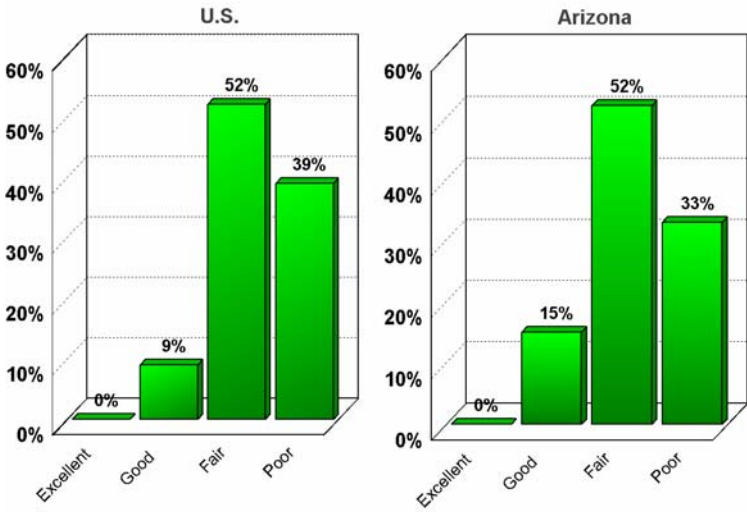


**Economic Pessimism Continues**

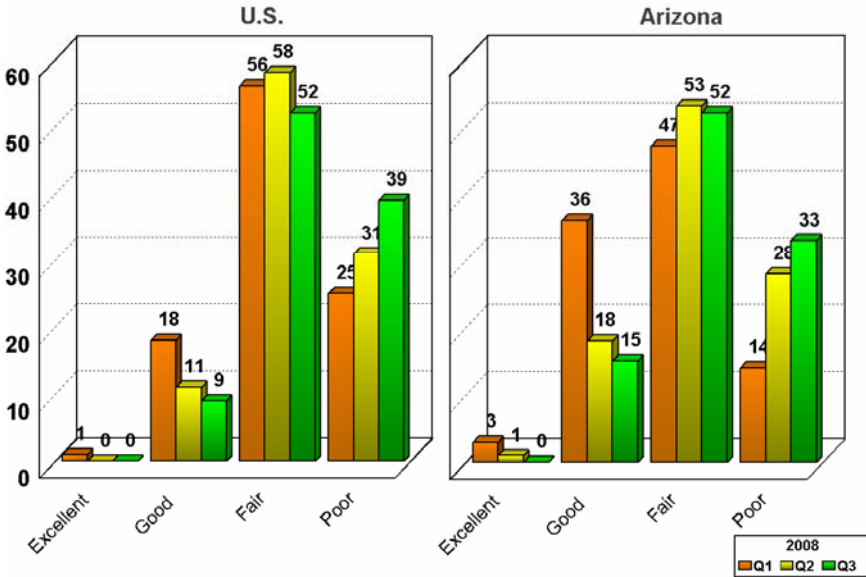
Arizona small business owners continue to view the U.S. economy with increasing pessimism. Eighty-nine percent (91%) rate the U.S. economy as either fair (52%) or poor (39%). In contrast, none rate it as excellent, and only 9% see the U.S. economy as good.

The Arizona economy is rated only slightly higher by these same respondents. Eighty-one (85%) see the Arizona economy as either fair (52%) or poor (33%), while a rather meager 15% rate it as good.

*How would you rate economic conditions today?*



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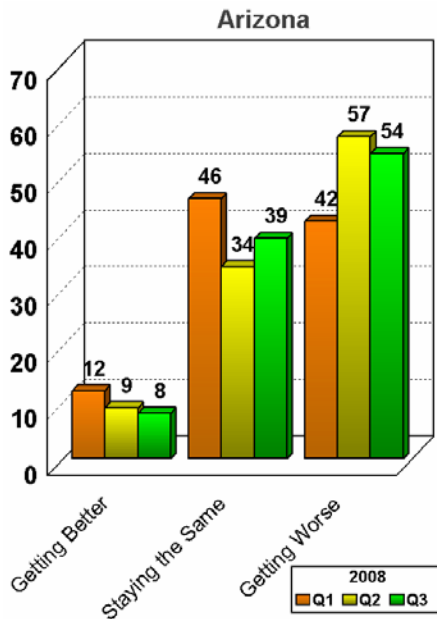
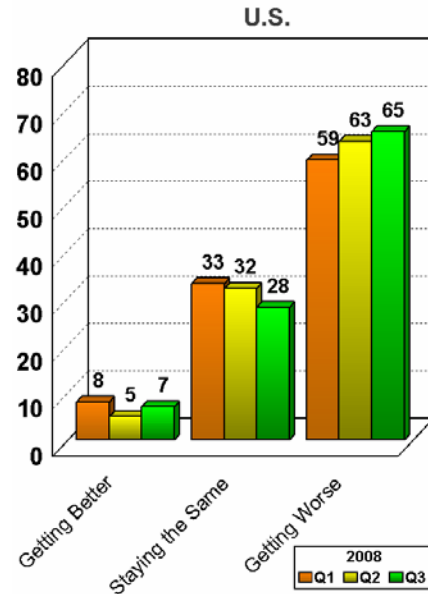
When we compare these results to those we have found earlier this year, we see consistent drops in the assessments of both the U.S. and the Arizona economies. The proportion who rated the U.S. economy as either excellent or good dropped from 19% in Q1 to 11% in Q2 to 9% this quarter. At the same time, the proportion who rated the Arizona economy as excellent or good was cut in half: from 39% in Q1 to 19% in Q2 to 15% this quarter.

The poll's director, Dr. Michael O'Neil observed:

*“First, both the U.S. and Arizona economies are not only in serious trouble, the conditions for each continue to deteriorate. Second, the Arizona economy continues to be rated slightly more positively than the U.S. economy, but the difference between the two is becoming insignificant.”*

## Quarterly Trends

How do these same respondents perceive economic trends over time? Almost two-thirds (65%) think economic conditions in the U.S. as a whole are getting worse, a number that has climbed each quarter this year.



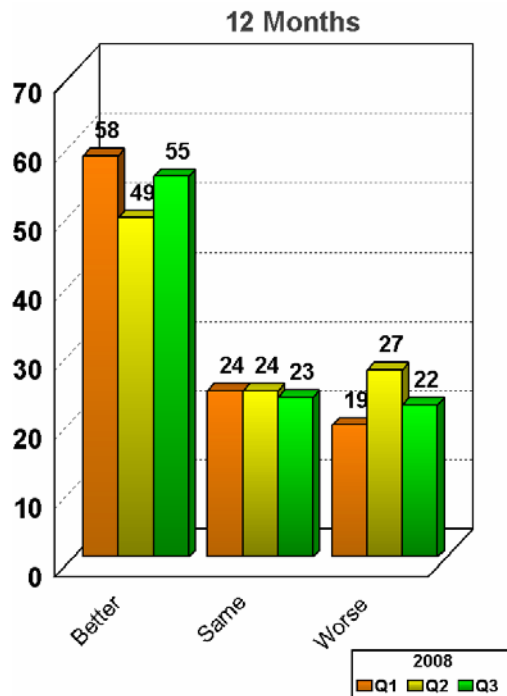
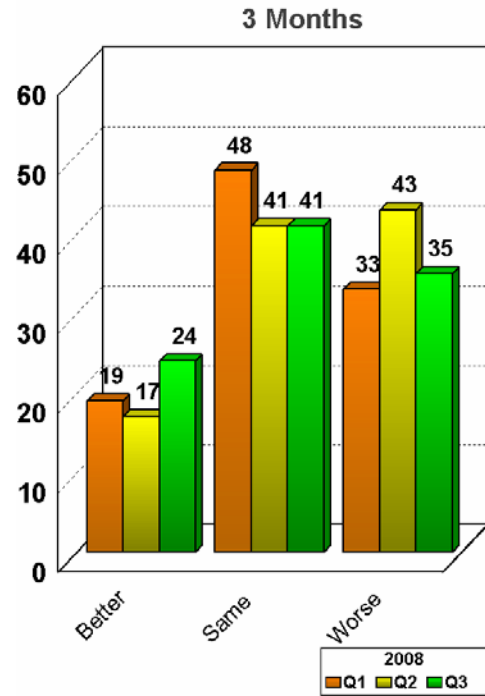
Although Arizona's economy is not seen in as quite a negative light as the national economy, a majority (54%) continue to think economic conditions in Arizona are getting worse.

Dr. O'Neil made an additional observation:

*"Since we conducted this survey throughout the month of September, and since there were dramatic negative economic events which occurred in the middle of that month, this provided us the opportunity to examine the effect to which the collapse of the stock market and the government's response to it, impacted these views of the economy. While we have not reported the specific figures in this document, there is considerable evidence that views of the economy worsened considerably in the second half of September, as evidenced by far more negative ratings on most of these measures in the last half of the month. The numbers we have reported here are total numbers of the entire survey, and as such reflect a fair assessment of the quarterly findings. Within this entire sample, however, there is a considerable basis for concluding that the overall assessment of the economy by Arizona small businesses is currently decidedly more negative than these summary figures reveal."*

## Light at the End of the Tunnel?

In Q1 2008, although there were more people who thought that economic conditions would get worse than thought it would get better, *the modal response (48%) was that economic conditions were likely to remain the same.* By the second quarter of 2008, things had deteriorated to the point where the modal response was that things would get worse. This quarter, however, shows figures which more closely resemble the figures which we observed in the first quarter of the year. O’Neil observed, *“While the overall picture that emerges from these findings is one of pessimism, when Arizona small businesses look to the future, we find the first tiny seeds of optimism. Although there are still more persons this quarter (35%) who think it is going to be worse this quarter than think it is going to be better (24%), the modal response at least has returned to a belief that they will “be the same.” We did not find many hints of even minimal optimism in this survey. This was one of the few.”*



When we expanded the timeframe to a full year from now, we see a similar results. There was clear deterioration in small business people’s twelve month horizon between Q1 and Q2. While Q3 figures have not returned to the level of Q1, they have pulled back somewhat from their Q2 lows.

In summarizing the results of this quarter's surveys, Dr. O'Neil explained that, "We see clear signs that Arizona small businesses see both the U.S. and Arizona economies as continuing to deteriorate. When we turn the focus of attention from the current situation to the immediate future, these same business people do, see some light at the end of the tunnel."

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*These results are taken from the Q3 **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 and Q2 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. The survey has a margin of error (at the 95% confidence level) of approximately +/-6%.*

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**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.



For Further Information or to schedule media interviews contact *via email*:

Michael O'Neil, PhD  
President  
O'Neil Associates, Inc.  
[oneil@oneilresearch.com](mailto:oneil@oneilresearch.com)  
[www.oneilresearch.com](http://www.oneilresearch.com)