end.

BUSINESS CONDITIONS

- 43 percent view current business conditions as “bad”
- 70 percent forecast no improvement by year end including 22 percent who believe business conditions will actually worsen.

FAMILY INCOME

- Only 15 percent of adults believe their family income will improve by year end ... the lowest such reading in at least four years.

The impact of such perceptions on consumer plans to make purchases of consumer durable goods is as might be expected: except for minor fluctuations, consumer willingness to make such purchases has been sliding downhill since January. The proportion of households in which there are plans to make purchases has slid in all categories since January: kitchen appliances slid to 7.3 per cent compared to January’s reading of 16.1 percent. Planned automotive purchasing plans declined to 10.7 percent from 13.8 and new home furnishing purchasing fell to 13.9 from 18.1 percent. Home remodeling fell to 15.0 from 17.3 in January and planned purchasing of electronic equipment for the home, including entertainment and computer items fell to 16.5 from 22.3.

Consumer confidence about the economy is more favorable in Maricopa county than Pima county (52.8 vs. 41.6) but in both counties, confidence is lower than in April. Only in the rural areas of Arizona do we measure an up tick in confidence but even in those areas, the readings are low (38.3 in April, 43.5 today).

"The current pace of retail sales collections mimics the latest evidence from the Rocky Mountain Poll Consumer Confidence survey," added Dr. Dennis Hoffman, Director of the L. William Seidman Research Institute at the W. P. Carey School of Business at Arizona State University. "Moreover, the survey portends little change in buying patterns in the foreseeable future. While the employment and income picture continues to wear on consumer attitudes, the pervasiveness of negative sentiment suggests that the erosion of consumer confidence is attributable to factors beyond individual job security. The wealth erosion that took place in the last two years in Arizona was likely

(Continue)

STATISTICAL DATA

Behavior Research Center

ARIZONA CONSUMER CONFIDENCE INDEX

July 2010

For this and other polls, see www.brcpolls.com/results.

RMP 2010-III-06

greater than the erosion in wealth that occurred following the 1929 crash. Without the security of this wealth, consumers are not spending on big ticket durables now nor do they plan to spend in the near future.

Unfortunately this dismal attitude may prevail for a number of years until wealth stocks are rebuilt. Those planning on an “old fashioned” sharp V shaped Arizona recovery will find little support for their position in the Rocky Mountain Poll numbers. And until confidence rebounds, growth in the Arizona economy will be sluggish."

EDITOR'S NOTE: This Rocky Mountain Poll - Arizona (2010-III-06), is based on 800 interviews with adult heads of household statewide, conducted between June 30 and July 11, 2010 using BRC's in-house interviewing staff. Where necessary, figures for age, sex, race and political party were weighted to bring them into line with their actual proportion in the population. In a sample of this size, one can say with a 95 percent certainty that the results have a statistical precision of plus or minus 3.5 percent of what they would have been had the entire adult population been surveyed. The Rocky Mountain Poll is conducted by the Behavior Research Center of Arizona and is an independent and non-partisan research program sponsored by the Center.

To contact Professor McPheters call Debbie Freeman @ 480-965-9271 or contact by email: Debbie.freeman@asu.edu.

To contact Dr. Hoffman call Debbie Freeman @ 480-965-9271 or contact by email: Debbie.freeman@asu.edu.

This statement conforms to the principles of disclosure of the National Council on Public Polls.

ENCLOSED: Statistical tables.

STATISTICAL DATA

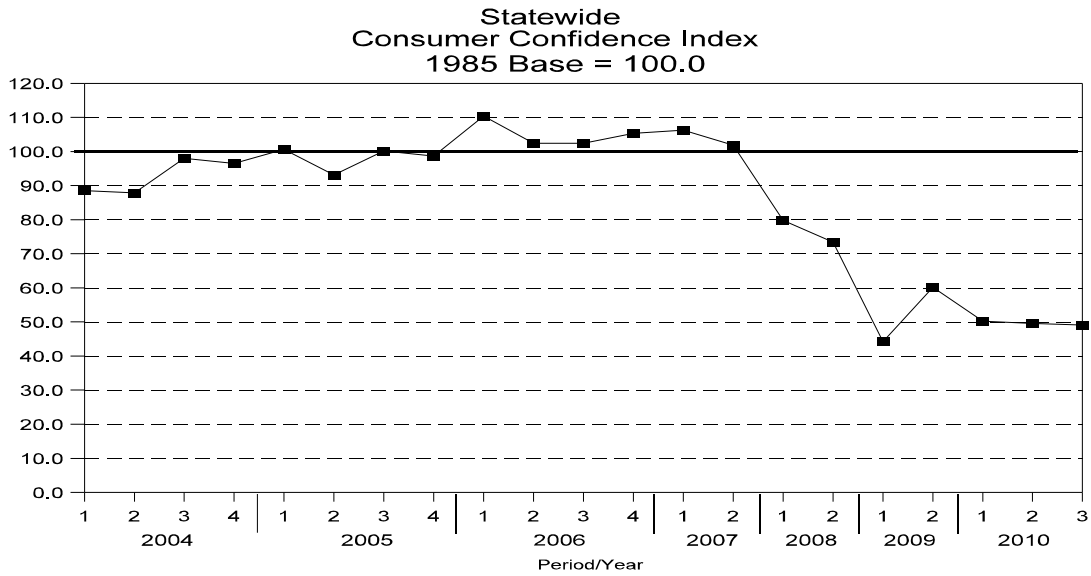
Behavior Research Center

ARIZONA CONSUMER CONFIDENCE INDEX

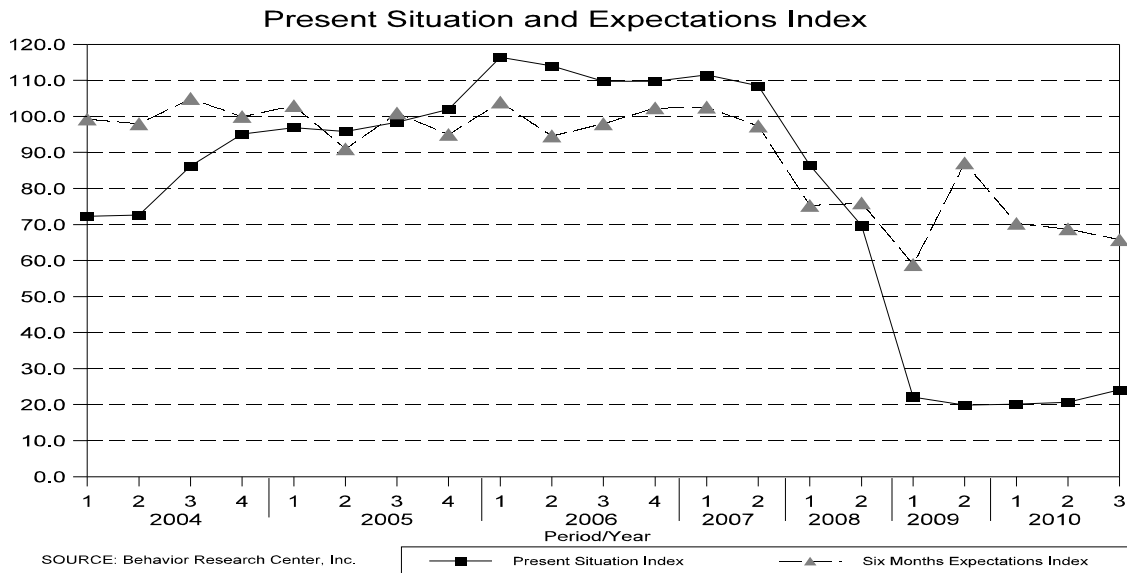
July 2010

For this and other polls, see www.brcpolls.com/results.

RMP 2010-III-06



SOURCE: Behavior Research Center, Inc.



SOURCE: Behavior Research Center, Inc.

■ Present Situation Index	▲ Six Months Expectations Index
---------------------------	---------------------------------

STATISTICAL DATA

Behavior Research Center

ARIZONA CONSUMER CONFIDENCE INDEX

July 2010

For this and other polls, see www.brcpolls.com/results.

RMP 2010-III-06

	2010		2009		2008		2007		2006	
	Jul	Apr	Jan	Sept	Jan	May	Jan	July	Jan	Sept
<u>Consumer Confidence Index</u>										
Statewide	49.1	49.6	50.2	60.2	44.2	73.4	79.8	101.9	106.3	105.3
Maricopa	52.8	56.0	52.2	58.0	44.1	82.6	88.7	106.6	111.5	109.2
Pima	41.6	42.6	48.6	66.9	48.7	61.1	65.0	96.2	102.7	104.0
Rural	43.5	38.3	46.7	60.7	39.9	58.2	68.8	91.2	91.5	96.4
<u>Index Detail (Statewide):</u>										
Present Situation Index	24.1	20.7	20.0	19.9	22.1	69.7	86.5	108.5	111.5	109.7
Expectation Index (Next 6 Months)	65.8	68.8	70.3	87.1	58.9	76.0	75.3	97.4	102.6	102.4

Appraisal of Present Situation:

Percent Holding Attitude

	2010	2009	2008	2007	2006
<u>Business Conditions:</u>					
Good	19%	17%	20%	14%	16%
Normal	34	38	30	35	31
Bad	43	41	46	48	47
Not sure	4	4	4	3	6
<u>Employment:</u>					
Jobs plentiful	5%	3%	2%	5%	6%
Not so many	26	30	24	32	26
Jobs hard to get	63	60	68	57	60
Not sure	6	7	6	6	8

Expectations For Six Month Hence:

Percent Holding Attitude

	2010	2009	2008	2007	2006
<u>Business Conditions:</u>					
Better	25%	29%	28%	44%	24%
Same	48	43	48	34	37
Worse	22	21	20	17	29
Not sure	5	7	4	5	10
<u>Employment:</u>					
More jobs	22%	25%	23%	33%	21%
Same	43	38	41	38	30
Fewer jobs	29	30	28	24	40
Not sure	6	7	8	5	9
<u>Family Income:</u>					
Higher	15%	17%	20%	24%	18%
Same	70	65	65	62	67
Lower	13	15	14	12	14
Not sure	2	3	1	2	1

~~~~~

STATISTICAL DATA

Behavior Research Center

ARIZONA CONSUMER CONFIDENCE INDEX

July 2010

For this and other polls, see www.brcpolls.com/results.

RMP 2010-III-06

Rating Of  
*Current* General  
Business Conditions

---

|            | Maricopa | Pima     | Rural    |
|------------|----------|----------|----------|
| Good       | 22%      | 8%       | 20%      |
| Normal     | 34       | 44       | 28       |
| Bad        | 42       | 41       | 47       |
| Don't know | <u>2</u> | <u>7</u> | <u>5</u> |
|            | 100%     | 100%     | 100%     |

Rating Of  
*Current* Job  
Availability

---

|             | Maricopa | Pima     | Rural    |
|-------------|----------|----------|----------|
| Plenty      | 6%       | 5%       | 3%       |
| Not so many | 26       | 25       | 25       |
| Hard to get | 62       | 62       | 67       |
| Don't know  | <u>6</u> | <u>8</u> | <u>5</u> |
|             | 100%     | 100%     | 100%     |

Rating Of  
General Business  
Conditions  
*Six Months Hence*

---

|                | Maricopa | Pima     | Rural    |
|----------------|----------|----------|----------|
| Better         | 27%      | 19%      | 25%      |
| About the same | 49       | 44       | 48       |
| Worse          | 19       | 31       | 22       |
| Don't know     | <u>5</u> | <u>6</u> | <u>5</u> |
|                | 100%     | 100%     | 100%     |

Rating Of  
Job Availability  
*Six Months Hence*

---

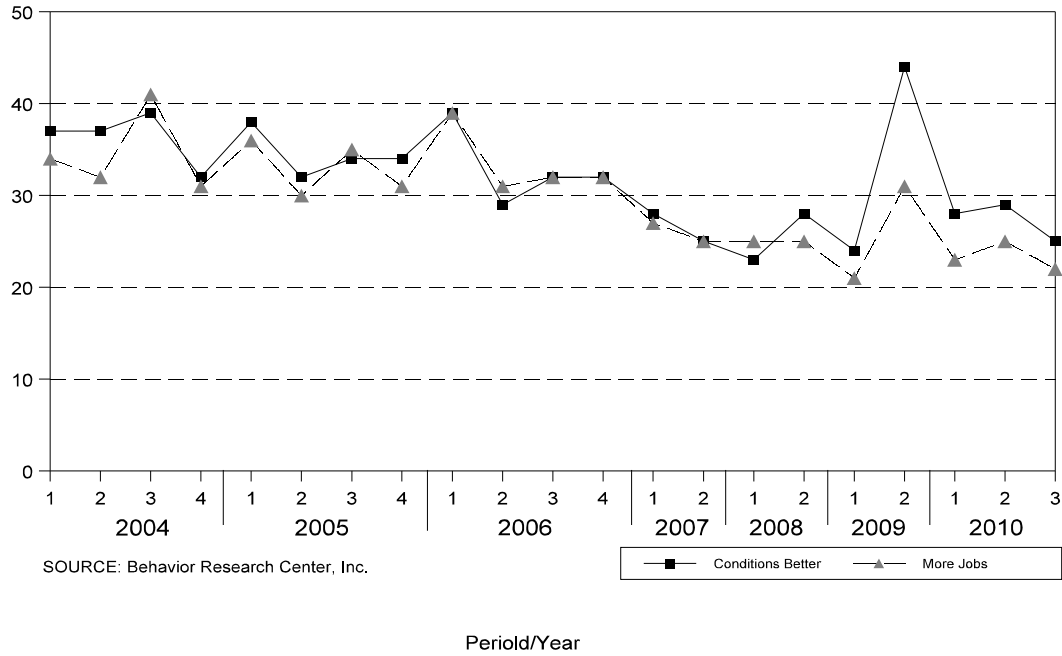
|                | Maricopa | Pima     | Rural    |
|----------------|----------|----------|----------|
| More           | 25%      | 19%      | 15%      |
| About the same | 43       | 47       | 44       |
| Fewer          | 27       | 26       | 33       |
| Don't know     | <u>5</u> | <u>8</u> | <u>8</u> |
|                | 100%     | 100%     | 100%     |

Rating Of  
Family Income  
*Six Months Hence*

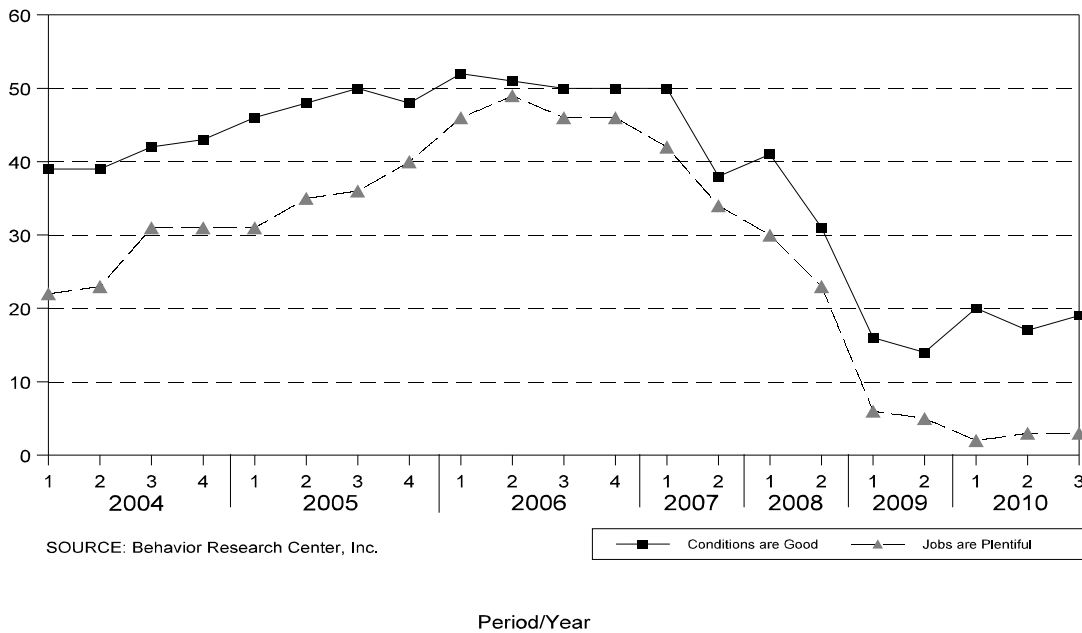
---

|                | Maricopa | Pima     | Rural    |
|----------------|----------|----------|----------|
| Higher         | 15%      | 14%      | 14%      |
| About the same | 69       | 69       | 73       |
| Lower          | 14       | 13       | 12       |
| Don't know     | <u>2</u> | <u>4</u> | <u>1</u> |
|                | 100%     | 100%     | 100%     |

% with Positive Attitudes on Future Business Conditions and Job Market



% with Positive Attitudes on Current Business Conditions and Job Market



STATISTICAL DATA

Behavior Research Center

ARIZONA CONSUMER CONFIDENCE INDEX

July 2010

For this and other polls, see [www.brcpolls.com/results](http://www.brcpolls.com/results).

RMP 2010-III-06

*“During the next six months, will you definitely, probably or probably not be making purchases of any of the following items?”*

| % DEFINITELY OR PROBABLY<br>PLANNING PURCHASE |            |          |
|-----------------------------------------------|------------|----------|
| JULY 2010                                     | APRIL 2010 | JAN 2010 |

|                                                                        |      |      |       |
|------------------------------------------------------------------------|------|------|-------|
| Major kitchen appliances of any kind                                   | 7.3% | 8.5% | 16.1% |
| A new automobile or truck                                              | 10.7 | 10.2 | 13.8  |
| New household furniture                                                | 13.9 | 13.8 | 18.1  |
| New electronic entertainment or<br>computer equipment over 500 dollars | 16.5 | 15.2 | 22.3  |
| Major remodeling or repairing of any part<br>of your house             | 14.2 | 15.0 | 17.3  |

~~~~~

“During the next six months, will you definitely, probably or probably not be making purchases of any of the following items?”

	DEFINITELY	MAYBE	TOTAL
Major kitchen appliances of any kind	1.9%	5.4%	7.3%
A new automobile or truck	2.3	8.4	10.7
New household furniture	4.2	9.7	13.9
New electronic entertainment or computer equipment over 500 dollars	5.4	11.1	16.5
Major remodeling or repairing of any part of your house	5.8	8.4	14.2

~~~~~