



Anchorage Consumer Optimism Index

ANCI

2013 Q2

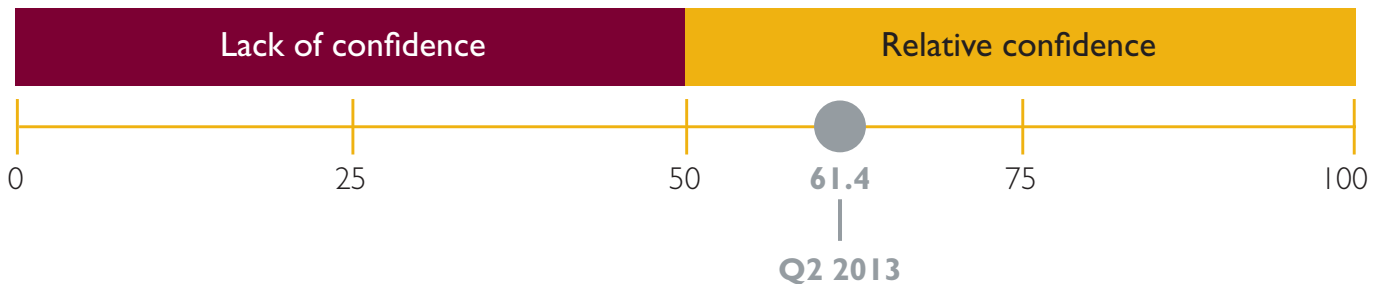
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DESCRIPTION

The ANCI is a measure of **Anchorage households' confidence in the health of the local economy, their personal financial situation, and their expectations for the future.** Northern Economics, Inc. generates the ANCI using data collected by a random quarterly sample of at least **350 households** located in the Municipality of Anchorage. The survey sample includes households with landlines, those with landlines and cell phones, and those households which only use cell phones. The analysis weighs all responses for demographic factors such as gender, age and income to insure the sample's responses are representative of Anchorage's population.

The ANCI is expressed using a value of 0 to 100. **Values above 50 represent relative confidence in the economy, while values below 50 indicate lack of confidence.** The farther the ANCI is from the midpoint the stronger the aggregate feeling of confidence or lack thereof.



RESULTS

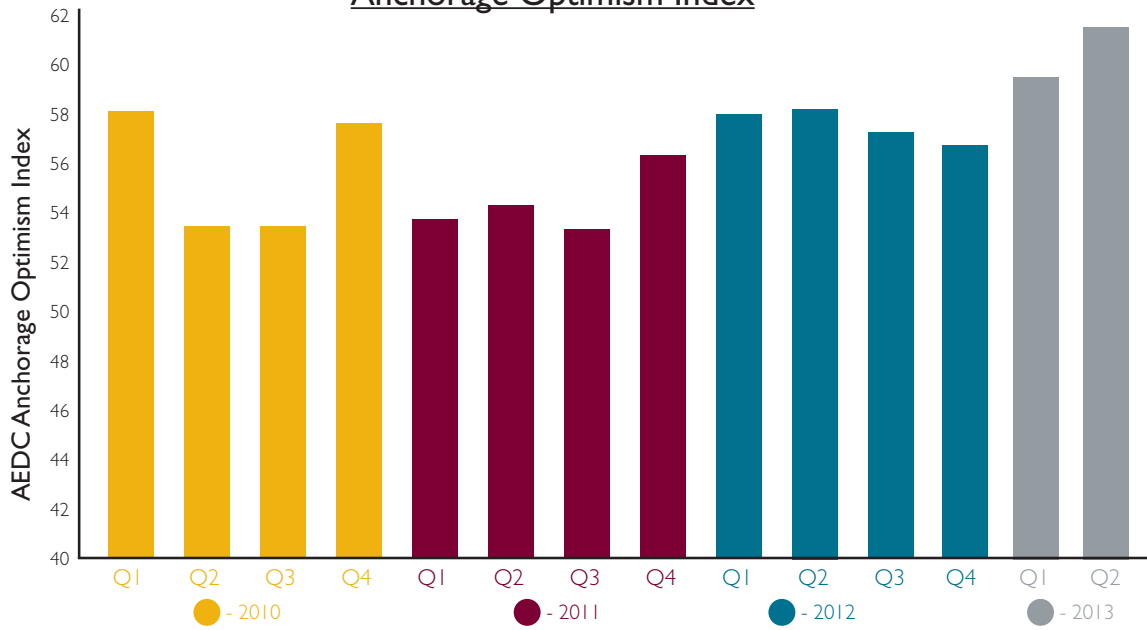
In Q2 2013, the ANCI rose to another record high of 61.4.

The more stable six-month moving average of the index rose 2.1 points to 60.1, breaking the record set one year ago in Q2 of 2012. During the administration of this survey, U.S. consumer confidence was also on a climb, reaching a near six-year high. The Conference Board's Consumer Confidence Index® showed large increases in both present sentiment and expectations, as did the University of Michigan's Consumer Sentiment Index.



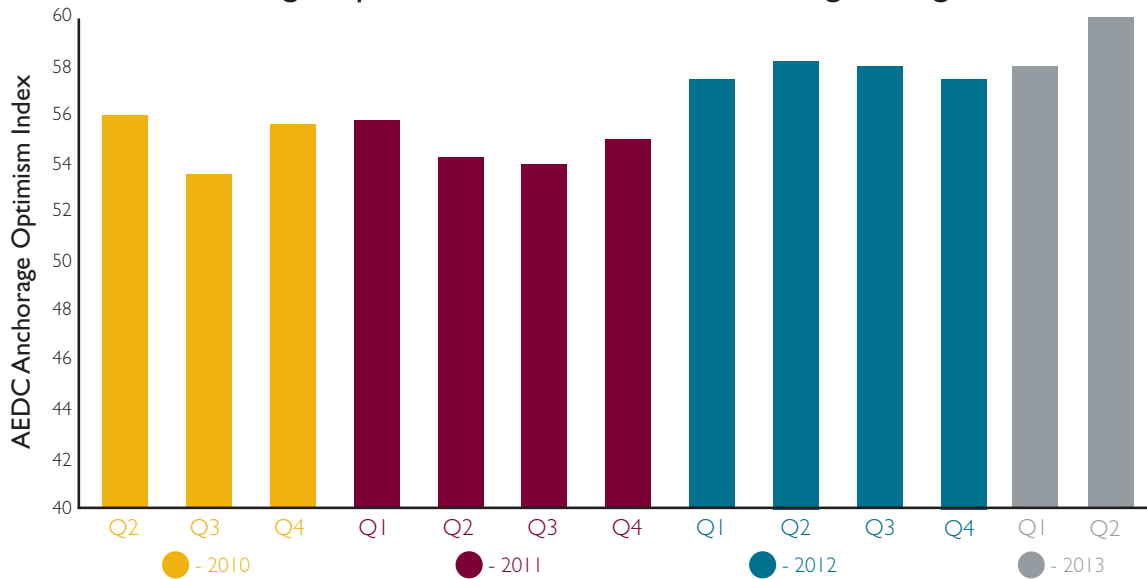
RESULTS CONT.

Anchorage Optimism Index



All values are expressed on a 0 to 100 scale.

Anchorage Optimism Index Six-Month Moving Average



All values are expressed on a 0 to 100 scale.

2013 ANCI



2012 ANCI



COMPONENTS

The ANCI is comprised of three individual components: **Local Economy Confidence**, **Personal Financial Confidence**, and **Expectations for the Future**.

Local Economy Confidence, the most direct measure of respondents' feelings about the current state of the Anchorage economy.

"Anchorage residents continue to express explicit confidence in their local community's economy."

Local Economy Confidence, the most direct measure of respondents' feelings about the current state of the Anchorage economy, **rose 3.6 points to a new record high of 65.3**. In short, **Anchorage residents continue to express explicit confidence in their local community's economy**.

Personal Financial Confidence component is the strongest component in the ANCI:

"... residents have had a high level of participation in the economy - both as employees and consumers."

The *Personal Financial Confidence* component is the strongest component in the ANCI and is now also the least volatile of the three included in the survey. It rose 1.7 points from the first quarter of 2013 to reach 66.6, **breaking above the levels seen in 2012**. Likewise, Northern Economics' statewide index saw a strong increase in Q2 of 2013,

bringing it again to the highest level since Q1 of 2010. Unlike the *Local Economy Confidence* component, which is in some ways residents' outside view of the local economy, *Personal Financial Confidence* measures residents' ability to participate in the local economy through their personal finances. The continued downward march in the Anchorage unemployment rate has meant that residents have had a high level of participation in the economy - both as employees and consumers.

The ANCI's *Expectations of the Future* component **currently measures 56.8**, another record for the history of the index, exceeding the previous high of 54.5 set in the first quarter of 2013 by 2.3 points. Residents' outlook has continued to improve, no doubt helped by a strong residential housing market, the aforementioned steady decline in the local unemployment rate, and the general rise in optimism that comes from one of the nicest summer weather patterns in a few years.

Expectations of the Future: Residents have maintained a more positive outlook over the last year. Likely this is due to:

- Strong residential housing market
- Decline in local unemployment rate
- Nice weather

AEDC Anchorage Optimism Index

Component	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Local Economic Confidence	59.8	55.7	55.7	59.5	57.2	58.8	58.7	60.1	60.6	61.3	59.4	60.9	61.7	65.3
Personal Financial Confidence	67.3	60.8	60.8	65.2	62.9	61.4	61.8	63.7	65.9	64.2	65.1	61.9	64.8	66.6
Future Expectations	52.9	48.8	48.8	52.9	47.5	48.6	46.6	50.8	52.9	54.0	52.9	52.7	54.5	56.8
AEDC ANCI Total Measure	58.2	53.5	53.5	57.7	53.8	54.3	53.4	56.4	58.1	58.4	57.6	57.0	59.9	61.4
Six Month Moving Average		55.9	53.5	55.6	55.7	54.1	53.9	54.9	57.2	58.2	58.0	57.3	57.9	60.1

All values are expressed on a 0 to 100 scale.

● 2010 ● 2011 ● 2012 ● 2013