

STOCKTON
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CONSUMER CONFIDENCE SINKS IN ARIZONA

Phoenix, Arizona, January 19, 2001. Despite stable and positive readings in consumer views of the *current* state of the economy, their expectations of what may happen in the coming six months have driven the Consumer Confidence Index in Arizona to 107.6 from 114.5 in October and from 116.1 one year ago January.

This is the weakest January reading since 1998 and the decline in consumer confidence is registered in both the Tucson and Phoenix areas. In Tucson, the Index dipped below 100.0 for the first time in three years.

The declines in confidence trace principally to higher levels of pessimism about how the economy will fare between now and June, particularly as regards the general business climate and the availability of jobs. Thus, the proportion who expect business conditions to "worsen" in the coming six months rose to 13 percent from only eight percent in October and the proportion who expect the job market to tighten up jumped to 21 percent from only 12 percent last October, its highest level in more than four years. The Index is very sensitive to increases in negative opinion among consumers.

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Arthur Stockton, Chief Investment Officer of Stockton Trust, which sponsors the Consumer Confidence Index study series said, "This attitudinal problem has been building for some time even though everything has been holding together pretty well in the economy. A week or two after the election challenges began, we saw consumers cross the threshold from concern about the economy to loss of confidence. This traced more to political jitters than any real problem with the economy or even with federal policies. What we are seeing now is typical pre-recession consumer behavior, as evidenced by the slump in Christmas spending, but I believe," Stockton said, "the feds probably stepped in at the right time in loosening credit and another such adjustment in the next 30 days could be exactly what is needed to help the economy avoid a hard landing. The challenge to the Bush administration is to avoid policies and rhetoric that accelerate this loss of confidence into serious pessimism for when that happens, consumer involvement can dry up and do so rapidly," he said.

Interestingly, consumer views about the present economic situation remain very stable and favorable – 128.2 in January and 128.0 in October and 120.0 in January of 2000. In effect, consumers are saying that they do not believe the economy has seriously moved into a negative situation as yet, but they expect it will. In the coming months, if consumer views of the current as well as the future economic climate deteriorate, the Consumer Confidence Index may begin to register radical downward shifts by next quarter.

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EDITOR'S NOTE: This Arizona Consumer Confidence Index is based on 549 telephone interviews with adult heads of household throughout Maricopa and Pima Counties from January 10 through January 15, 2001. 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 may say with a 95 percent certainty that the results have a statistical precision of plus or minus 4.3 percent of what they would have been had the entire adult population been surveyed. The Arizona Consumer Confidence Study is conducted by the Behavior Research Center of Arizona and is an independent and non-partisan research program sponsored by Stockton Trust of Phoenix, Arizona.

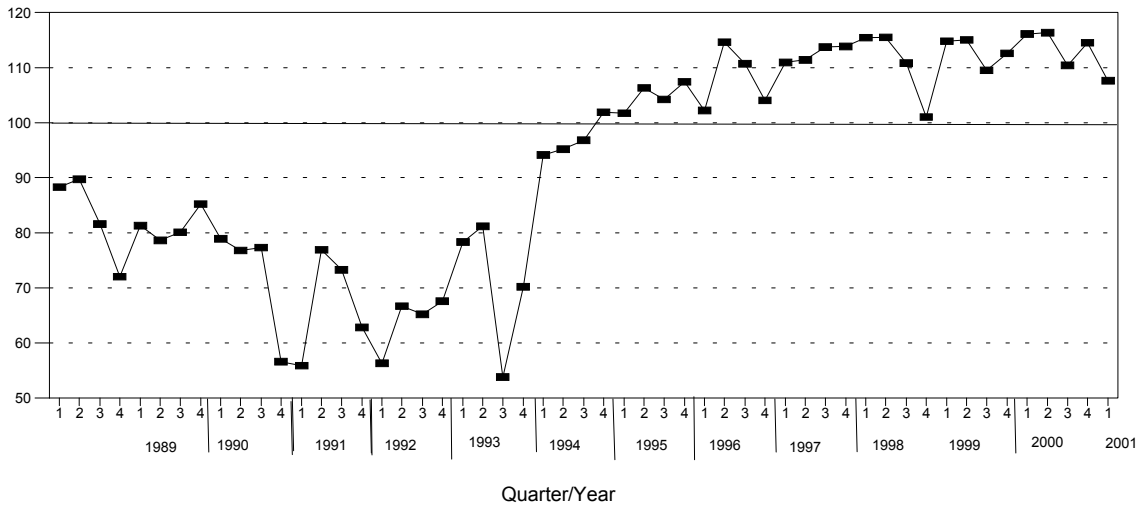
This statement conforms to the principles of disclosure of the National Council on Public Polls.

ENCLOSED: Statistical data for reference.

STATISTICAL DATA

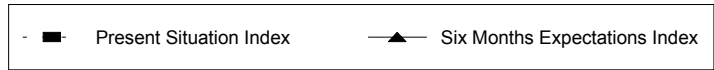
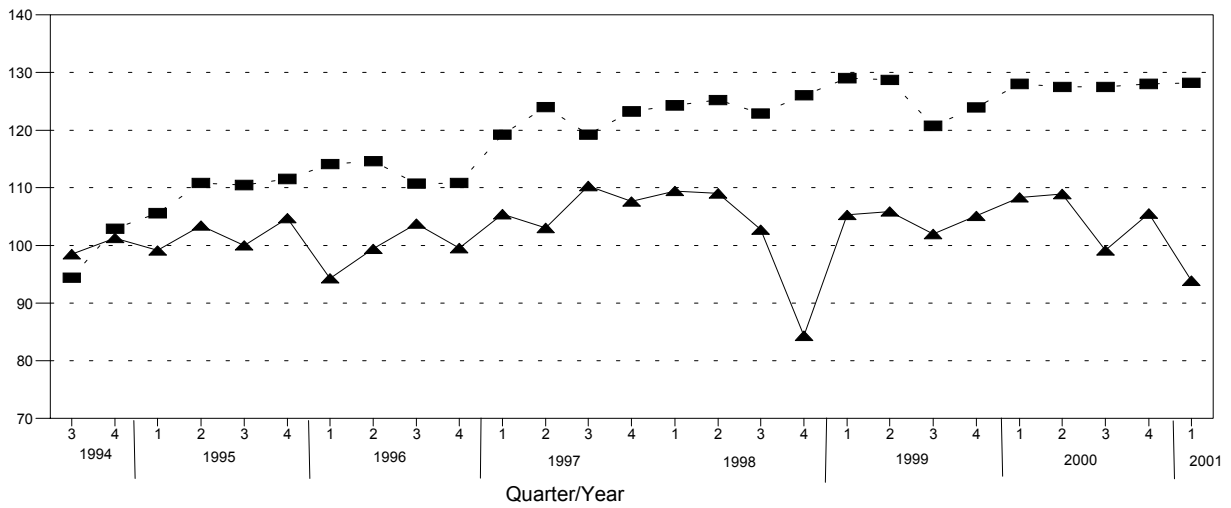
Stockton Trust
Behavior Research Center
ARIZONA CONSUMER CONFIDENCE INDEX — January 2001

**Statewide
Consumer Confidence Index**
1985 Base = 100.0



SOURCE: Behavior Research Center, Inc.
2000214

Present Situation and Expectatons Index



SOURCE: Behavior Research Center, Inc.

STATISTICAL DATA

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	2001	2000				1999				1998			
	Jan	Oct	July	Apr	Jan	Oct	July	Apr	Jan	Oct	July	Apr	Jan
<u>Consumer Confidence Index</u>													
Statewide	107.6	114.5	110.4	116.3	116.1	112.6	109.5	115.0	114.8	101.0	110.8	115.5	115.4
Phoenix	109.5	115.0	110.5	117.5	118.1	114.8	111.8	116.8	117.7	101.7	112.4	116.2	115.9
Tucson	99.5	112.7	109.2	111.2	108.5	106.3	101.8	106.6	106.1	99.5	104.6	102.1	106.4
<u>Index Detail (Statewide):</u>													
Present Situation Index	128.2	128.0	127.5	127.5	128.0	123.9	120.7	128.7	129.0	126.0	122.9	125.2	124.3
Expectation Index (Next 6 Months)	93.9	105.5	99.1	108.9	108.3	105.1	102.0	105.9	105.3	84.3	102.7	109.0	109.4

*Appraisal of Present Situation:
Percent Holding Attitude*

Business Conditions:

Good	56%	57%	60%	61%	59%	60%	57%	60%	66%	59%	57%	60%	59%
Normal	36	35	31	30	32	32	33	32	27	34	35	31	32
Bad	5	5	6	5	5	5	7	4	4	6	5	5	6
Not sure	3	3	3	4	4	3	3	4	3	1	3	4	3

Employment:

Jobs plentiful	63%	66%	64%	61%	65%	58%	59%	58%	64%	59%	55%	58%	58%
Not so many	17	16	17	14	16	17	15	17	14	19	21	17	19
Jobs hard to get	10	11	10	10	10	14	15	9	10	10	13	12	12
Not sure	10	7	9	15	9	11	11	16	12	12	11	13	11

*Expectations For Six Month Hence:
Percent Holding Attitude*

Business Conditions:

Better	27%	24%	27%	28%	27%	27%	27%	26%	30%	23%	28%	30%	29%
Same	55	59	57	57	61	60	59	60	57	55	58	57	59
Worse	13	8	10	8	6	8	9	6	8	16	10	7	7
Not sure	5	9	6	7	6	5	5	8	5	6	4	6	5

Employment:

More jobs	30%	32%	31%	37%	33%	30%	31%	29%	30%	23%	31%	33%	30%
Same	43	48	48	43	50	50	48	50	50	49	46	45	51
Fewer jobs	21	12	14	10	12	12	14	13	13	20	15	13	11
Not sure	6	8	7	10	5	8	7	8	7	8	8	9	8

Family Income:

Higher	34%	36%	31%	34%	36%	34%	36%	30%	35%	26%	34%	31%	33%
Same	59	58	62	58	58	60	58	63	59	64	61	60	60
Lower	4	3	5	4	4	3	4	4	3	7	3	6	4
Not sure	3	3	2	4	2	3	2	3	3	3	2	3	3

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**STATISTICAL DATA**

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|            | Rating Of<br><i>Current General<br/>Business Conditions</i> |                |
|------------|-------------------------------------------------------------|----------------|
|            | Maricopa<br>County                                          | Pima<br>County |
| Good       | 60%                                                         | 44%            |
| Normal     | 34                                                          | 41             |
| Bad        | 4                                                           | 9              |
| Don't know | 2                                                           | 6              |

|             | Rating Of<br><i>Current Job<br/>Availability</i> |                |
|-------------|--------------------------------------------------|----------------|
|             | Maricopa<br>County                               | Pima<br>County |
| Plenty      | 66%                                              | 55%            |
| Not so many | 16                                               | 17             |
| Hard to get | 8                                                | 16             |
| Don't know  | 10                                               | 12             |

|                | Rating Of<br><i>General Business<br/>Conditions<br/>Six Months Hence</i> |                |
|----------------|--------------------------------------------------------------------------|----------------|
|                | Maricopa<br>County                                                       | Pima<br>County |
| Better         | 28%                                                                      | 21%            |
| About the same | 55                                                                       | 59             |
| Worse          | 13                                                                       | 14             |
| Don't know     | 4                                                                        | 6              |

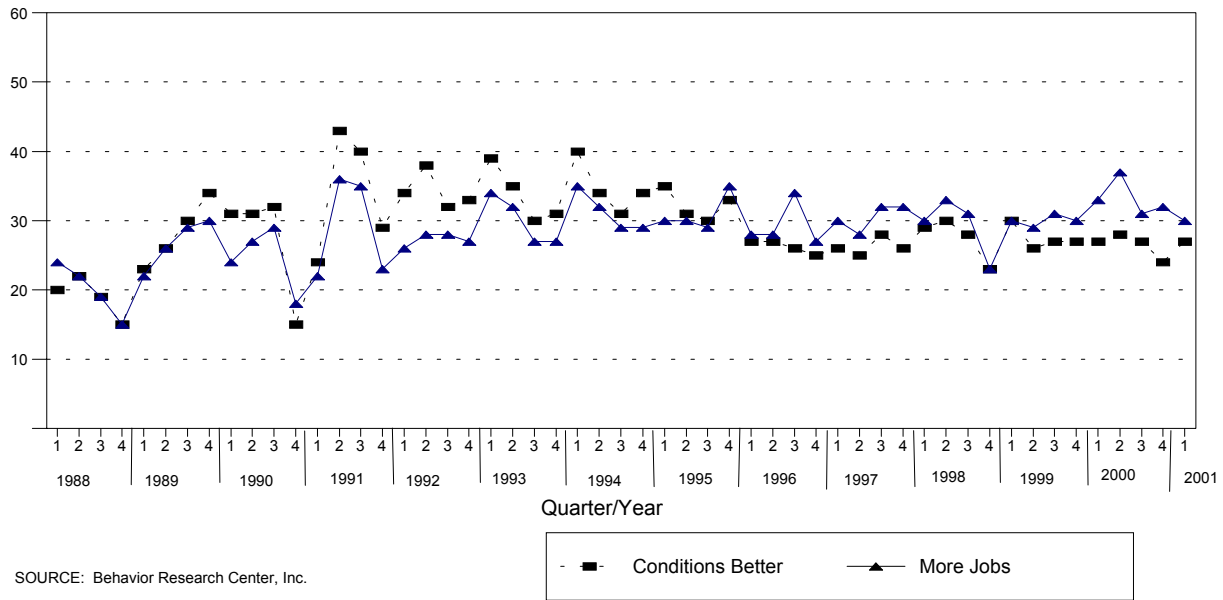
|                | Rating Of<br><i>Job Availability<br/>Six Months Hence</i> |                |
|----------------|-----------------------------------------------------------|----------------|
|                | Maricopa<br>County                                        | Pima<br>County |
| More           | 30%                                                       | 29%            |
| About the same | 42                                                        | 47             |
| Fewer          | 22                                                        | 17             |
| Don't know     | 6                                                         | 7              |

|                | Rating Of<br><i>Family Income<br/>Six Months Hence</i> |                |
|----------------|--------------------------------------------------------|----------------|
|                | Maricopa<br>County                                     | Pima<br>County |
| Higher         | 37%                                                    | 25%            |
| About the same | 57                                                     | 68             |
| Lower          | 3                                                      | 6              |
| Don't know     | 3                                                      | 1              |

STATISTICAL DATA

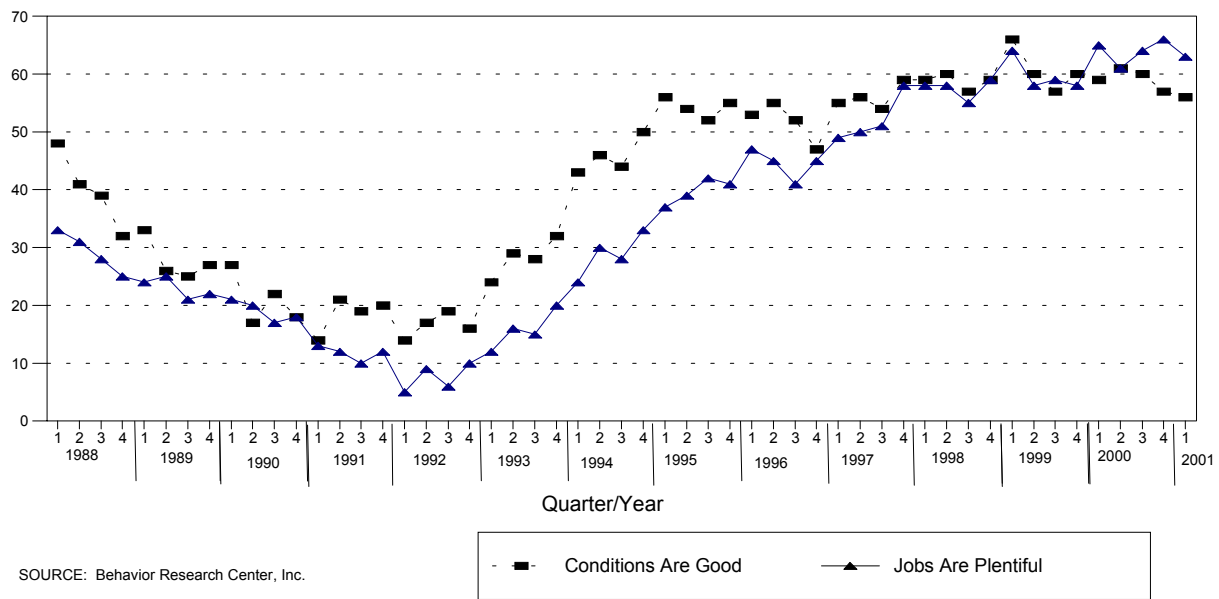
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**% with Positive Attitudes on  
Future Business Conditions and Job Market**



SOURCE: Behavior Research Center, Inc.

**% with Positive Attitudes on  
Current Business Conditions and Job Market**



SOURCE: Behavior Research Center, Inc.