



Anchorage Consumer Optimism Index

ANCI

2014 Q2

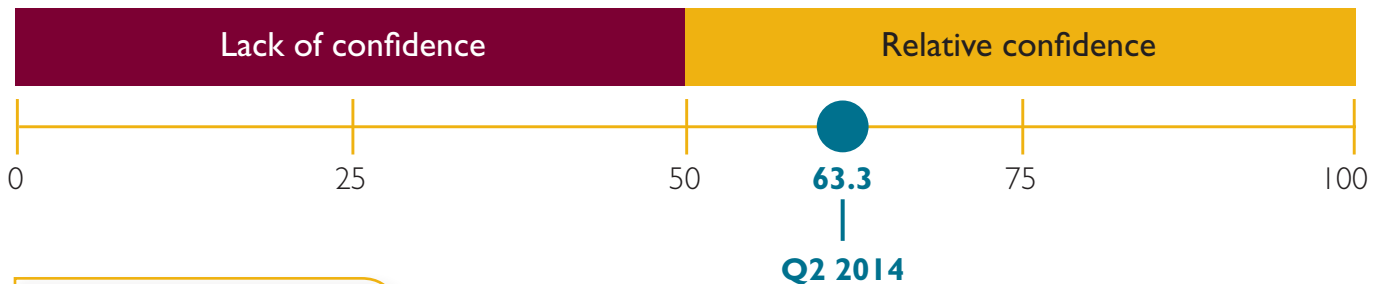
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DESCRIPTION

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

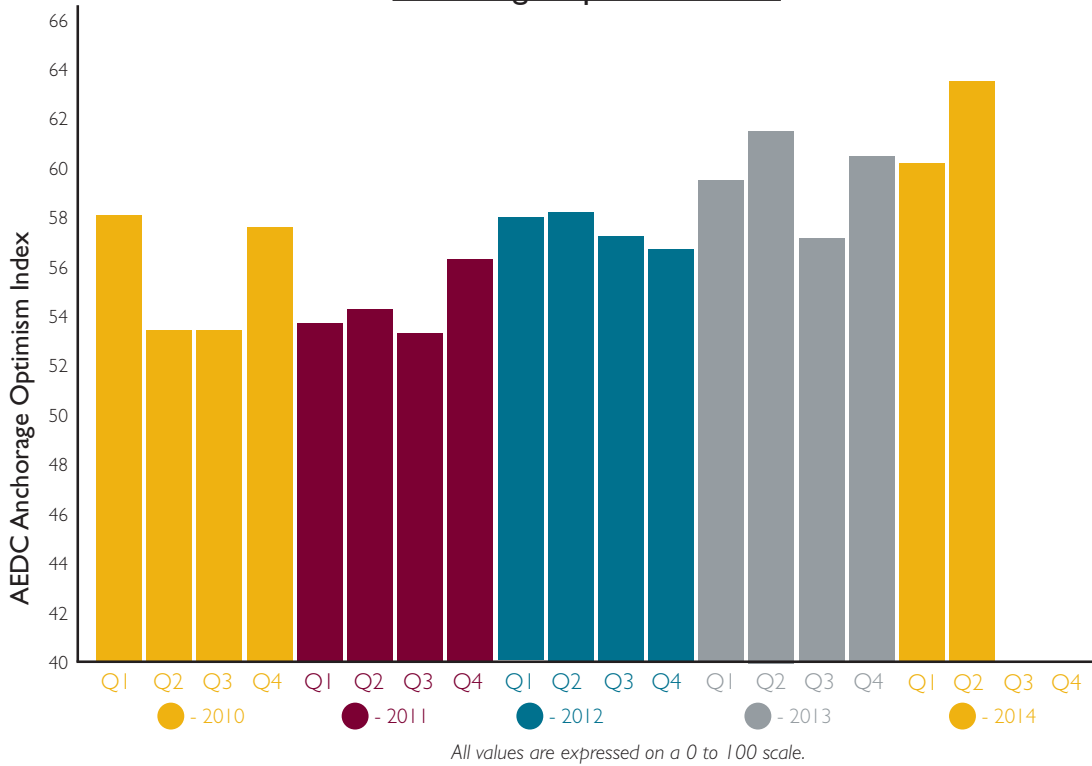
In 2014 Q2, the ANCI rose sharply to an **ALL-TIME HIGH of 63.3**, gaining 2.9 points from 2014 Q1 and besting the previous high of 61.4 in 2013 Q2. The more stable six-month moving average of the index also hit a record high of 61.8, growing 1.2 points over the previous high set in 2014 Q1.

During the administration of this survey, U.S. consumer confidence also showed improvement from March 2014 to June 2014. The Conference Board's Consumer Confidence Index® increased only slightly over the quarter, with slight increases in both its measures of present sentiment and expectations. The University of Michigan's Consumer Sentiment Index was up slightly more strongly over the quarter.

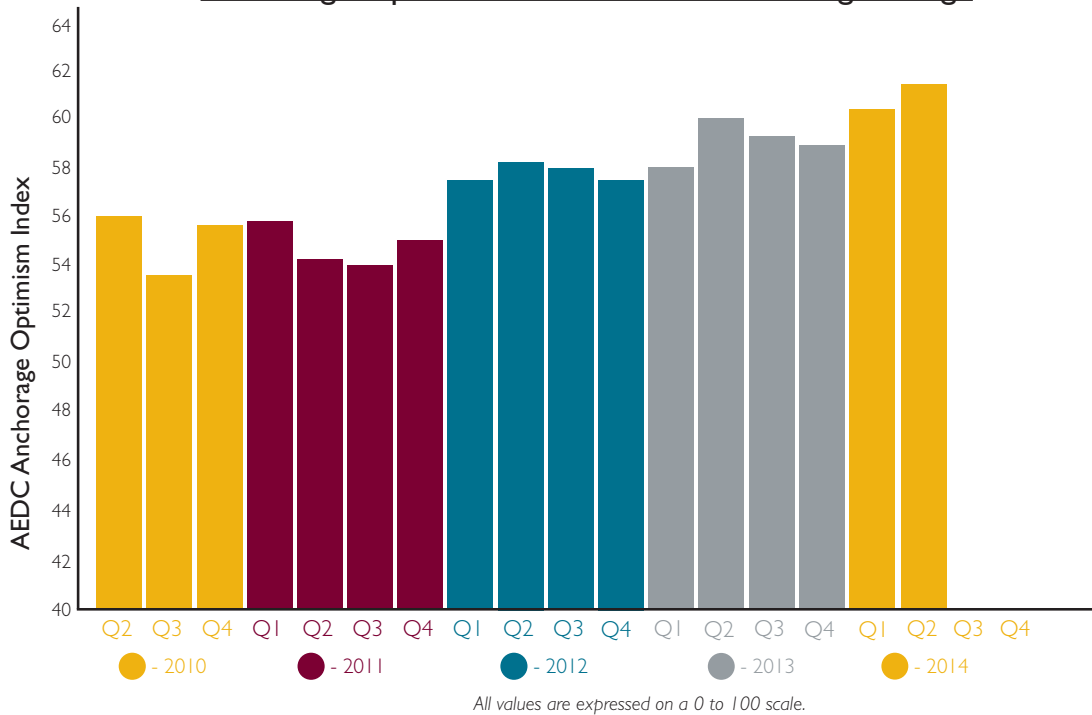


RESULTS CONT.

Anchorage Optimism Index



Anchorage Optimism Index Six-Month Moving Average



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' confidence in their local economy continues to grow, likely driven by positive news about oil and gas investment"

Local Economy Confidence, the most direct measure of respondents' feelings about the current state Anchorage economy, increased by 1.6 points to 65.2, second only to 2013 Q2's high of 65.3. Anchorage residents' confidence in their local economy continues to grow, likely driven by positive news about oil and gas investment, continued low unemployment in Anchorage, and positive news in the national economy.

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

"With a strong performance in the stock market, low unemployment, and news of renewed investment by Alaska's oil and gas industry, it appears Anchorage residents remain positive about their personal financial well-being."

The *Personal Financial Confidence* component is the strongest and least volatile component of the ANCI. It rose 0.7 points from the first quarter of 2014 to return to a reading of 67.1, where it sat in the fourth quarter of 2013. 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 directly through their personal finances. With a strong performance in the stock market, low unemployment,

and news of renewed investment by Alaska's oil and gas industry, it appears Anchorage residents remain positive about their personal financial well-being.

ANCI's *Expectations of the Future* component reached a record high of 60.4, a sharp 4.6 point increase from the first quarter of 2014. Despite uncertainty surrounding the oil tax repeal effort (Ballot Measure I) residents' outlook is very strong.

Expectations of the Future: Despite uncertainty surrounding the oil tax repeal effort (Ballot Measure I) residents' outlook is very strong.

The Anchorage Consumer Optimism Index (ANCI) Survey is compiled by Northern Economics on behalf of Anchorage Economic Development Corp. (AEDC).

If you are interested in learning more about this data or how AEDC can help you develop a report, call the AEDC Research Department at 907.258.3700.

AEDC ANCHORAGE OPTIMISM INDEX

Year	Local Economic Confidence	Personal Financial Confidence	Future Expectations	ANCI	6-Month Average
2010					
Q1	59.8	67.3	52.9	58.2	
Q2	55.7	60.8	48.8	53.5	55.9
Q3	55.7	60.8	48.8	53.5	53.5
Q4	59.5	65.2	52.9	57.7	55.6
2011					
Q1	57.2	62.9	47.5	53.8	55.7
Q2	58.8	61.4	48.6	54.3	54.1
Q3	58.7	61.8	46.6	53.4	53.9
Q4	60.1	63.7	50.8	56.4	54.9
2012					
Q1	60.6	65.9	52.9	58.1	57.2
Q2	61.3	64.2	54	58.4	58.2
Q3	59.4	65.1	52.9	57.6	58
Q4	60.9	61.9	52.7	57	57.3
2013					
Q1	61.7	64.8	54.5	59.9	57.9
Q2	65.3	66.6	56.8	61.4	60.1
Q3	60.3	61.1	53.6	57.1	59.3
Q4	62.9	67.1	56.4	60.7	58.9
2014					
Q1	63.6	66.4	55.8	60.4	60.6
Q2	65.2	67.1	60.4	63.3	61.8
Q3					
Q4					

All values are expressed on a 0 to 100 scale.