

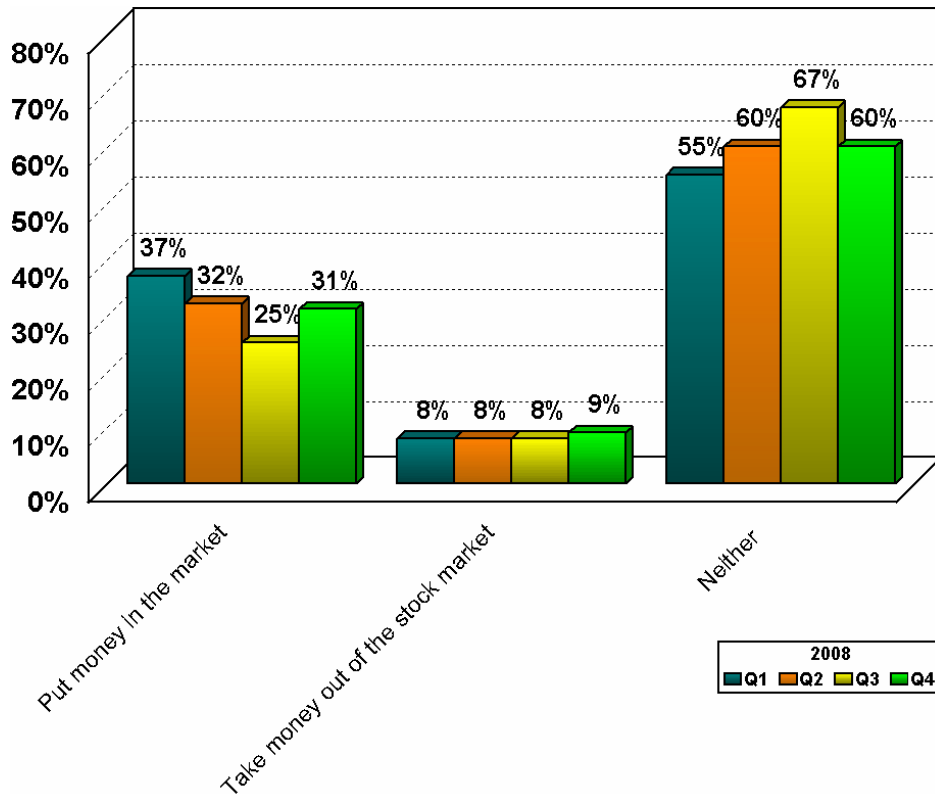
Quarter 4, 2008

**Investing and Borrowing:
Trends From the Arizona Economic Indicators Monitor**

Investing: Is the Time to Get Back In The Market Near?

The O'Neil Associates/ASBA Arizona Economic Indicators Monitor asked small business owners how they feel about current stock market conditions. The deteriorating economy was evident in the decrease in the proportion who reported that they think it is a good time to put money into the stock market in quarters 1, 2 and 3. This figure dropped from 37% in Q1 to 32% in Q2 to 25% in Q3. In the current quarter, however, this proportion returned to 31%. The poll's director, Dr. Michael O'Neil commented,

"The figures that we see here for Q4 closely resemble those for Q2. Clearly, there has been a massive negative downturn in the economy, however, most astute observers recognize that the time to get back in to the market is just before, rather than just after economic conditions have bottomed out. It is way to early to see if the modest uptick we see in this quarter's figures is a trend, but it does suggest that at least some are wondering if the time to get back in the market may be approaching."



Why These Surveys Matter

Our stock markets have been battered. Housing prices have plummeted. Banks are afraid to lend. Consumers have pulled back on their spending. And businesses are reluctant to hire. All told, more “wealth” has been lost in the last year than in any in human history.

An incoming Presidential administration proposes to spend unprecedented sums primarily to inspire confidence in the resilience of the economy.

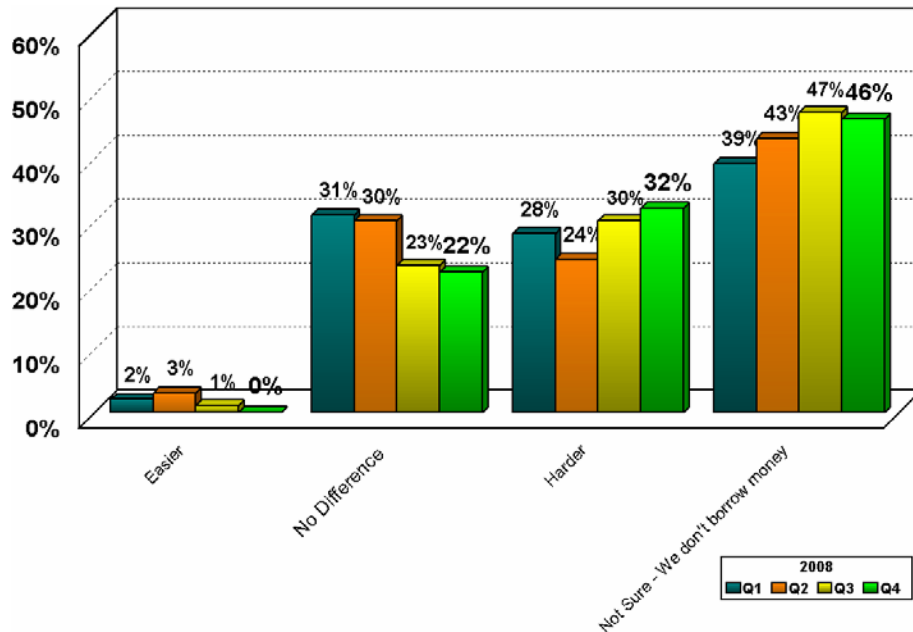
Whether or not it works will depend almost exclusively in whether it is successful in inspiring that confidence. Should that confidence return, all of the negative impacts described in the first paragraph will be reversed.

The significance of the Arizona Economic Indicators Monitor is that it measures precisely the perceptions that will ultimately drive our economy up or down.

Follow these reports and you will know a lot about what to expect from the economy.

Borrowing Money: Incrementally Harder

We have observed a modest increase in the difficulty of borrowing money over the last two quarters. The proportion who indicated that borrowing money is harder increased from 24% in Q2 to 30% in Q3, to 32% this quarter. While the direction of this trend is consistent with news



reports of tightening credit, the magnitude of the tightening is much more modest in our figures than other news reports would seem to suggest. Still, it is significant that just under one small business in three seems to be having difficulty in borrowing money

These results are taken from the Q4 **O'Neil Associates/ASBA Arizona Economic Indicators Monitor**. This project provides insights to support business leaders in companies of all sizes to make key economic decisions, as well as sharing small business attitudes on major political issues. **O'Neil Associates**, a national public opinion research firm based in Tempe, sent surveys to ASBA's membership of 3,000 small businesses across the state as it did at the end of Q1, Q2, and Q3 2008. The survey covered a wide range of economic issues, including business performance, revenue and job growth, and overall business confidence ratings. Results provide insights into the perceptions of business owners on the economic health and vitality of the Arizona economy. Based on 285 responses, the survey has a margin of error (at the 95% confidence level) of approximately +/-6%.

Results of this survey may be cited freely with the proviso that they be cited as the "O'Neil Associates/ASBA Arizona Economic Indicators Monitor"

The O'Neil Associates/ASBA Arizona Economic Indicators Monitor is made possible by a cooperative effort of

- **O'Neil Associates**, a national public opinion research firm based in Tempe, has done over 1700 public opinion and marketing research projects since 1981. These include surveys and focus group projects for a wide array of businesses throughout the country.
- **ASBA**, the Arizona Small Business Association, is the leading voice for small businesses in the State of Arizona.

For a complete copy of all **O'Neil Associates/ASBA Arizona Economic Indicators Monitor** reports released to date, as well as opinion research reports on an array of other topics visit <http://www.oneilresearch.com/publicdomain> or click on the banner below.



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