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Your finances affect every angle of your life, from purchasing your dream home to the success of your business. Our 360° banking philosophy integrates your needs into a complete, customized banking solution that revolves around you. For more than 25 years, we've been dedicated to understanding the multi-faceted needs of our clients. The result is a proven, comprehensive approach to banking that enables National Bank of Arizona to be the "Only Bank You Need."

To learn more about how you can benefit from this 360° banking philosophy, visit us online at [www.nbarizona.com](http://www.nbarizona.com).



**Arizona Home Sales**  
Existing Single-Family Homes

	July-09	July-10
Inventory	29,989	34,762
Under contract	10,140	7,814
Sales	7,993	6,007
Sales volume (000s)	\$1,467,023	\$1,139,220

Source: Arizona Regional Multiple Listing Service

**Arizona Home Permits**  
Single-Family Homes—NSA

	Total	Y-Y Change
June-09	1,606	
June-10	1,095	-31.8%
July-09	2,029	
July-10	942	-53.5%

Source: U.S. Census Bureau NSA = not seasonally adjusted

**Arizona Employment**

National Unemployment Average 9.6%—August 2010—NSA

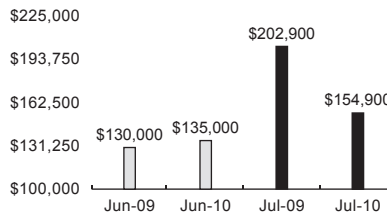
	Employment Change*	Unemployment Rate
June-09	-3,920	9.6%
June-10 (r)	-1,422	9.7%
July-09	-3,708	9.9%
July-10	-1,331	10.0%

Source: Bureau of Labor Statistics NSA = not seasonally adjusted  
\*Change from prior month (r) = revised data

## Arizona Economic Benchmarks

**Arizona Median Home Price\***

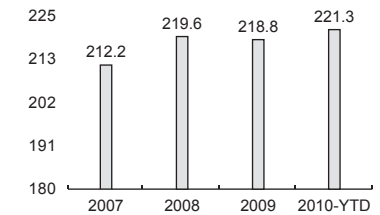
U.S. Median: \$186,200 in July



Source: Arizona Regional Multiple Listing Service  
\*Median sale price for existing single-family home

**Arizona\* Consumer Price Index**

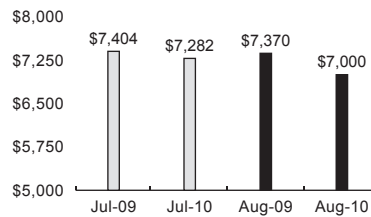
1982-84 = 100 (U.S. Average 218.0) NSA



Source: Bureau of Labor Statistics  
\*West Urban Region NSA = not seasonally adjusted

**Arizona Retail Sales\***

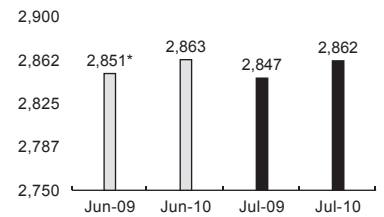
In Millions (000,000s) NSA



Source: Arizona Department of Revenue and The Carlson Group  
NSA = not seasonally adjusted \*Estimated retail sales

**Arizona Employment**

In Thousands (000s) NSA



Source: Bureau of Labor Statistics  
NSA = not seasonally adjusted \*revised data

**U.S. Employment By The Numbers**

Nonfarm payroll employment: -54,000 ▼ Civilian labor force participation rate: 64.7% ▲

Source: Bureau of Labor Statistics, August 2010

## Inside The Economy

### When in Doubt, Do Nothing

Last month, I proposed that the economy needed not more stimulus, but more certainty. After the megashock of the bursting subprime mortgage bubble, both investment equity and business confidence were seriously compromised, and neither has recovered sufficiently to return the U.S. to an overall posture of entrepreneurial risk-taking and growth. After multiple rounds of government stimulus, and a persistent unemployment rate above 9%, plus somewhat mediocre economic performance throughout the nation, there doesn't seem to be anything that is working particularly well to drive a real turnaround. So perhaps we should try something new, like . . . well . . . doing nothing. In my view, a large part of the problem now is the additional uncertainty that keeps getting introduced into the economic equation. Companies are still trying to figure out where they are going to come out when healthcare reform really kicks in. Are the tax cuts for high-income earners going to expire or not? Are tax cuts for the middle class going to be affected? How about the new tax cut/infrastructure repair proposal from the administration? Is that really going to be enacted, or will it morph into something different, or will it go by the wayside as the two major parties jockey for position between now and November? I think the best thing for the economy right now is to just call a time-out. In other words, adopt a position that Congress and the president are not going to propose or pass anything other than innocuous bills that won't affect the economy one way or another. Declare that we're going to stop, sort out what we have right now, and bring the certainty of real information to the markets. Freeze spending at current levels. Don't rock the boat with well-meaning legislative changes for at least two years. Let the Congress take longer vacations (I don't care who is in charge), and let the president focus on foreign policy. Let consumers and businesses catch their collective breath and give them time to evaluate options in a more certain economic environment where they are not bombarded with proposed and real changes day after day. We need certainty and stability right now, not more "stimulus."

Author: Ken Maxey

# Local Trends

Arizona Businesses Total Private Establishments		Government Jobs Arizona Government Workers		Arizona Jobs Professional Business Services	
2003	118,870	2004	399,400	2004	338,700
2004	126,348	2005	402,900	2005	366,000
2005	135,176	2006	408,500	2006	394,400
2006	147,540	2007	421,000	2007	403,300
2007	156,493	2008	432,300	2008	386,500
2008	158,775	2009	422,600	2009	345,000
2009	151,369	2010-YTD	372,900	2010-YTD	346,200

Source: Bureau of Labor Statistics

**Quick Fact**

**2.0%** | The decrease in personal income in Arizona between 2007 and 2010. During the same period, U.S. personal income declined 4%.

Source: Bureau of Economic Analysis

**Arizona Population Projections**  
Projections for 2015 and 2025 - In Thousands (000s)

Age	2000 Total	2015 Forecast	Change 2000 to 2015	2025 Forecast	Change 2000 to 2025
0-4	348	417	19.8%	445	27.9%
5-17	965	1,015	5.2%	1,130	17.1%
18-24	466	565	21.2%	571	22.5%
25-64	2,384	2,844	19.3%	2,898	21.6%
65 and over	635	967	52.3%	1,368	115.4%
Total	4,798	5,808	21.1%	6,412	33.6%

Source: U.S. Census Bureau

# National Trends

**United States Employment Outlook**

	Increase	Decrease	No Change	Don't Know	Net Employment Outlook
Q3-2010	18%	8%	70%	4%	10%
Q2-2010	16%	8%	73%	3%	8%
Q1-2010	12%	12%	73%	3%	0%
Q4-2009	12%	14%	69%	5%	-2%
Q3-2009	15%	13%	67%	5%	2%

Source: Manpower Survey Q3-2010  
Data is based on interviews with 16,000 employers, who were asked how the current employment situation will change in the next three months

**U.S. Job Openings, SAAR**

Survey Date	Job Openings (000s)
July 2010	3,042
June 2010 (r)	2,864
May 2010	2,936
April 2010	3,302
March 2010	2,785
February 2010	2,647
January 2010	2,854
December 2009	2,531

Source: Bureau of Labor Statistics SAAR = seasonally adjusted annual rate (r) = revised data

**Housing Starts, SAAR**

	Units (000s)	Percent Change
June-09	583	
June-10 (r)	537	-7.8%
July-09	587	
July-10	565	-3.7%

Source: U.S. Census Bureau SAAR = seasonally adjusted annual rate (r) = revised

**Personal Income**  
In Billions of Dollars, SAAR

	Feb-10 (r)	Mar-10 (r)	Apr-10 (r)	May-10 (r)	Jun-10 (r)	Jul-10
Personal income	12,337 ▲	12,389 ▲	12,346 ▼	12,484 ▲	12,482 ▼	12,512 ▲
Disposable personal income	11,203 ▲	11,252 ▲	11,312 ▲	11,347 ▲	11,346 ▼	11,364 ▲
Personal consumption expenditures	10,229 ▲	10,279 ▲	10,272 ▼	10,285 ▲	10,281 ▼	10,325 ▲

Source: Bureau of Economic Analysis SAAR = seasonally adjusted annual rate (r) = revised

**New Home Sales, SAAR**

	Units (000s)	Percent Change
June-09	396	
June-10 (r)	315	-20.4%
July-09	408	
July-10	276	-32.4%

Source: U.S. Census Bureau SAAR = seasonally adjusted annual rate (r) = revised

**Domestic Automotive Units (000s)**

	U.S. Production	Unit Sales	Inventory Level
June-09	156.0	278.4	779.5
June-10 (r)	248.1	314.8	689.5
July-09	188.2	346.1	631.2
July-10	230.7	319.1	621.8

Source: Bureau of Economic Analysis (r) = revised

**Gross Domestic Product**

Q2-09	-0.7%
Q3-09	1.6%
Q4-09	5.0%
Q1-10	3.7%
Q2-10 (r)	1.6%

Source: Bureau of Economic Analysis Percent change from prior qtr. (r) = revised

**Consumer Confidence Index**

Apr-10	57.7
May-10	62.7
Jun-10	54.3
Jul-10 (r)	51.0
Aug-10 (p)	53.5

Source: The Conference Board 1985 = 100 (p) = preliminary (r) = revised

