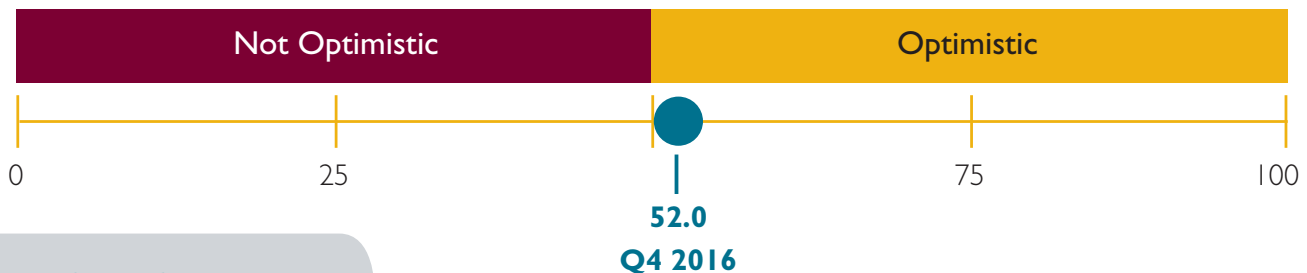


## DESCRIPTION

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 2016 Q4, ANCI continued the bounce from a low in Q2 and reached a level of 52.0, approaching the level of 53.2 seen in the fourth quarter of 2015. The reading for Q4 was up 1.7 points after the same drop. The six-month moving average of the index rose to 51.2, short of 51.7 in Q1, but heading away from the crucial reading of 50 that signals a contractionary or recessionary period.

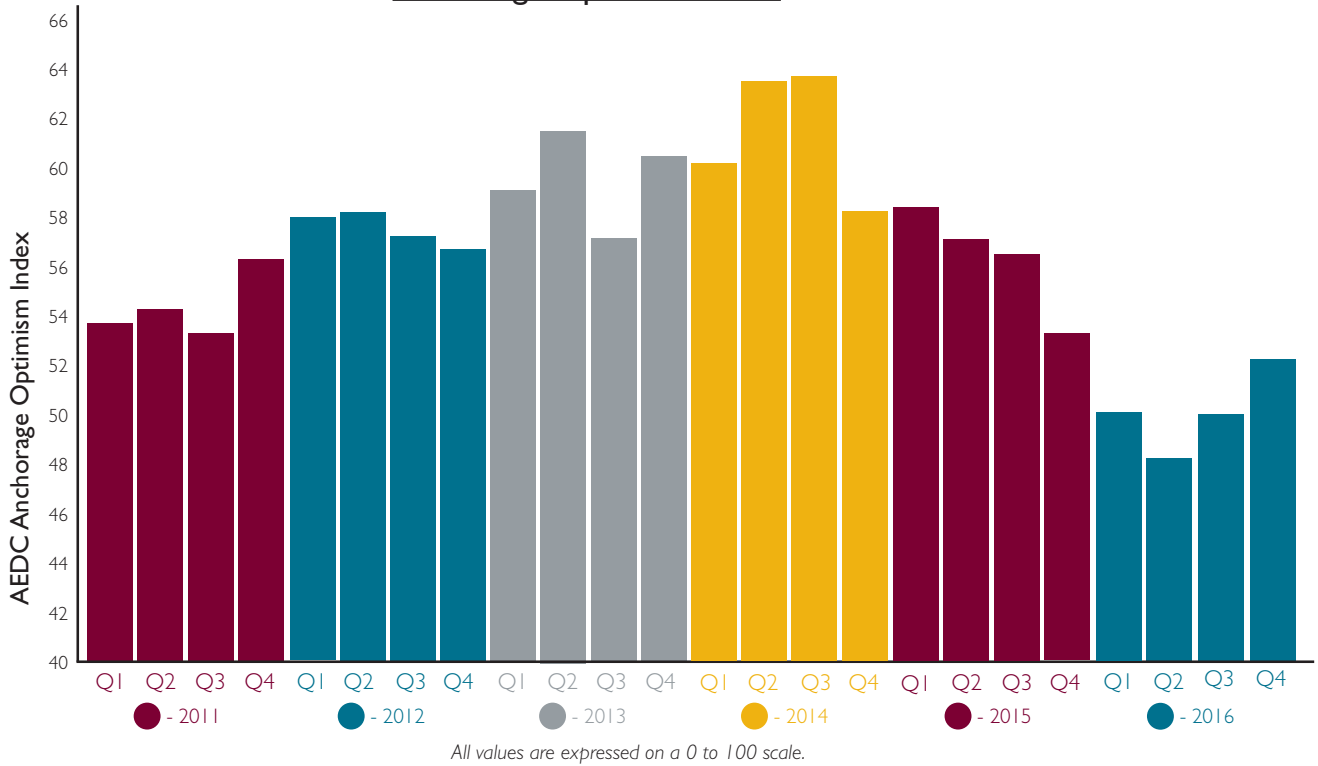
During the same time, the U.S. consumer confidence was strong. The Conference Board's Consumer Confidence Index® rose 9.6 points from September to December, a substantial increase, and the University of Michigan's Consumer Sentiment Index shot up by a staggering 17.7 points, an increase of 20 percent over September's reading.

With resolution of the national election and a president-elect who is perceived to be pro-business heading to the White House in January, we suspect that all the election uncertainty that had been affecting Confidence has gone away and resulted in the increase. In Alaska, sustained low oil prices and declining production still loom over the state and its economy, though changes at the national level could have additional effects on our state. Employment remains down statewide and challenges persist that will take time to resolve. Over the next several quarters we will see if the rebound seen in the last two quarters was truly a break in the trend or simply a pause for the summer months, election, and holidays.

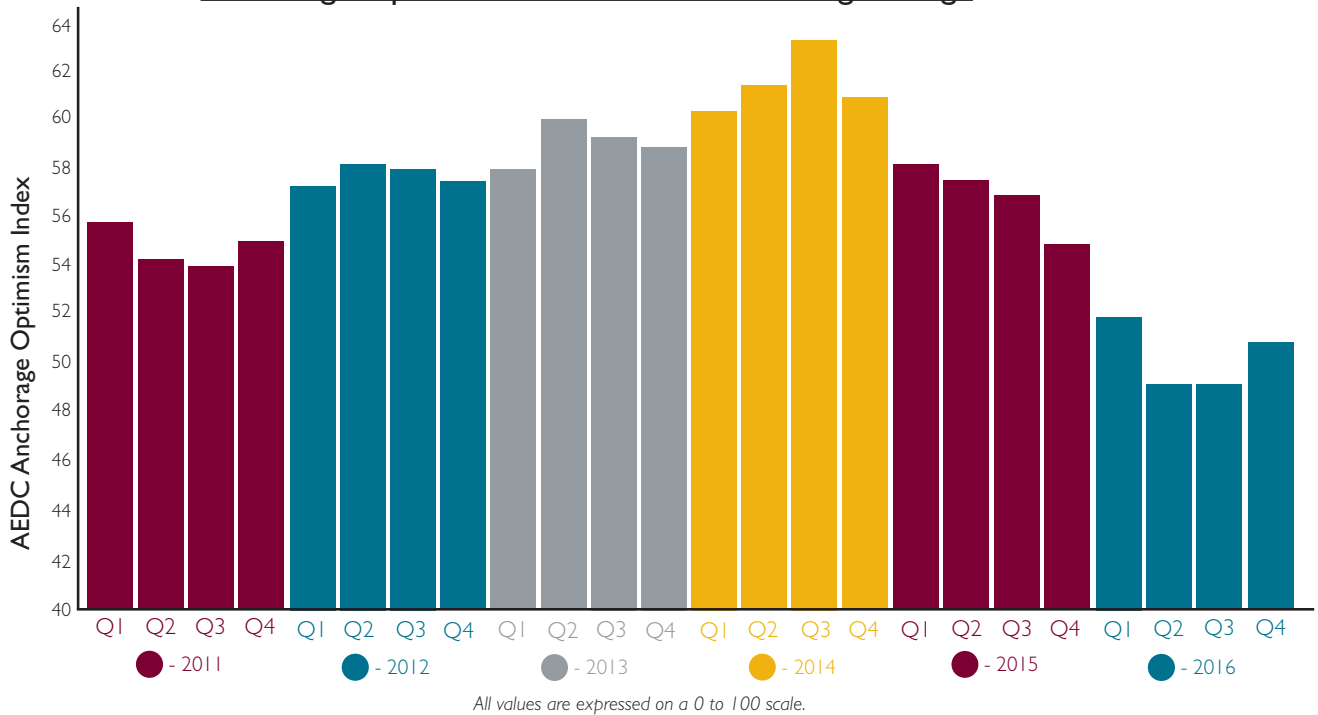
Q4  
2016  
**52.0**

**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 Anchorage economy, again led the rebound, increasing 2.1 points to a high of 54.4 for 2016, though it was still below the levels seen in 2015. Though slightly more confident, Anchorage residents still have concerns.

### 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 has always been the strongest and least volatile component of ANCi due to personal and family decisions being in the control of respondents. It increased 1.3 points this quarter, finishing at 63.2, still below the level seen in Q2. 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.

### 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 gained 1.6 points, following a huge increase in Q3. This component, at 45.2, is still in recessionary territory, though it has now reached where it was in Q4 of 2015.

## AEDC ANCHORAGE OPTIMISM INDEX

Year	Local Economic Confidence	Personal Financial Confidence	Future Expectations	ANCI	6-Month Average
<b>2010</b>					
Q1	59.8	67.3	52.9	58.2	
Q2	55.7	60.8	48.8	53.5	55.9
Q3	59.1	62.2	52.3	56.5	55.0
Q4	59.5	65.2	52.9	57.7	57.1
<b>2011</b>					
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
<b>2012</b>					
Q1	60.6	65.9	52.9	58.1	57.2
Q2	61.3	64.2	54.0	58.4	58.2
Q3	59.4	65.1	52.9	57.6	58.0
Q4	60.9	61.9	52.7	57.0	57.3
<b>2013</b>					
Q1	61.7	64.8	54.5	58.9	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
<b>2014</b>					
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
<b>2015</b>					
Q1	62.1	67.1	52.0	58.3	58.2
Q2	58.4	65.7	51.9	57.0	57.6
Q3	60.5	65.4	50.0	56.5	56.7
Q4	57.1	65.1	45.2	53.2	54.8
<b>2016</b>					
Q1	52.8	63.8	42.3	50.3	51.7
Q2	50.8	65.7	38.2	48.2	49.3
Q3	52.3	61.9	43.6	50.3	49.3
Q4	54.4	63.2	45.2	52.0	51.2

*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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