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Rocky Mountain Poll

NEWS RELEASE [RMP 2010-II-04]

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ARIZONA CONSUMER CONFIDENCE IN DOLDRUMS
JOB WORRIES ARE HUGE & MAY IMPACT ELECTIONS

CONSUMER PLANNED BUYING SPUTTERS
87%: "NO DEFINITE PLANS" TO BUY

Phoenix, Arizona. May 12, 2010. As politicians quarrel among themselves over immigration policy, Arizona consumers are growing more deeply concerned about the economy than ever and about what can be done to revive the job market. Barely three percent think the job market is healthy (a number that in times when consumers feel comfortable with the economy is usually above 50 percent). Additionally, seven of ten today see no probability that the job market will improve in the next six months and three in ten are concerned that someone in their family may lose their jobs in the months to come.

At a time when consumer spending on consumer durable goods is considered one of the keystones in reviving retail sales and economic recovery, the mood among Arizona consumers is not good and is in strong contrast to the national mood where consumer confidence is improving. Nationally, the Conference Board reported that their April Consumer Confidence Index rose to 57.9 in April from 52.3 in March. Here in Arizona, the Consumer Confidence Index at the end of April registered 49.6 compared to 50.2 in January and 60.2 in September of 2009. It seems possible that the negative national reaction to the recent anti-immigration law and media and business leader predictions that its passage will have negative impacts on the already struggling tourism and convention industries and could make Arizona less competitive in its efforts to attract new employers, may have worked to deepen Arizona consumer pessimism about economic recovery. Usually Arizona consumers tend to be more optimistic in periods of recovery than are consumers at the national level.

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With consumer confidence in the doldrums and little belief that the economy will improve any time soon, the net result is consumers tightening their belts even further ... restricting plans for purchasing of major durable consumer goods such as kitchen appliances, automobiles, trucks, home entertainment equipment, household furniture and home remodeling. Eighty-seven percent of households across the state say they have no definite purchases plans in any of these categories in the coming six months – up from 80 percent in January.

When asked why they are keeping the purses closed, half say (48%) they will not do so until they can see evidence that the economy is improving. Six of ten told our interviewers that debt avoidance is a core reason they are not planning on any major durable goods spending. Fully three in ten openly admit that they are not buying today because they fear someone in their family may lose a their job in the months to come.

"Arizona consumers are going through a painful process of deleveraging right now," said Lee McPheters, Research Professor of Economics at the W. P. Carey School of Business. "They are deferring purchases of all but the most necessary items, and attempting to pay down credit cards and outstanding bills to get their household balance sheets in order. This frugality may not be a permanent 'new normal,' but it will continue until we see sustained job growth and lower unemployment rates," he said (to contact Professor McPheters call Debbie Freeman @ 480-965-9271 or contact by email: Debbie.freeman@asu.edu).

Since January of last year, the top priority six of ten Arizonans have had for elected officials has been job creation and stimulating the economy. More recently, voter assessment of the job being done by state and federal leaders from Arizona on such matters as helping create jobs for Arizona and working to stimulate the solar industry in this state are lukewarm to outright negative. And now that consumer and voter attention is focused more squarely on economic recovery and jobs, the question arises as to whether they will take their frustrations about the economy out on elected office holders. It seems likely that they will.

While the overall Consumer Confidence Index in Arizona is little changed from January, there has been some modest renewal of confidence among consumers in Maricopa county (52.2 January, 56.0 today), but in Pima and the rural counties, the index has dropped. In Tucson the current reading is 42.6 compared to 48.6 in January and 60.7 last September. In the rural counties the Consumer Confidence Index rests at 38.3 compared to 46.7 in January and 60.7 last September. Statewide, the Consumer Confidence Index has not approached the 100.0 baseline established in 1985 since July of 2007 and has only one time before (Jan 2009) been at a lower level than it is today, when it fell to 44.2 – the lowest level ever recorded.

Looking to the coming six months, the Consumer Expectations Index declined to 68.8 in April compared to 70.3 in January and this index has also not seen the 100.0 mark since January of 2007. The index on consumer views of the Present Situation Index in Arizona today registers at 20.7 compared to 20.0 in January. By way of comparison, this index was at 108.5 in Mid-2007, fell radically to 69.7 by May of 2008, and then into the low 20s in January of 2009 where it has remained ever since.

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All of this pessimism lies at the root of consumer reluctance to participate in consumer buying of major durable goods. Planned buying was already low in January of this year and has gotten lower. Especially lower is the percent of consumers who have "definite" plans to make such purchases. Today, 87 percent have no definite plans to make any major durable goods purchases in the coming six months. And as may be seen in the appended tables, even consumers who are optimistic that their family income will improve in the coming six months are hedging their bets.

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EDITOR'S NOTE: **This Rocky Mountain Poll - Arizona (2010-II-04), is based on 800 interviews with adult heads of household statewide, conducted between April 12 and 25, 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 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.**

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

ENCLOSED: Statistical tables.

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ARIZONA CONSUMER CONFIDENCE INDEX May 2010

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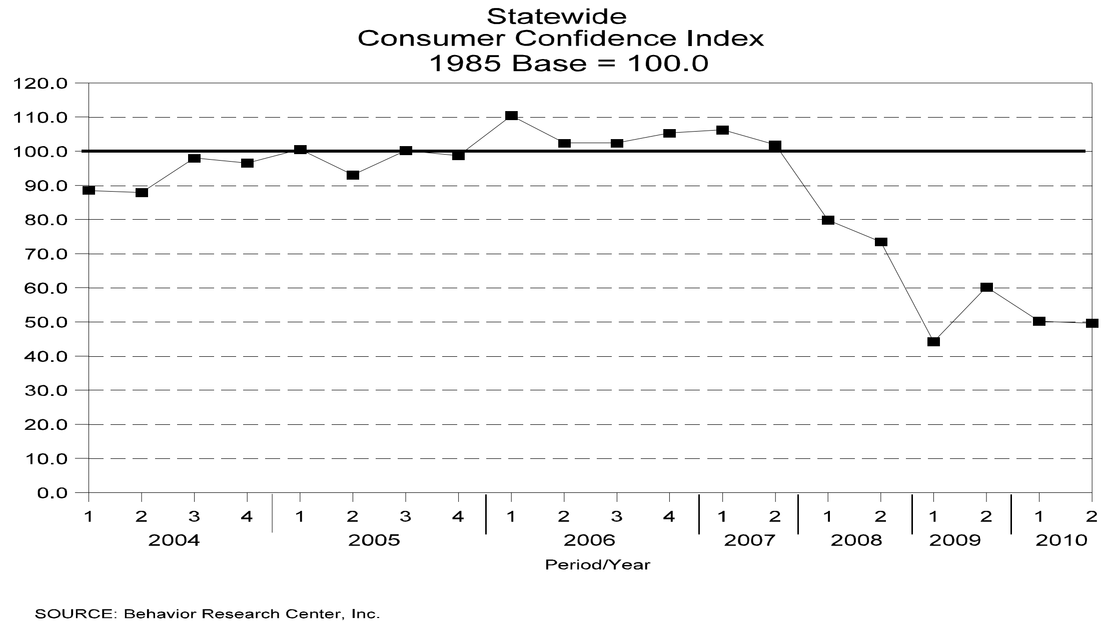

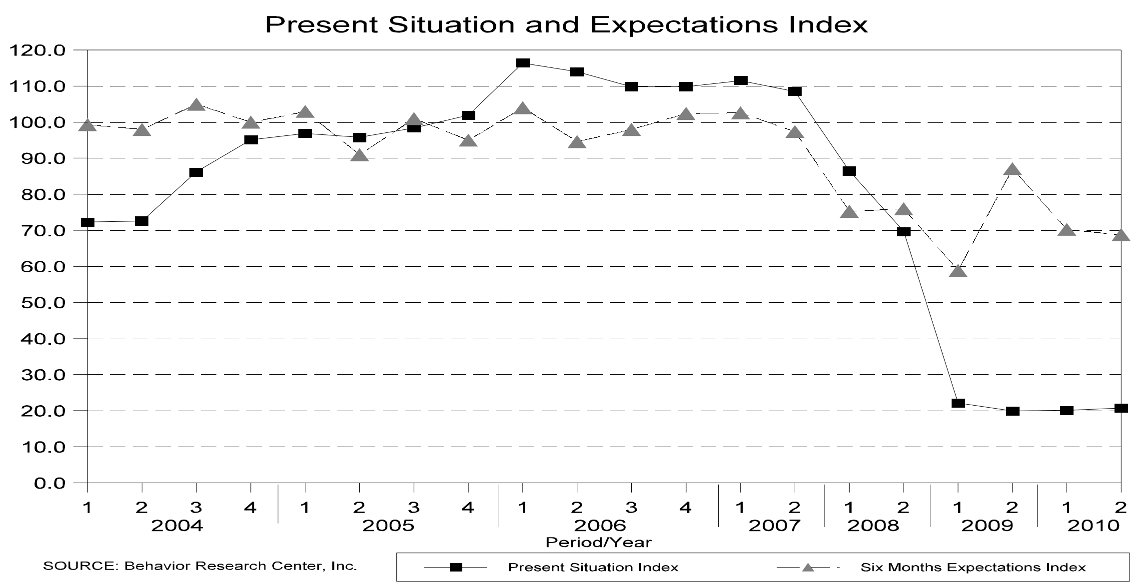

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	2010		2009		2008		2007		2006	
	Apr	Jan	Sept	Jan	May	Jan	July	Jan	Sept	Jul
Consumer Confidence Index										
Statewide	49.6	50.2	60.2	44.2	73.4	79.8	101.9	106.3	105.3	102.7
Maricopa	56.0	52.2	58.0	44.1	82.6	88.7	106.6	111.5	109.2	109.3
Pima	42.6	48.6	66.9	48.7	61.1	65.0	96.2	102.7	104.0	101.0
Rural	38.3	46.7	60.7	39.9	58.2	68.8	91.2	91.5	96.4	86.5
Index Detail (Statewide):										
Present Situation Index	20.7	20.0	19.9	22.1	69.7	86.5	108.5	111.5	109.7	109.8
Expectation Index (Next 6 Months)	68.8	70.3	87.1	58.9	76.0	75.3	97.4	102.6	102.4	98.0
Appraisal of Present Situation: Percent Holding Attitude										
Business Conditions:										
Good	17%	20%	14%	16%	31%	34%	38%	50%	49%	50%
Normal	38	30	35	31	41	45	46	38	38	37
Bad	41	46	48	47	25	17	11	7	9	9
Not sure	4	4	3	6	3	4	5	5	4	4
Employment:										
Jobs plentiful	3%	2%	5%	6%	23%	30%	41%	42%	44%	46%
Not so many	30	24	32	26	36	32	34	25	22	21
Jobs hard to get	60	68	57	60	30	24	14	18	19	20
Not sure	7	6	6	8	11	14	11	15	15	13
Expectations For Six Month Hence: Percent Holding Attitude										
Business Conditions:										
Better	29%	28%	44%	24%	28%	23%	25%	27%	33%	32%
Same	43	48	34	37	44	45	59	59	52	48
Worse	21	20	17	29	24	24	11	7	9	13
Not sure	7	4	5	10	4	8	5	7	6	7
Employment:										
More jobs	25%	23%	33%	21%	25%	25%	25%	28%	33%	32%
Same	38	41	38	30	38	39	55	49	43	43
Fewer jobs	30	28	24	40	30	27	13	13	15	17
Not sure	7	8	5	9	7	9	7	10	9	8
Family Income:										
Higher	17%	20%	24%	18%	24%	22%	25%	29%	27%	32%
Same	65	65	62	67	66	68	67	61	65	61
Lower	15	14	12	14	8	7	4	5	5	5
Not sure	3	1	2	1	2	3	4	5	3	2

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Rating Of *Current* General Business Conditions

	Maricopa	Pima	Rural
Good	21%	10%	11%
Normal	37	34	43
Bad	38	52	42
Don't know	4	4	4
	100%	100%	100%

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Rating Of General Business Conditions *Six Months Hence*

	Maricopa	Pima	Rural
Better	30%	32%	20%
About the same	42	44	46
Worse	19	18	28
Don't know	7	6	6
	100%	100%	100%

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Rating Of Family Income *Six Months Hence*

	Maricopa	Pima	Rural
Higher	20%	17%	12%
About the same	65	62	67
Lower	13	19	16
Don't know	2	2	5
	100%	100%	100%

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Rating Of *Current* Job Availability

	Maricopa	Pima	Rural
Plenty	3%	2%	3%
Not so many	30	43	20
Hard to get	58	50	71
Don't know	9	5	6
	100%	100%	100%

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Rating Of Job Availability *Six Months Hence*

	Maricopa	Pima	Rural
More	28%	19%	19%
About the same	36	37	43
Fewer	27	40	33
Don't know	9	4	5
	100%	100%	100%

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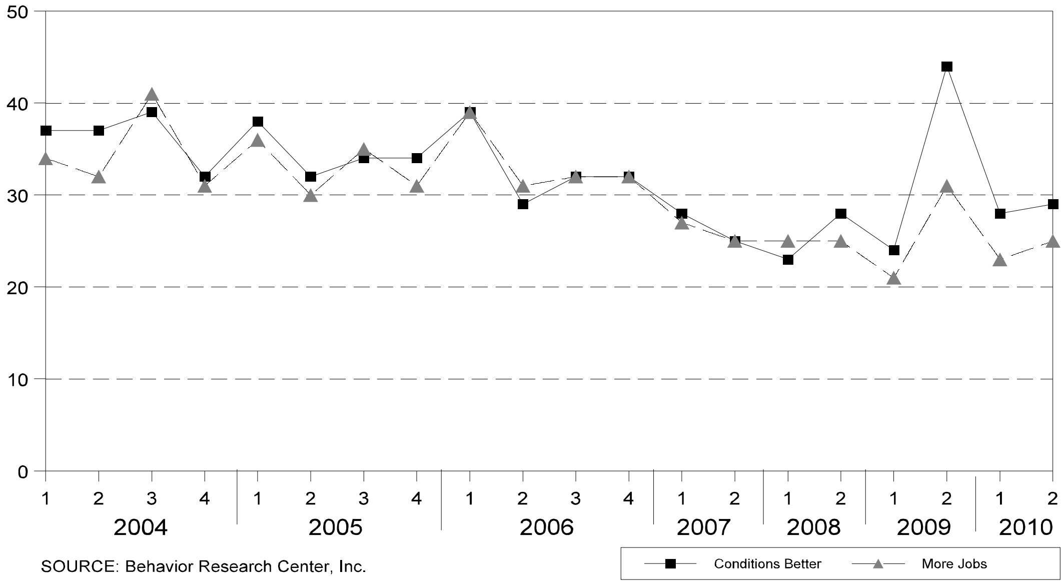
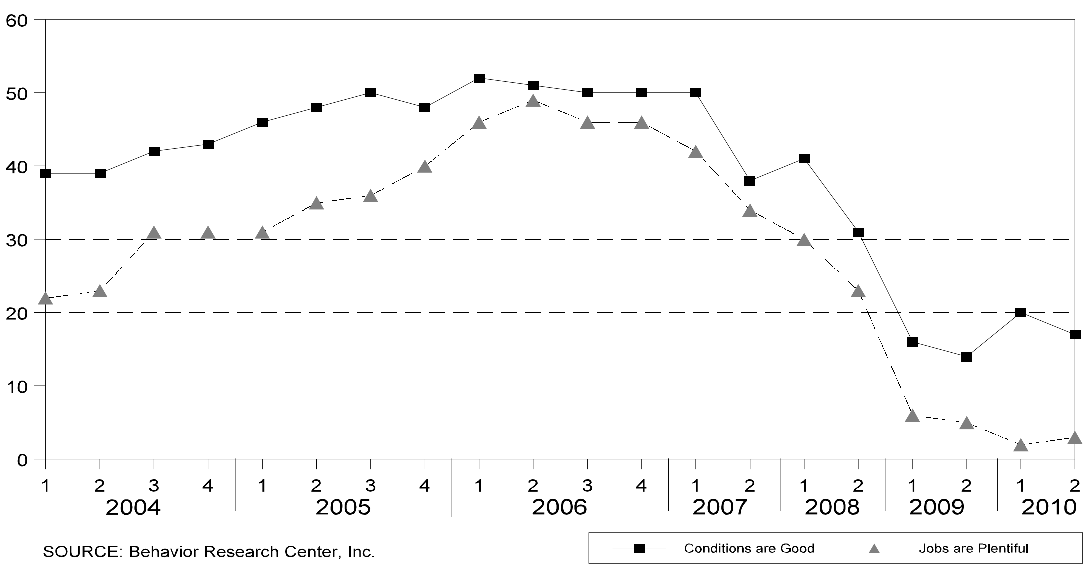
% with Positive Attitudes on
Future Business Conditions and Job Market



Periold/Year

% with Positive Attitudes on
Current Business Conditions and Job Market



Period/Year

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ARIZONA CONSUMER CONFIDENCE INDEX May 2010

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"*During the first six months of 2010, will you definitely, probably or probably not be making purchases of any of the following items?*"

	% Definitely or Probably Planning Purchase	
	April 2010	Jan 2010
Major kitchen appliances of any kind	8.5%	16.1%
A new automobile or truck	10.2	13.8
New household furniture	13.8	18.1
New electronic entertainment or computer equipment over 500 dollars	15.2	22.3
Major remodeling or repairing of any part of your house	15.0	17.3

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"*During the first six months of 2010, 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	1.8%	6.7%	8.5%
A new automobile or truck	2.2	8.0	10.2
New household furniture	3.3	10.5	13.8
New electronic entertainment or computer equipment over 500 dollars	4.7	10.5	15.2
Major remodeling or repairing of any part of your house	7.4	7.6	15.0

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PLANNED BUYING AMONG THOSE WHO BELIEVE THEIR FAMILY INCOME IN COMING SIX MONTHS WILL:

% definitely planning to purchase:	INCREASE	NO CHANGE	DECREASE
Home entertainment or computers	15%	3%	1%
Household furniture	11	2	1
Major home remodel/repair	10	6	9
New auto/truck	6	2	1
Major kitchen appliance	4	1	2

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BELIEVE JOB MARKET IN COMING SIX MONTHS WILL:

% definitely planning to purchase:	IMPROVE	NO CHANGE	GET WORSE
Home entertainment or computers	9%	3%	4%
Household furniture	4	3	4
Major home remodel/repair	7	10	7
New auto/truck	4	2	1
Major kitchen appliance	1	3	1

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"*I notice that you have no definite plans in the next six months to make any major purchases in the categories we were just discussing. Would you say that each of the following is or is not a reason you may not be making purchases of this kind?*"

	IS A REASON	NOT A REASON	UNSURE
No need for those items	62%	37%	1%
Don't want any more debt	61	38	1
Waiting until economy improves	48	50	2
Saving for other family purchases	32	64	4
Saving more for retirement	29	70	1
Concerned someone in household may lose job in coming months	28	70	2

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% "DEFINITELY" PLANNING A PURCHASE

	New Home Furniture	Entertainment or Computer Equipment	New Auto/ Truck	Major Home Remodel or Repair	Kitchen Appliance
6 MONTHS FROM NOW					
Job Availability will:					
Improve	4	9	4	7	1
Not improve	3	3	1	8	2
Your Family Income					
Improve	11	15	6	10	5
Not improve	2	2	1	7	1
Business Condition					
Improve	20	30	22	22	1
Not improve	3	4	2	7	2
CURRENT CONDITION					
Business Condition:					
Good	8	9	7	11	4
Less than good	2	4	1	7	1
Job Availability is:					
Good	3	6	4	6	22
Less than good	3	4	1	8	1

Table reads: Among those who think their family income will improve by September, 11 percent are definitely planning to purchase new home furnishings – a figure that drops to only two percent among those not expecting improvement in their family income during that period.

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