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Rocky Mountain Poll

NEWS RELEASE [RMP 2013-IV-03]

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CONFIDENCE IN THE ECONOMY STAGGERS IN ARIZONA

Phoenix, Arizona, November 12, 2013 Arizona consumer confidence in the economy staggered in October after two quarters of improvement. Because the survey measuring consumer confidence comes on the eve of holiday spending, the mood shift might project to lower spending than previously hoped for during the holiday season. Planned consumer buying of major durable goods is down in four of the five categories tested.

Inasmuch as this quarterly survey was taken between Oct 17 and 25, in the wake of the shut down of the federal government by Washington D.C. elected officials (October 1 through the 16th), it appears that political brinkmanship with the economy has heightened consumer insecurity and dampened their plans for spending during the last quarter of 2013 and the first quarter of 2014. During the shut down, the federal government curtailed most routine operations after Congress failed to enact legislation appropriating funds for fiscal year 2014 or a continuing resolution for authorization of appropriations for fiscal year 2014. Government operations resumed only after Congress approved an <u>interim</u> appropriations bill.

On the other hand, because the survey was taken during the turmoil surrounding the federal government shut down, optimism may rekindle now that federal employees are back on the job and government contracts are flowing again. Recent positive job reports may help infuse some renewed confidence, as may the announcement by Apple that it is opening a major new facility in Mesa, Arizona. What cannot be predicted at this point is whether the GOP-led House of Representatives might repeat its effort to halt President Barack Obama's health care reform program with another shut down later in the year. If they do, consumer confidence may dip yet further.

The statewide consumer confidence Index dropped to 66.9 in October from 72.5 in July. This is the lowest Index reading since October of 2011. Of interest is the finding that consumer confidence in the *current* economic climate improved marginally. rising to 51.3 from 50.0 in July. In contrast, and the factor that drags the overall consumer confidence index down, is a significant downward shift in consumer confidence about the *coming six months* economy - that reading fell from 87.5 in July to only 77.2 in October.

Consumers were clearly confused and apparently demoralized about the direction of the economy when Washington politicians closed and then reopened the federal government.

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The confusion can be seen in their assessments of current and future economic conditions. This, confidence in the current business climate fell but simultaneously, confidence in the job market rose.

A major concern to the business community is how the vitriolic and partisan political debate in Washington has affected and may continue to affect consumer buying intentions based on their confidence in or lack of confidence in the economy. What we now see is a decline in buying plans across four of the five consumer durable goods categories tested. Thus, declines in buying plans were registered for kitchen appliances, home remodeling, household furniture and home electronic equipment including computers. The one bright spot was in the automobile category where planned purchasing rose to 19.5 in October from 17.7 in July and is now at its highest level in at least two years.

"The current readings are disappointing and a setback from what appeared to be a resurgence during the Spring and Summer of 2013. in consumer confidence and planned buying" noted Research Director for Behavior Research Center, Earl de Berge. "We remain concerned that, if in the months to come the Congress continues the partisan brinkmanship it displayed in October, and there are signs that it may, consumer confusion and caution will deepen and wallets will be zipped shut again. To consumers and voters, partisan rhetoric is not just a disagreeable noise. For many it is a sign that they may not be able to depend on having a healthy economy in which to plan and live their lives."

Commenting on the October, 2013 findings, Dr. Dennis Hoffman of the L. William Seidman Research Institute at the W.P. Carey School of Business noted the following:

"The recent Rocky Mountain poll suggests that plans for spending in the next few months may be curtailed by erosion in consumer confidence. If this comes to fruition it will be a new phenomenon for the State that has seen reasonably robust growth in spending patterns over the past several years. The debt ceiling dispute in the summer of 2011 did not result in discernible slowing in Arizona consumption patterns despite a frenzied media coverage and a significant short term equity sell-off. However, the poll numbers do suggest an erosion in sentiment this time around so it will be interesting to see if resolution of issues in DC — at least for now — helps bolster confidence going forward. Any erosion in the pace of retail consumption will add more challenges to a labor market that has struggled to gain much traction to date." (Dr Hoffman may be contacted at 480-965-5362)

- 30 -

For this and other polls, see www.brcpolls.com/results. RMP (2013-IV-03)

EDITOR'S NOTE: **This Rocky Mountain Poll - Arizona (2013-IV-03), is based on 702 interviews with adult heads of household statewide, conducted between October 17 and 25, 2013. Interviewing was conducted in English or Spanish by professional interviewers of the Behavior Research Center on both land lines and cell phones. Where necessary, figures for age, sex, and race 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 3.8 percent of what they would have been had the entire adult 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.

STATISTICAL DATA

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RMP 2013-IV-03

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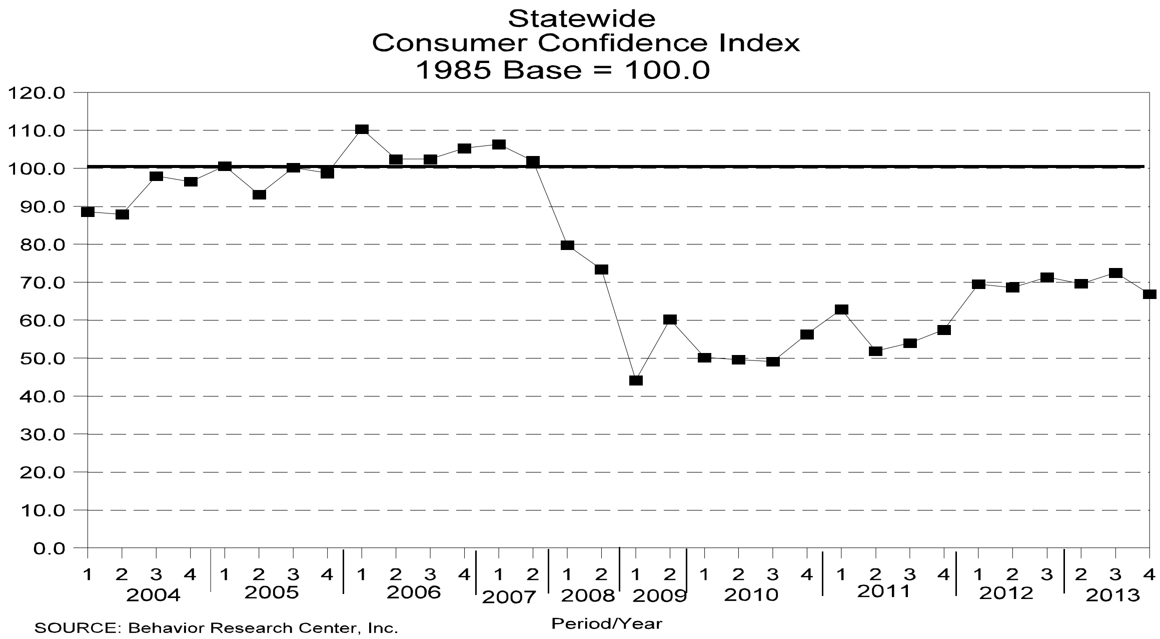

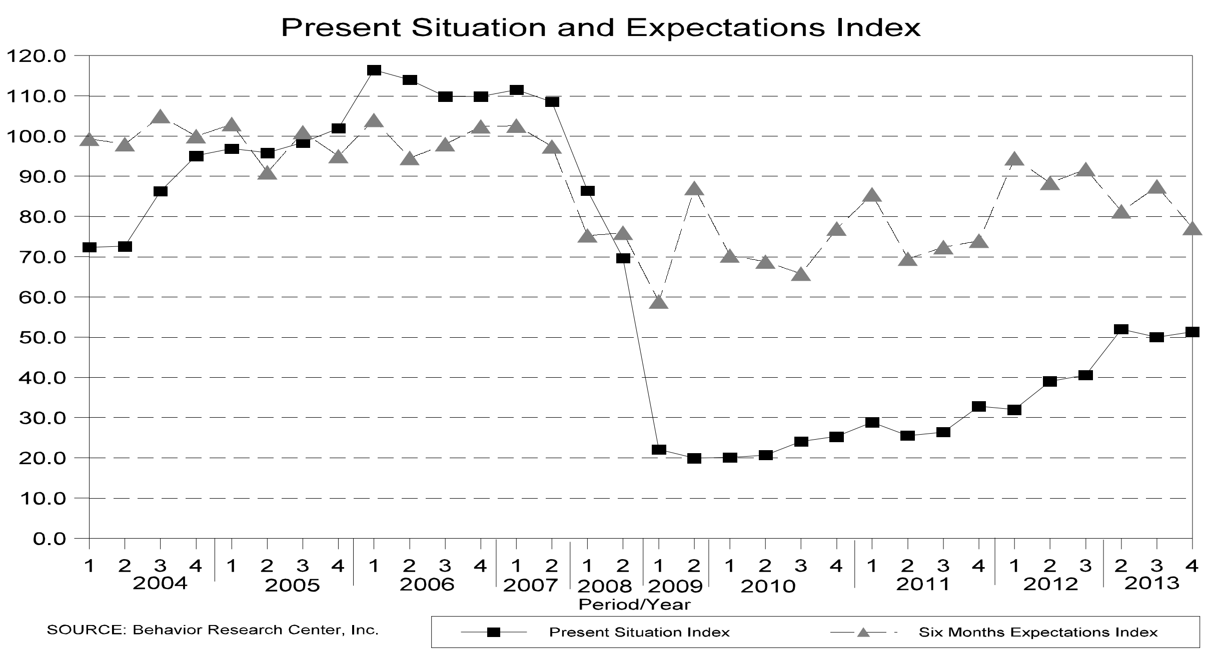

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	2013			2012			2011				2010
	Oct	Jul	Apr	Oct	Apr	Jan	Oct	Jul	Apr	Jan	Oct
Consumer Confidence Index											
Statewide	66.9	72.5	69.6	71.3	68.6	69.5	57.5	54.0	51.9	62.8	56.3
Maricopa	69.6	80.5	72.5	78.5	75.0	73.5	63.5	60.9	56.4	63.5	55.7
Pima	62.9	73.7	65.7	58.0	66.7	70.8	48.7	40.3	50.3	74.0	54.1
Rural	60.0	54.9	47.6	63.0	55.3	58.1	45.9	44.7	41.8	54.6	59.1
Index Detail (Statewide):											
Present Situation Index	51.3	50.0	52.0	40.6	39.0	32.0	32.8	26.4	25.5	28.8	25.3
Expectation Index (Next 6 Months)	77.2	87.5	81.3	91.8	88.4	94.5	74.0	72.4	69.5	85.5	77.0
Appraisal of Present Situation: Percent Holding Attitude											
Business Conditions:											
Good	28%	33%	29%	20%	26%	22%	21%	21%	24%	22%	21%
Normal	44	39	43	44	40	42	39	32	37	35	31
Bad	22	23	24	31	29	33	37	43	35	38	43
Not sure	6	5	4	5	5	3	3	4	4	5	5
Employment:											
Jobs plentiful	13%	10%	13%	12%	8%	6%	9%	6%	2%	5%	5%
Not so many	30	34	35	30	33	33	28	25	31	31	26
Jobs hard to get	47	47	43	48	53	56	56	63	59	55	62
Not sure	10	9	9	10	6	5	7	6	8	9	7
Expectations For Six Month Hence: Percent Holding Attitude											
Business Conditions:											
Better	26%	29%	29%	28%	32%	36%	28%	25%	29%	32%	27%
Same	46	52	45	42	47	48	47	47	49	48	44
Worse	19	13	19	12	14	11	20	20	18	16	17
Not sure	9	6	7	18	7	5	5	8	4	4	12
Employment:											
More jobs	24%	28%	27%	29%	30%	27%	24%	23%	25%	29%	25%
Same	43	41	40	37	42	51	40	39	39	47	42
Fewer jobs	23	22	25	15	19	16	29	31	29	18	22
Not sure	10	9	8	19	9	6	7	7	7	6	11
Family Income:											
Higher	25%	22%	22%	22%	19%	23%	22%	21%	12%	19%	16%
Same	60	67	67	65	69	68	63	67	73	67	69
Lower	12	8	8	9	9	8	11	10	13	11	11
Not sure	3	3	3	4	3	1	4	2	2	3	4

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Rating Of *Current* General Business Conditions

	Maricopa	Pima	Rural
Good	33%	22%	22%
Normal	41	39	53
Bad	22	23	21
Don't know	4	16	4
	100%	100%	100%

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Rating Of *Current* Job Availability

	Maricopa	Pima	Rural
Plenty	12%	16%	12%
Not so many	29	20	40
Hard to get	48	50	42
Don't know	11	14	6
	100%	100%	100%

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Rating Of General Business Conditions *Six Months Hence*

	Maricopa	Pima	Rural
Better	31%	24%	17%
About the same	44	51	48
Worse	17	18	24
Don't know	8	7	11
	100%	100%	100%

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Rating Of Job Availability *Six Months Hence*

	Maricopa	Pima	Rural
More	29%	18%	14%
About the same	36	40	59
Fewer	24	26	20
Don't know	11	16	7
	100%	100%	100%

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Rating Of Family Income *Six Months Hence*

	Maricopa	Pima	Rural
Higher	24%	26%	30%
About the same	60	60	58
Lower	13	13	10
Don't know	3	1	2
	100%	100%	100%

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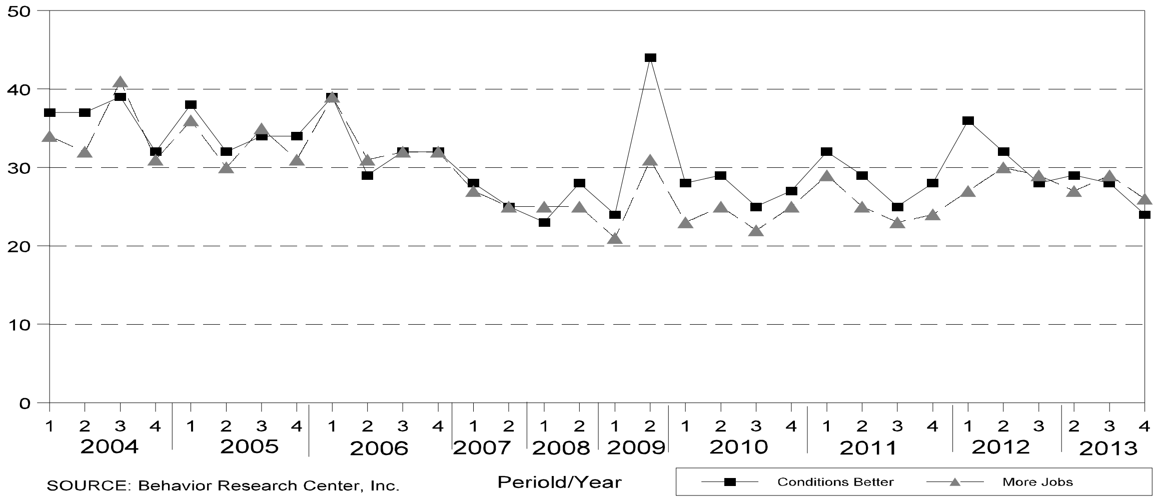
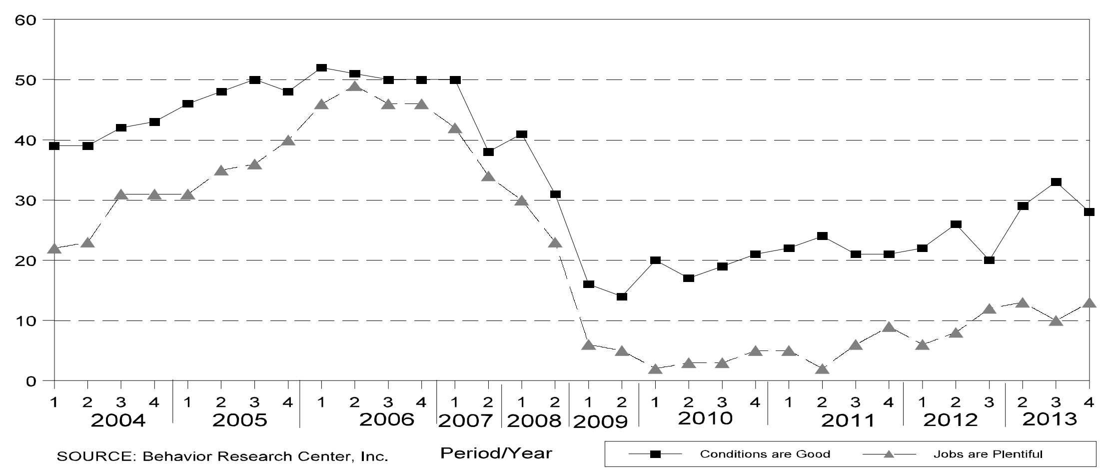
% with Positive Attitudes on
Future Business Conditions and Job Market



% with Positive Attitudes on
Current Business Conditions and Job Market



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

	% Definitely or Probably Planning Purchase					
	2013		2011		2010	
	Oct	Jul	Jan	Oct	Jul	Apr
New electronic entertainment or computer equipment over 500 dollars	24.0%	26.5%	21.3%	19.4%	16.5%	15.2%
New household furniture	20.1	24.5	17.5	16.9	13.9	13.8
A new automobile or truck	19.5	17.7	12.5	11.8	10.7	10.2
Major remodeling or repairing of any part of your house	17.5	24.2	13.2	17.3	14.2	15.0
Major kitchen appliances of any kind	13.3	13.7	9.7	14.2	7.3	8.5

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	Definitely	Probably	Total
New electronic entertainment or computer equipment over 500 dollars	8.9%	15.1%	24.0%
New household furniture	7.6	12.5	20.1
A new automobile or truck	6.8	12.7	19.5
Major remodeling or repairing of any part of your house	9.6	7.9	17.5
Major kitchen appliances of any kind	6.3	7.0	13.3

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	Planned Purchasing Summary October 2013			
	Total	Under 35	35 to 54	55 or Over
Definitely	23%	39%	17%	14%
Probably	24	26	19	26
Any Purchase	47	65	36	40

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