



AEDC
Anchorage Economic
Development Corporation

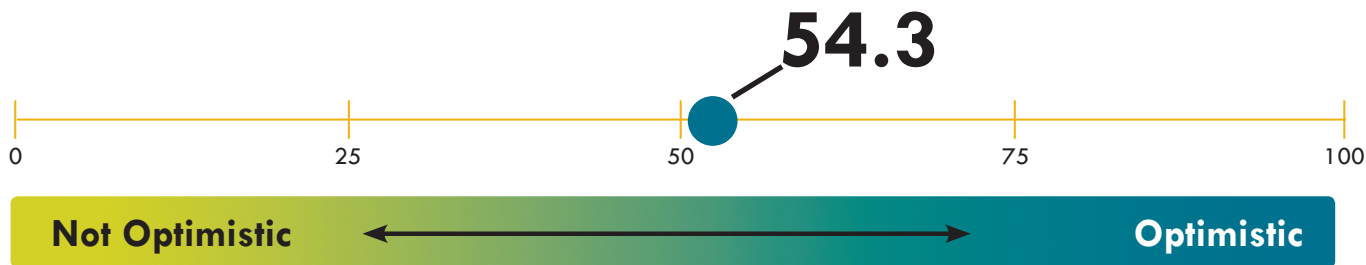
Anchorage Consumer Optimism Index: Q4 2017

Sponsored by: **KeyBank**

Report compiled by: **NE**
Northern
Economics

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 2017 Q4, ANCI rebounded sharply from the previous quarter's record low. The index landed at 54.3, up 5.6 points and reaching a level not seen since the third quarter of 2015. More importantly, the index is back about the 50 level, an important level signifying the boundary between optimism and pessimism. The more stable six-month moving average of the index rose to 51.5, a high for 2017 and in fact the highest reading since the first quarter of 2016.

During the same time, U.S. consumer confidence increased modestly. The Conference Board's Consumer Confidence Index® rose 2.3 points from September to December, while the University of Michigan's Consumer Sentiment Index rose 0.8 points. Both measures showed a decline in consumers' expectations for the future, however.

Fiscal concerns remain without concrete progress toward resolution, though oil prices have increased, and no projects have been announced that point to a fuller pipeline and some easing on our primary source of state revenues. Some members of the Alaska Legislature have announced that they will not establish new taxes this year, however, and residents' expectations for the economy are still slightly pessimistic. Job losses continue in the private sector, albeit more slowly, but this is not the same as a recovery.



LOCAL ECONOMY CONFIDENCE - 53.1 OUT OF 100

53.1

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, recovered sharply to 53.1, from the all-time lows in the previous two quarters, supporting the feelings by some that we are, or soon will be, out of the recession.

PERSONAL FINANCIAL CONFIDENCE - 65.4 OUT OF 100

65.4

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. The component rose to 65.4. Unlike the Local Economy Confidence component, which is in some ways residents' view of the local economy, Personal Financial Confidence measures residents' ability to participate in the local economy directly through their personal finances.

FUTURE EXPECTATIONS - 49.3 OUT OF 100

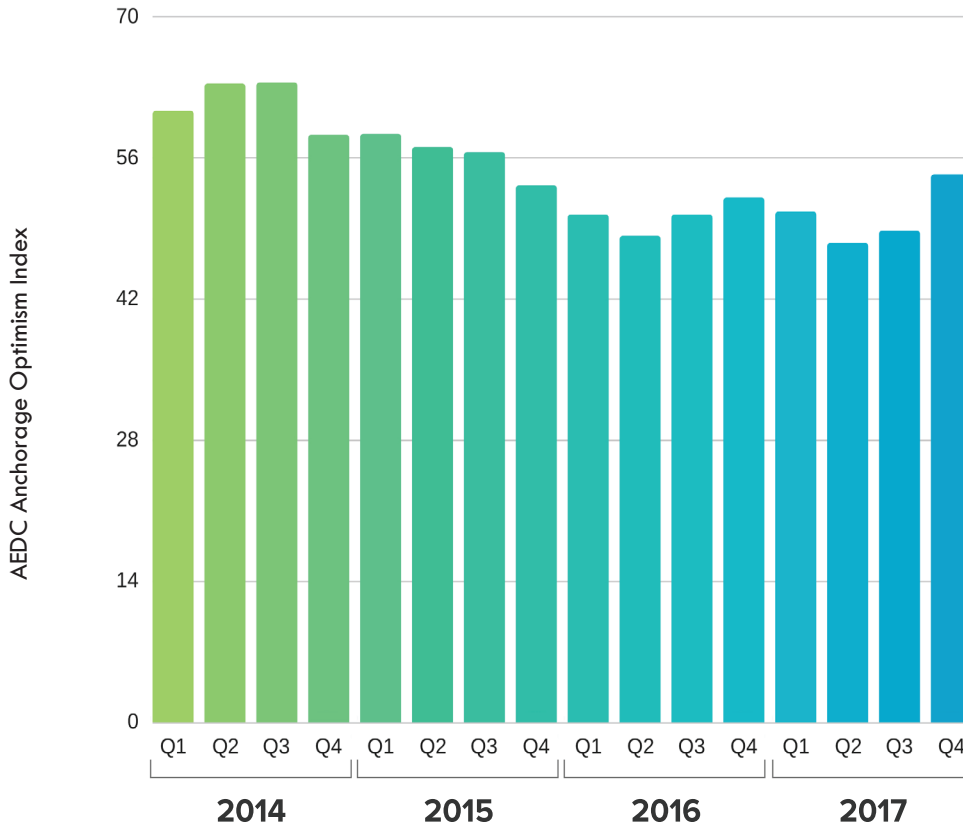
49.3

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



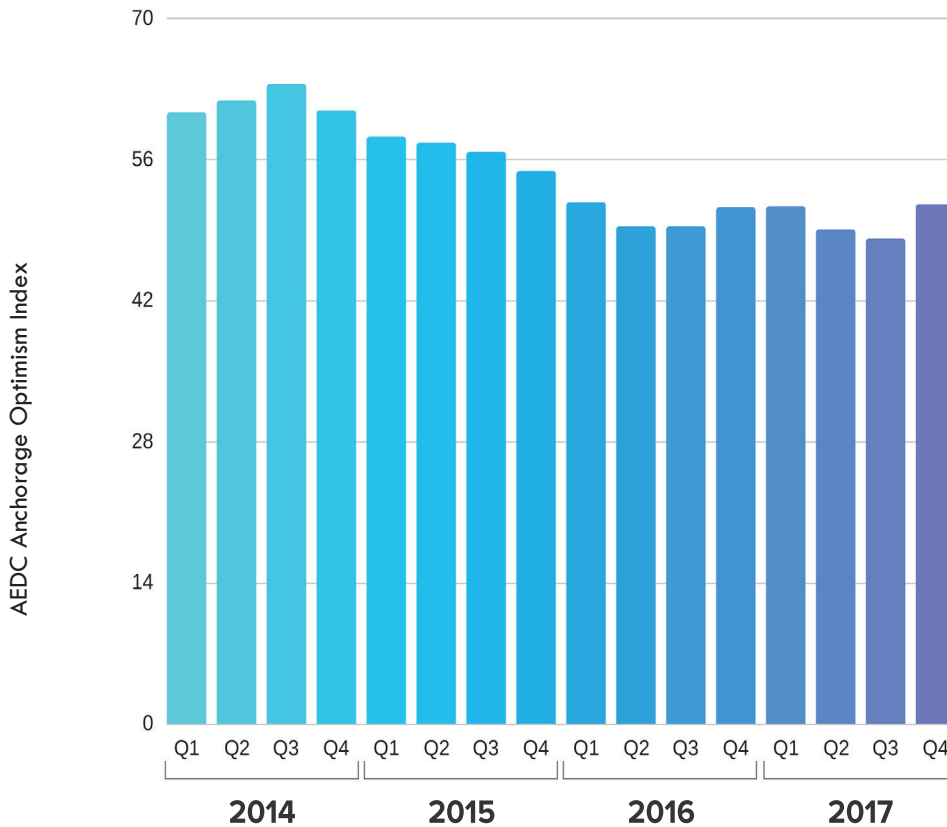
ANCI's Expectations of the Future component had the largest point gain, increasing by 6.7 points to land at a reading of 49.3. That is still in slightly pessimistic or recessionary territory, so residents still expect some bad news before we have completely emerged from the recession.

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.

AEDC ANCHORAGE OPTIMISM INDEX

Year	Local Economic Confidence	Personal Financial Confidence	Future Expectations	ANCI	6-Month Average
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
Q3	60.5	65.4	50.0	56.5	56.7
Q4	57.1	65.1	45.2	53.2	54.8
2016					
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
2017					
Q1	50.0	67.1	42.6	50.6	51.3
Q2	46.9	62.0	40.6	47.5	49.0
Q3	47.6	62.0	42.6	48.7	48.1
Q4	53.1	65.4	49.3	54.3	51.5

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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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