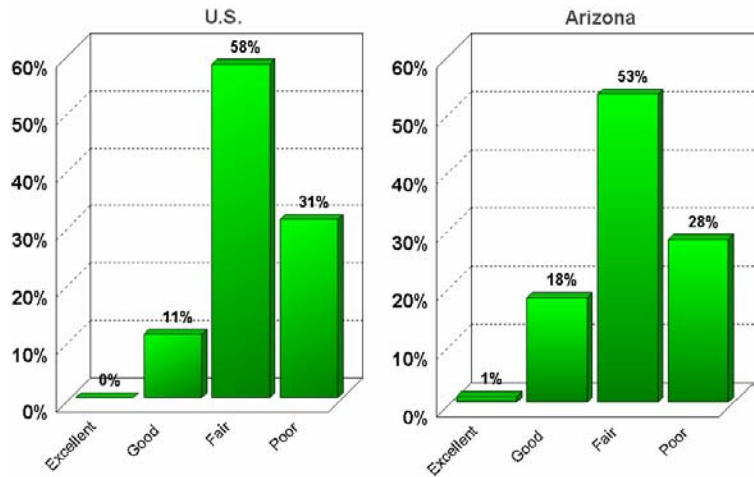


## Economic Pessimism Abounds

Arizona small business owners see the U.S. economy as in a world of hurt. Eighty-nine percent (89%) rate the U.S. economy as either fair (58%) or poor (31%). In contrast, none rate it as excellent, and only 11% see the U.S. economy as good.

The Arizona economy is rated only slightly higher by these same respondents. Eighty-one (81%) see the Arizona economy as either fair (53%) or poor (28%), while a rather meager 19% rate it as either excellent (1%) or good (18%).

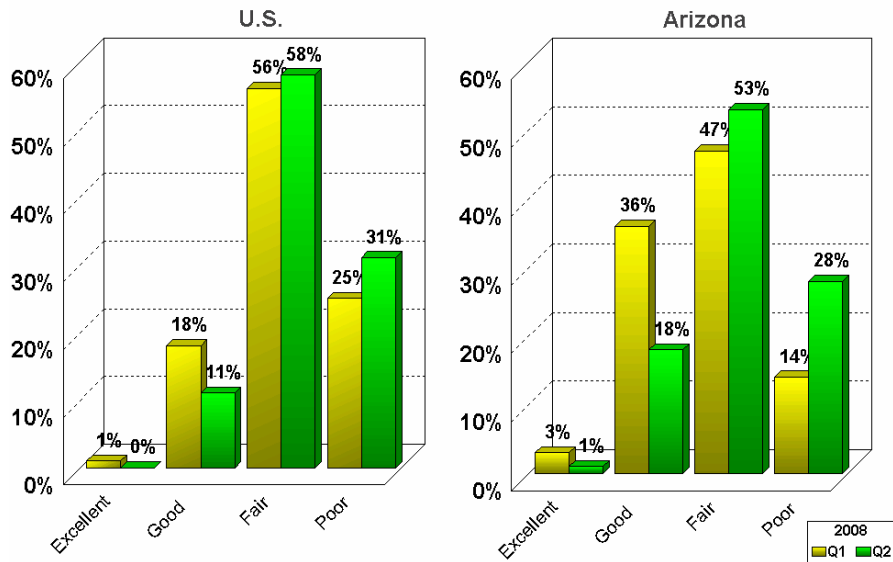
*How would you rate economic conditions today?*



## Time Trends

When we compare these results to those which we obtained last quarter, we find significant drops in both the assessment of the U.S. and the Arizona economy. The proportion who rated the U.S. economy as either excellent or good dropped from 19% to 11% 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% this quarter.

*How would you rate economic conditions today?*

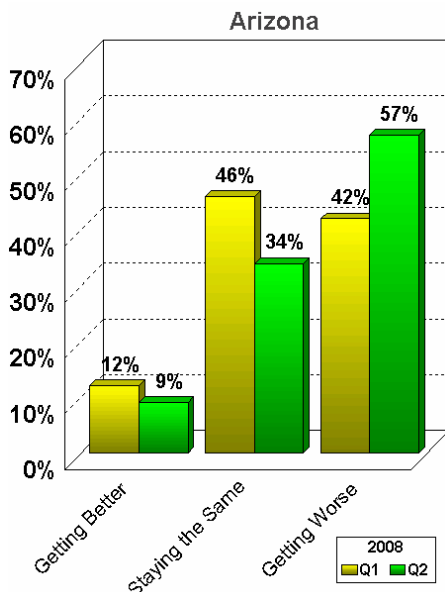
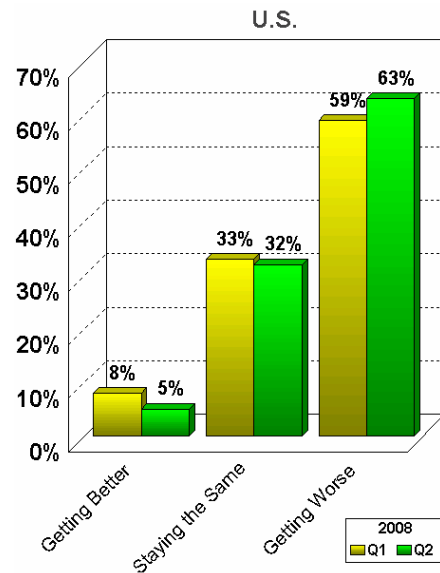


The poll's director, Dr. Michael O'Neil observed: "Overall, there are two clear observations: First, the Arizona economy continues to be rated somewhat more positively than the U.S. economy. Second, both the U.S. and Arizona economies are not only in serious trouble, the conditions for each are deteriorating at a rapid pace."

The **Silver State Bank/ASBA/O'Neil Associates Arizona Economic Indicators Monitor** 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 in late June as it did at the end of Q1 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%. Silver State Bank President Mike Thorell said: "This release continues our efforts to inform the business community about significant economic trends affecting Arizona".

## Getting Better or Worse: Quarter 1 to Quarter 2 Trends

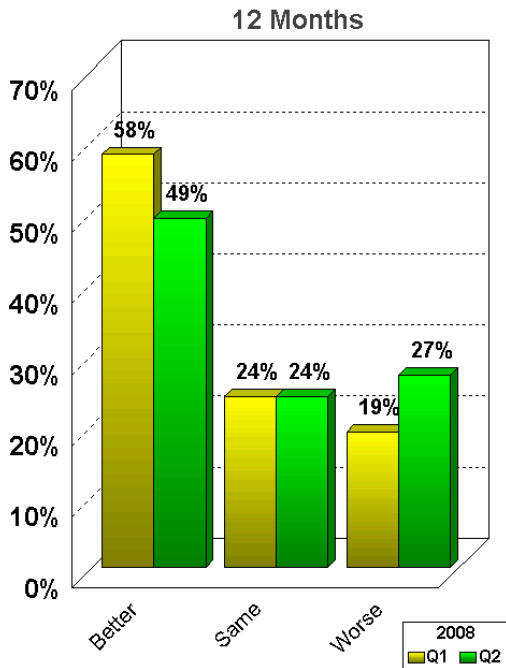
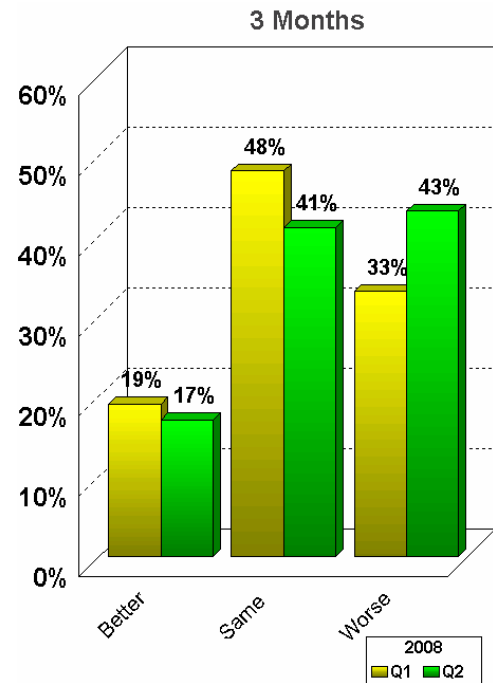
How do these same respondents perceive economic trends? Almost two-thirds (63%) think economic conditions in the U.S. as a whole are getting worse. This is a 4% increase from the observations made last quarter. In contrast, only 5% think that conditions are getting better, down from 8% last quarter.



When we asked the same question about Arizona economic conditions we find that, although Arizona's economy is not seen in as quite a negative light as the national economy, it is deteriorating at an accelerating rate. A majority (57%) now think economic conditions in Arizona are getting worse. O'Neil observed: "This is a dramatic 17% increase from the figure that we observed last quarter. In contrast, only 9% think the Arizona economy is getting better, a decrease of 3% from previous quarter".

## Looking to the Future

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*. This is no longer the case in Q2 2008. By a slight amount, the proportion that think things will be worse in three months (43%) exceeds both the proportion who think that they will be the same (41%) and the proportion who think it will be better (17%). O’Neil observed, “In the last three months we have seen a 10% increase in the proportion who think conditions will be worse three months from now. This is a significant change for the worse.”



When we expanded the timeframe to a full year from now, we see a similar deterioration in small business people’s outlook. While it is true that the modal answer for the 12 month timeframe continues to be that things will be better (49%), this number has deteriorated from 58% in Q1 2008, a decrease of 9%. Worse yet, this decrease was accompanied by a corresponding increase (from 19% in Q1 to 27% in Q2) in the proportion who feel things will be worse a year from now.

Results of this survey may be cited freely with the proviso that they be cited as the “**Silver State Bank/ASBA/O’Neil Associates Arizona Economic Indicators Monitor**”

The **Silver State Bank/ASBA/O’Neil Associates Arizona Economic Indicators Monitor** is made possible by a cooperative effort of

- **Silver State Bank** is Nevada's largest small business lender and has recently expanded its operations in Arizona.
- **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 **Silver State Bank/ASBA/O’Neil Associates 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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