



AEDC
Anchorage Economic
Development Corporation

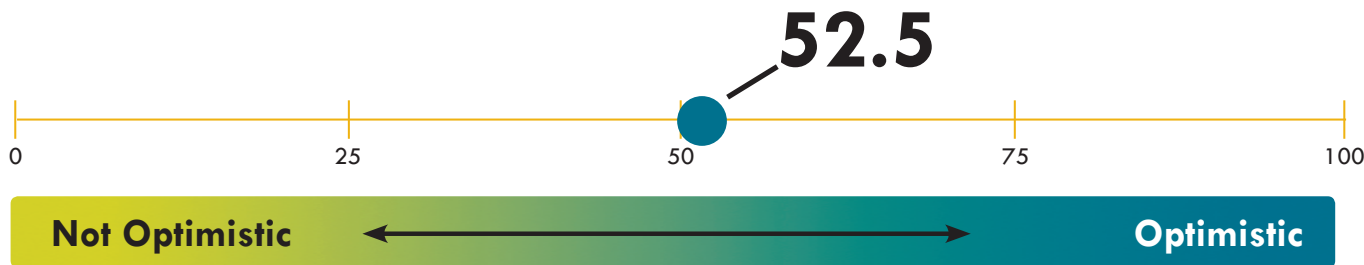
Anchorage Consumer Optimism Index: Q1 2018

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 2018 Q1, ANCI was down from the previous quarter, both in aggregate as well as in the individual components. The index landed at 52.5, down 1.8 points. The index is still above 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 53.4 as the low two quarters ago gave way to the two most recent, and higher, readings. Due to the averaging and where we've been in recent quarters, the index is at a level not seen since the fourth quarter of 2015.

During the same time, U.S. consumer confidence increased across the board. The Conference Board's Consumer Confidence Index® rose 5.6 points from December to March, while the University of Michigan's Consumer Sentiment Index rose 5.5 points. Both measures showed increases in the present situation as well as consumers' expectations for the future.

Fiscal concerns remain as the Alaska Legislature continues without a long-term fiscal plan, though oil prices have increased again, easing some of the anticipated strain this year. 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 slightly more pessimistic than last quarter. State economists point to slowing job losses in the private sector, although they have acknowledged that we may soon be out of the recession, though an actual recovery is a different animal and is likely to be slow until the state's fiscal situation is addressed.

Q1 2018
52.5

LOCAL ECONOMY CONFIDENCE - 49.5 OUT OF 100

49.5



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 back to pessimistic territory, ending at 49.5.

PERSONAL FINANCIAL CONFIDENCE - 63.8 OUT OF 100

63.8



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 dropped slightly to 63.8. 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 - 48.4 OUT OF 100

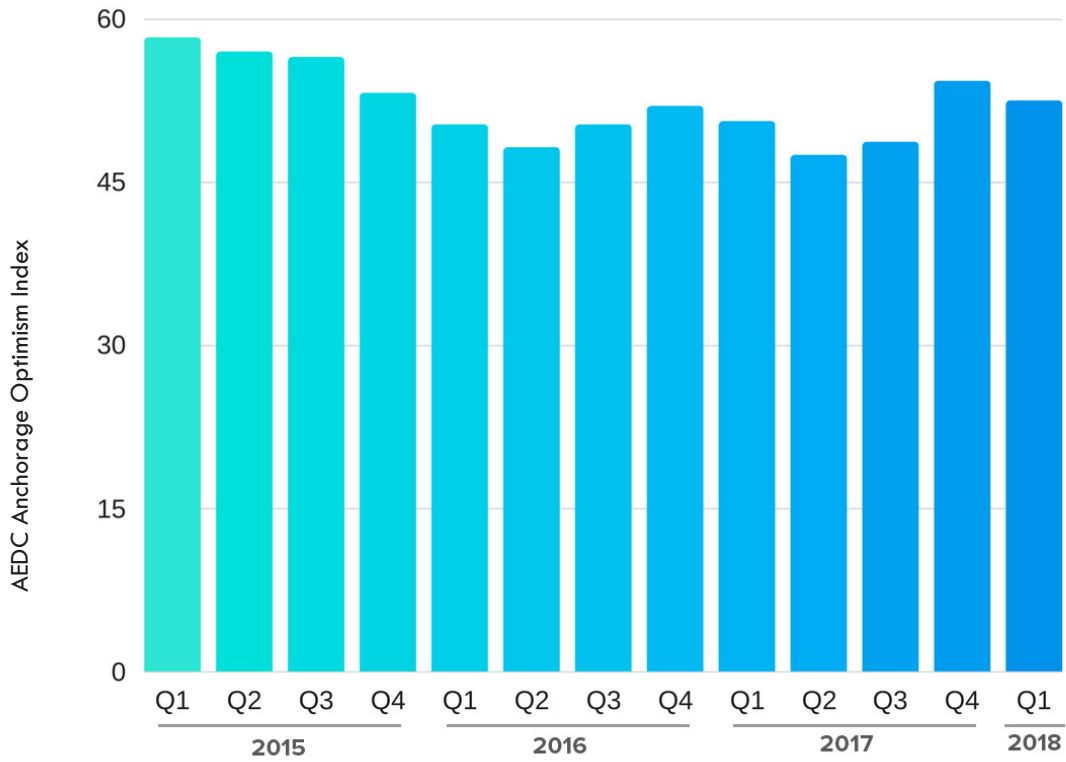
48.4



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

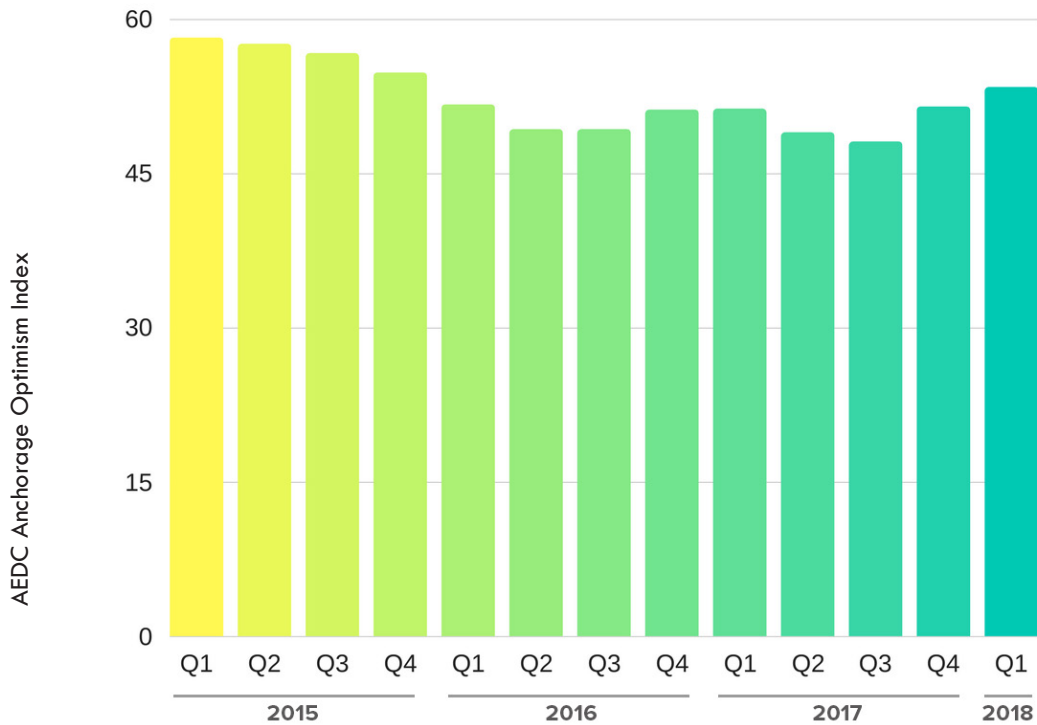
ANCI's Expectations of the Future component dipped slightly, falling 0.9 points to a reading of 48.4 and remaining in slightly pessimistic or recessionary territory. Residents still expect some bad news before we have completely emerged from the recession.

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
2018					
Q1	49.5	63.8	48.4	52.5	53.4

All values are expressed on a 0 to 100 scale.



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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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