



Anchorage Consumer Optimism Index

ANCI

2015 Q2

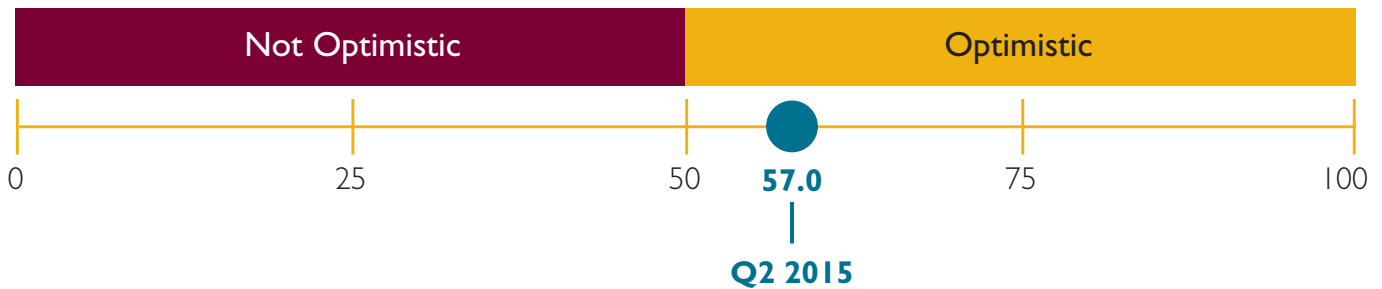
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DESCRIPTION

The ANCI is a measure of **Anchorage households' optimism 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 optimism in the economy, while values below 50 indicate lack of optimism.** The farther the ANCI is from the midpoint, the stronger the aggregate feeling of optimism or lack thereof.



RESULTS

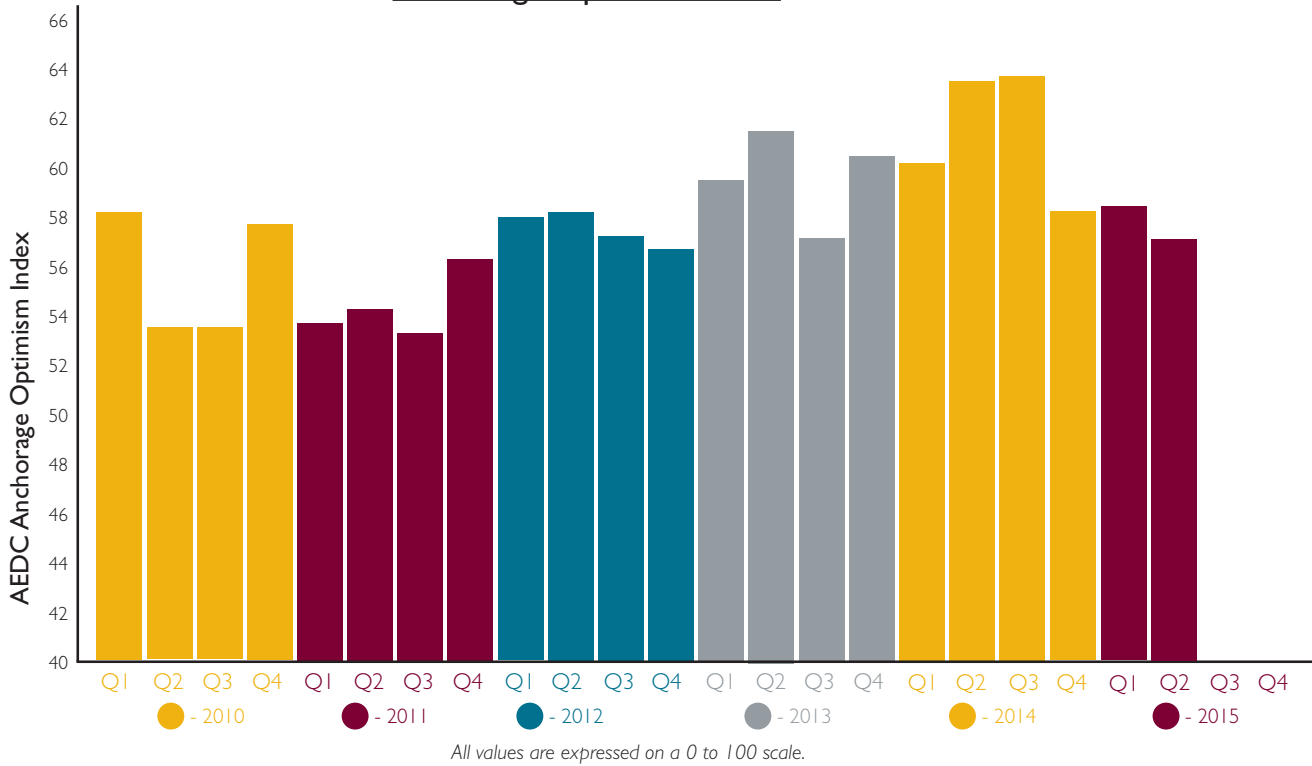
In 2015 Q2, ANCI fell amid concerns about the economy, dropping to 57.0 from the first quarter's reading of 58.3. The more stable six-month moving average of the index fell, as well, dropping to 57.6 from 58.2. The six-month moving average has now fallen in each of the last three quarters. Both measures now sit at their lowest level since Q3 2011.

While both Anchorage and our broader statewide index dropped, U.S. consumer confidence eked out a small gain over the quarter. The Conference Board's Consumer Confidence Index® increased by one-tenth of a point from March to June. The University of Michigan's Consumer Sentiment Index increased by a healthy 3.1 points. Sustained low oil prices and job prospects are positive for much of the United States, but persistent low oil prices present a unique challenge to Alaska's and Alaskans' financial health.

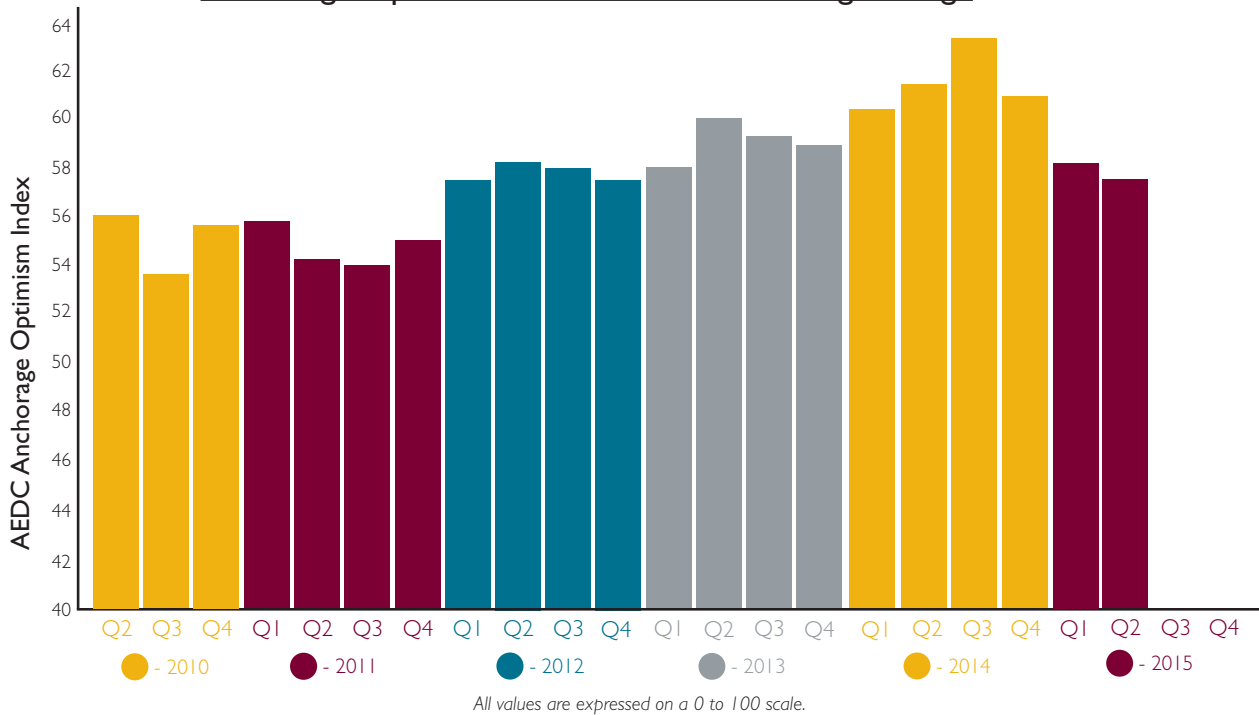


RESULTS CONT.

Anchorage Optimism Index



Anchorage Optimism Index Six-Month Moving Average



COMPONENTS

LOCAL ECONOMY CONFIDENCE

Question asked: We'd like you to grade how you feel about how the economy is doing in Alaska, and in your community. On a scale from 1 to 5, how would you rate current economic conditions in your community, where a 5 is very good and a 1 is very bad?

Local Economy Confidence, the most direct measure of respondents' feelings about the current state of the Anchorage economy, fell sharply, dropping 3.7 points to 58.4 in a move similar to what occurred in the fourth quarter of 2014. This component is particularly sensitive to current events, averaging a 1.9 point quarterly change (plus or minus) over the span of the survey. Like much of the state, Anchorage residents' confidence in their local economy is being affected by steadily dropping oil prices and the fiscal challenges they create both directly and through a reduction in State funding for the municipality and school district.

PERSONAL FINANCIAL CONFIDENCE

Question asked: On a scale from 1 to 5, how secure do you feel about your and your family's financial situation, where a 5 is very secure and a 1 is not secure at all? And would you say your and your family's financial situation is getting better, getting worse or staying about the same?

The Personal Financial Confidence component is the strongest component of the ANCI. It dropped 1.4 points during the quarter, to a reading of 65.7. 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 reality of low oil prices and significant state and local fiscal challenges is weighing on residents' minds. This component will be important to watch in the next index reading, once the State rolls into fiscal year 2016 with significantly reduced operating and capital budgets.

EXPECTATIONS OF THE FUTURE

Question asked: Do you think the economy in your community right now is getting better, getting worse, or staying about the same?

ANCI's Expectations of the Future component saw a marginal 0.1 point drop to 51.9, a level not seen since 2011. The Expectations of the Future component fell 8.3 points from a year ago. With expectations of further significant cuts to State programs and the impact of lower oil prices on state revenues, residents remain concerned about the future.

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
2015					
Q1	62.1	67.1	52.0	58.3	58.2
Q2	58.4	65.7	51.9	57.0	57.6

All values are expressed on a 0 to 100 scale.

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.

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