



Anchorage Consumer Optimism Index

ANCI

2014 Q4

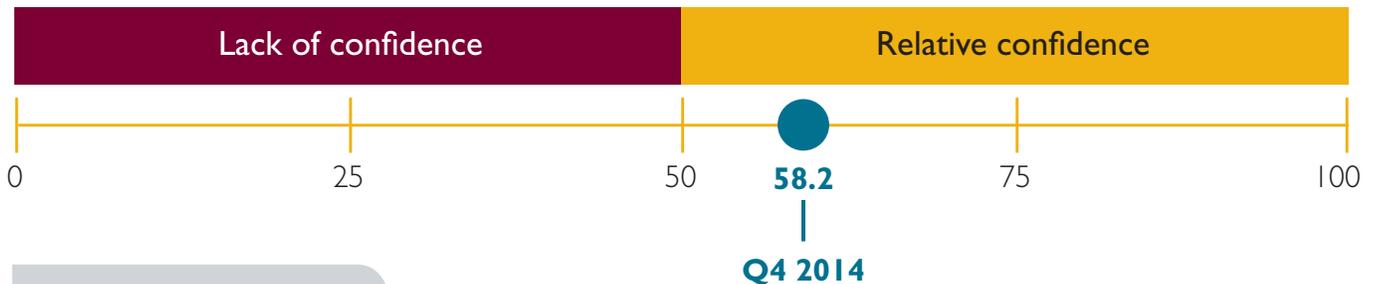
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DESCRIPTION

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

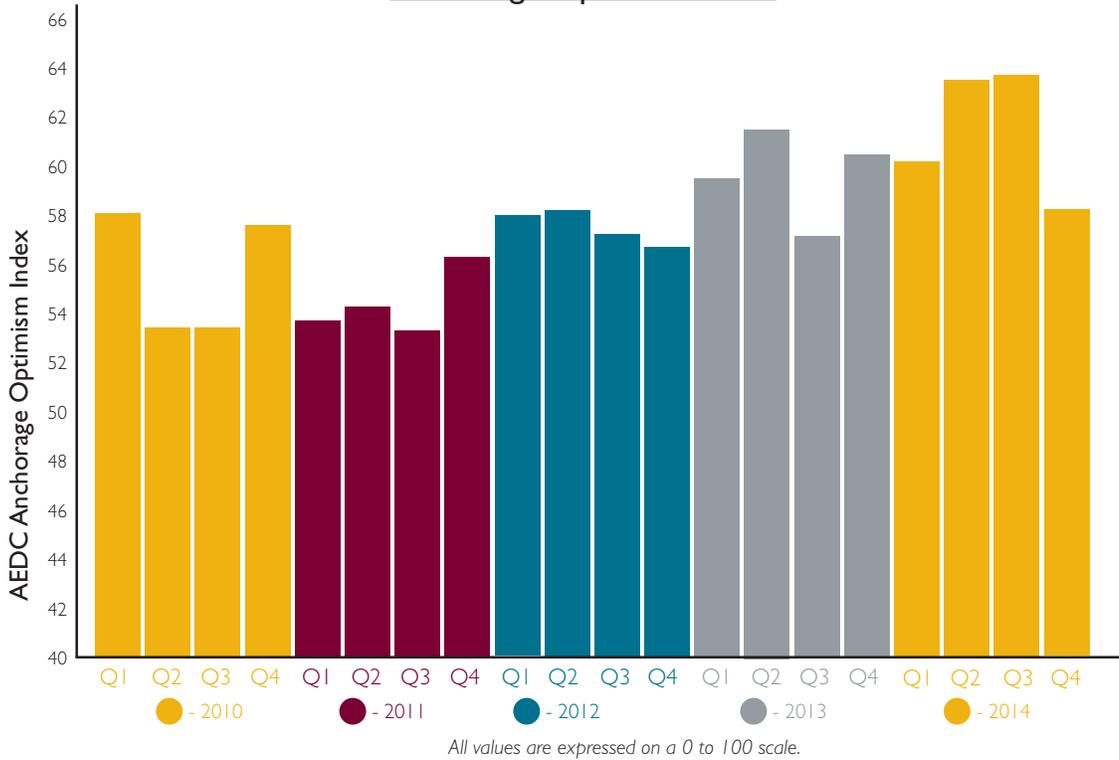
In 2014 Q4, ANCI fell back sharply from its record high set in the third quarter, dropping to 58.2 from 63.4 in 2014 Q3. The more stable six-month moving average of the index also fell, though the drop was softened by averaging over two quarters; it fell 2.5 points to 60.8. **These changes are the largest absolute (positive or negative) quarter-to-quarter changes ever recorded by the index.** While this movement in the index is significant, Anchorage consumers' opinion of the economy still shows relative confidence.

In contrast to the situation in Anchorage and more broadly in Alaska, U.S. consumer confidence increased over the quarter. The Conference Board's Consumer Confidence Index® increased 4 percent from September to December, with a marked increase in present sentiment and a smaller increase in expectations. The University of Michigan's Consumer Sentiment Index shot up more than 10 percent over the quarter, with a dramatic increase in expectations. Falling oil prices are positive for much of the United States, but they present a very real threat to Alaska's and Alaskan's fiscal health.

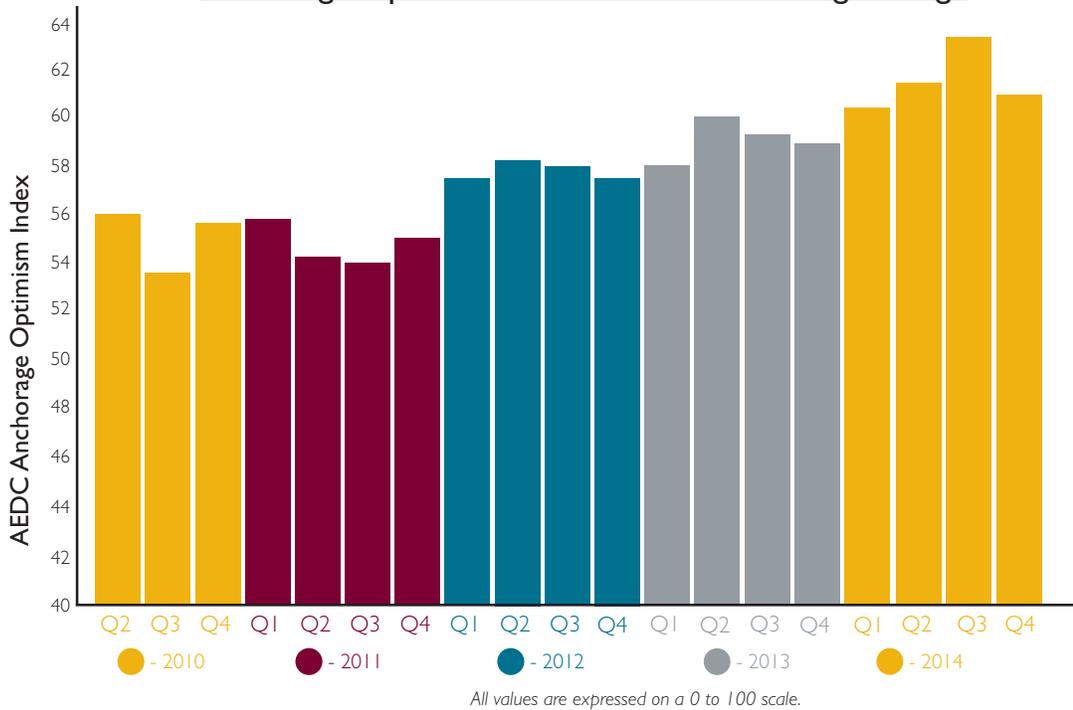


RESULTS CONT.

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.

"Like much of the state, Anchorage residents' confidence in their local economy was tested by a precipitous drop in oil prices, which lost about one-third of its value over the quarter."

Local Economy Confidence, the most direct measure of respondents' feelings about the current state of the Anchorage economy, faltered, dropping 3.7 points to 62.3. Like much of the state, Anchorage residents' confidence in their local economy was tested by a precipitous drop in oil prices, which lost about one-third of its value over the quarter. As the headquarters for most oil and gas activity in the state, lower gas prices at the pump were overcome by concerns about future oil and gas activity.

The *Personal Financial Confidence* component is the strongest and least volatile component of the ANCI. **It fell 4 points from the prior quarter to a reading of 64.5.** 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. While lower fuel prices are a plus, the broader economic implications of the drop in oil prices, including its impact on business activity, employment, and state revenues, provided some sobering thoughts as residents looked forward to the new year.

ANCI's *Expectations of the Future* component faced the largest point drop of the three components, **falling 6.6 points to 53.0, a level not seen for two years.** This was the largest absolute change in this component, positive or negative, in the history of this index. With the uncertainty surrounding oil prices and what that means for future state and business spending, residents are concerned about the future.

Expectations of the Future: Dropped in Q4, likely due to uncertainty surrounding the oil prices and future state and business spending.

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	65.9	68.6	59.6	63.4	63.4
Q4	62.3	64.5	53.0	58.2	60.8

All values are expressed on a 0 to 100 scale.