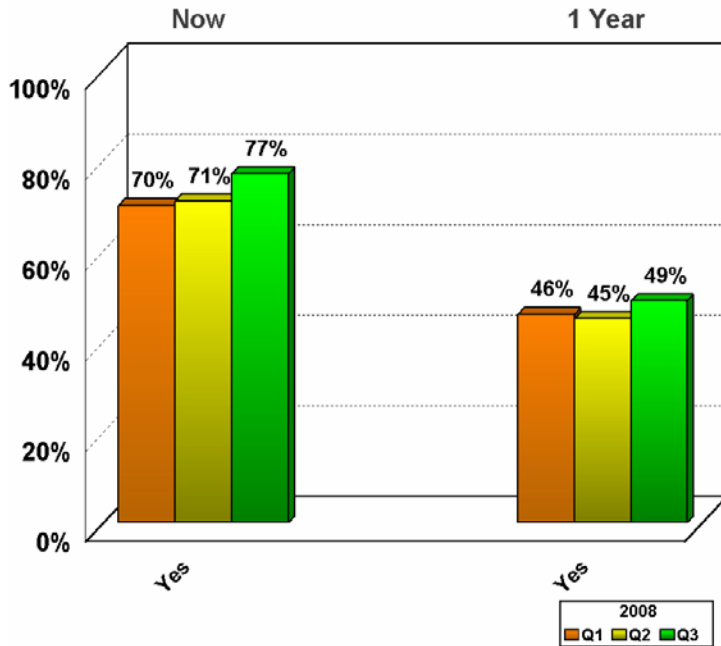


O'Neil Associates | ASBA
ARIZONA ECONOMIC INDICATORS MONITOR

Quarter 3, 2008

**Recession: How Long, How Bad?
 Views of the National and State Economies**

National Recession



The O'Neil Associates/ASBA Arizona Economic Indicators Monitor asked small business owners if they think the U.S. economy is in a recession. Increasing numbers of businesses have indicated that they think that the national economy is currently in a recession each quarter this year. The proportion has increased from 70% (Q1), to 71% (Q2), and jumped to 77% this quarter. More dramatically, this proportion includes 80% among those respondents who provided their answers in the second half of September, after the collapse of the stock market. When we asked these same respondents whether they think the national economy will be in a

recession one year from now, just under half (49%) said "yes," a number that is up from the 45% who responded this way last quarter.

 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%.

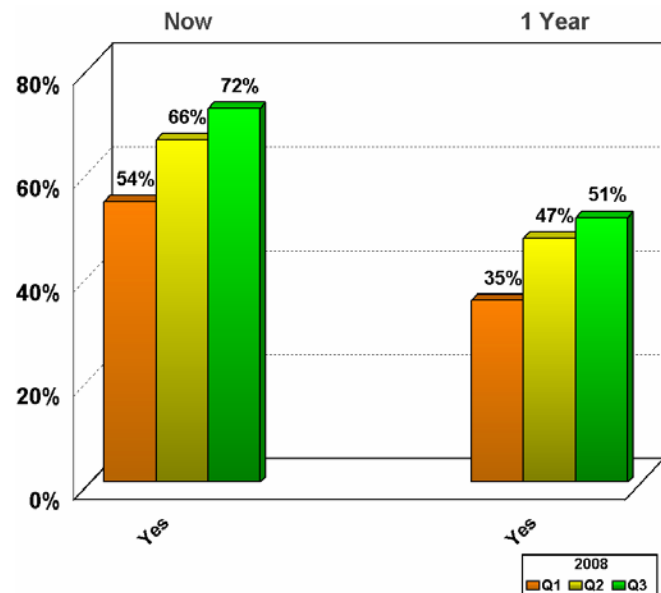
Results of this survey may be cited freely with the proviso that they be cited as the "O'Neil Associates/ASBA Arizona Economic Indicators Monitor"

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Arizona Recession?

The proportion of small businesses who believe that the Arizona economy is currently in a recession has increased steadily throughout the year, from 54% in Q1, to 66% in Q2, to 72% this quarter. This number continues to be about 5% lower than those who indicated a belief that the U.S. economy is in a recession. Looked at another way, however, the proportion of Arizona businesses that believe the Arizona economy is in a recession currently (72%) actually exceeds (though insignificantly) the proportion who indicated last quarter that they feel the U.S. economy is in a recession (71%).

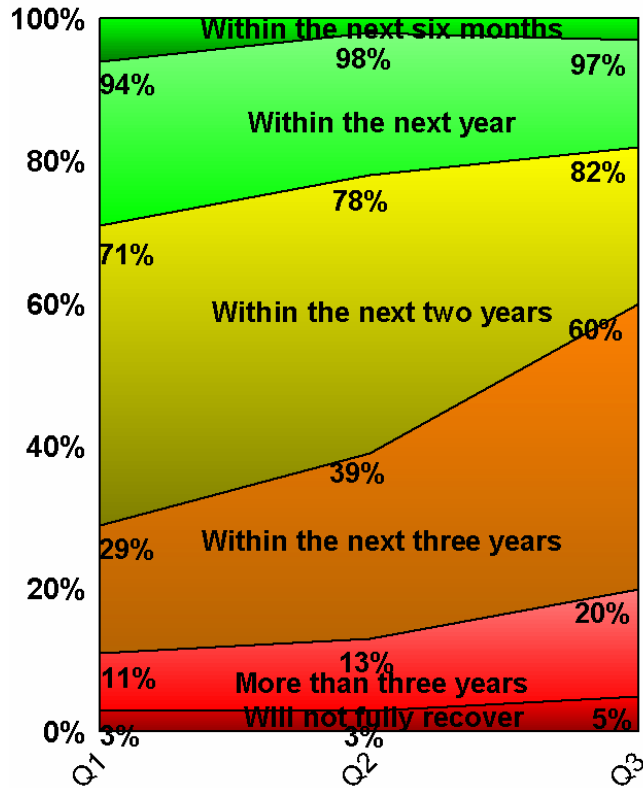
When we asked about the Arizona economy, we now find a modest majority who believe the Arizona economy will be in a recession one year from now. This number continues to exceed (though insignificantly) the proportion (49%) who think that the U.S. economy will be in a recession one year from now. According to the director of the poll, Dr. Michael O'Neil,



“On most measures the Arizona economy has consistently been seen as exceeding the U.S. economy. That was certainly true in quarter one for every measure. For the last two quarters, however, these differences have been clearly diminishing. And when respondents look to the future, they ultimately see Arizona as being sucked into, and fully participating in, a national economic downturn. In this respect, our observations for quarter 3 resemble those for quarter 2: When the national economy goes into a nosedive, the impact on Arizona may be delayed, but it is clearly impacted.”

When Will It End?

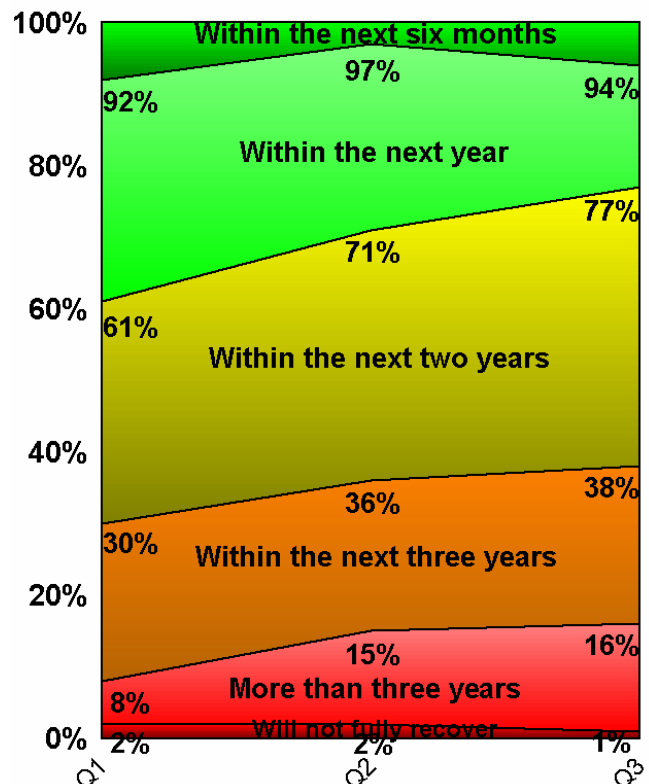
U.S.



*This quarter saw a **dramatic** increase in the proportion of respondents who think that this recession will take three years to run its course. The proportion who think it will take three or more years to recover was 29%; this increased to 39% in Q2 and to 60% in the current quarter. Dr. O’Neil commented, “This is a staggering increase and suggests to us that small businesses are coming to the view that they have to hunker down for an extended economic downturn.”*

When we asked respondents when they think the Arizona economy will fully recover, the sentiments were somewhat more optimistic. The proportion who think that the recover period will be three years or more increased from 30% in Q1, to 36% in Q2, to only 38% this quarter, a strikingly more optimistic view than the 60% who feel that the national economy will take at least three years to recover. On the other hand, the proportion who expect it to take two years or more to fully recover increased from 61% in Q1, to 71% in Q2, to 77% in Q3. Dr. O’Neil commented, “To summarize these results succinctly, the modal response is that it will take the U.S. economy three years to recover, while the Arizona economy will recover in two years.”

Arizona



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

- [ASBA](#), the Arizona Small Business Association, is the leading voice for small businesses in the State of Arizona.
- [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.

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*:

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