



**AEDC**  
Anchorage Economic  
Development Corporation

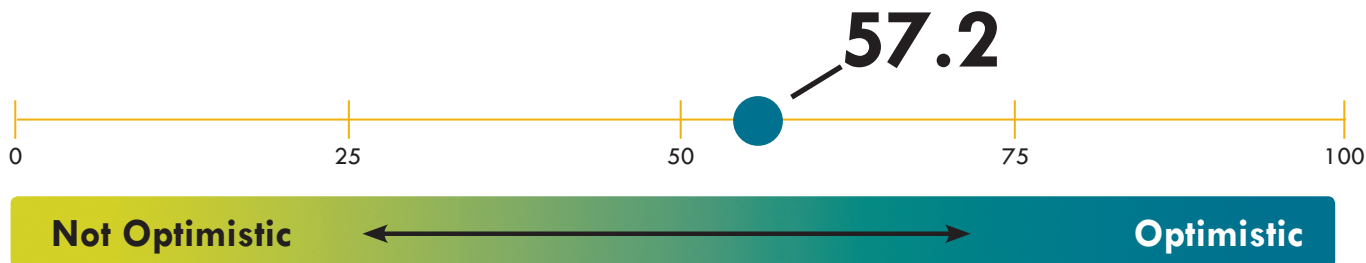
# Anchorage Consumer Optimism Index: Q2 2018

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 Q2, ANCI was up sharply, landing above the index reading from 3 years ago in 2015Q2. The index was 57.2, up 4.7 points from last quarter and up nearly 10 points from a year ago. The index is strongly 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 54.8, bringing us back to the reading from 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 4.3 points from March to June, while the University of Michigan's Consumer Sentiment Index rose 2.3 points. Both measures showed increases in the present situation as well as consumers' expectations for the future.

Fiscal concerns remain at the state level, but progress by the Alaska Legislature at passing a budget and strong and stable oil prices have allowed some optimism to return. Employment numbers—which provide a better measure of economic activity than gross state product, due to the dominance of oil prices in our state's GSP—released in recent months signal that the job losses from the recession have slowed. We are still in a recession and state economists have pointed out that the path to recovery will likely be a slow one until the state's fiscal situation is addressed.

Q2 2018  
**57.2**

## LOCAL ECONOMY CONFIDENCE - 52.3 OUT OF 100

52.3



*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?*

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, rose back into optimistic territory, ending at 52.3.

---

## PERSONAL FINANCIAL CONFIDENCE - 68.1 OUT OF 100

68.1



*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 jumped up to 68.1, reflecting a gain of 4.3 points and reaching levels not seen since late 2014. 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 - 54.2 OUT OF 100

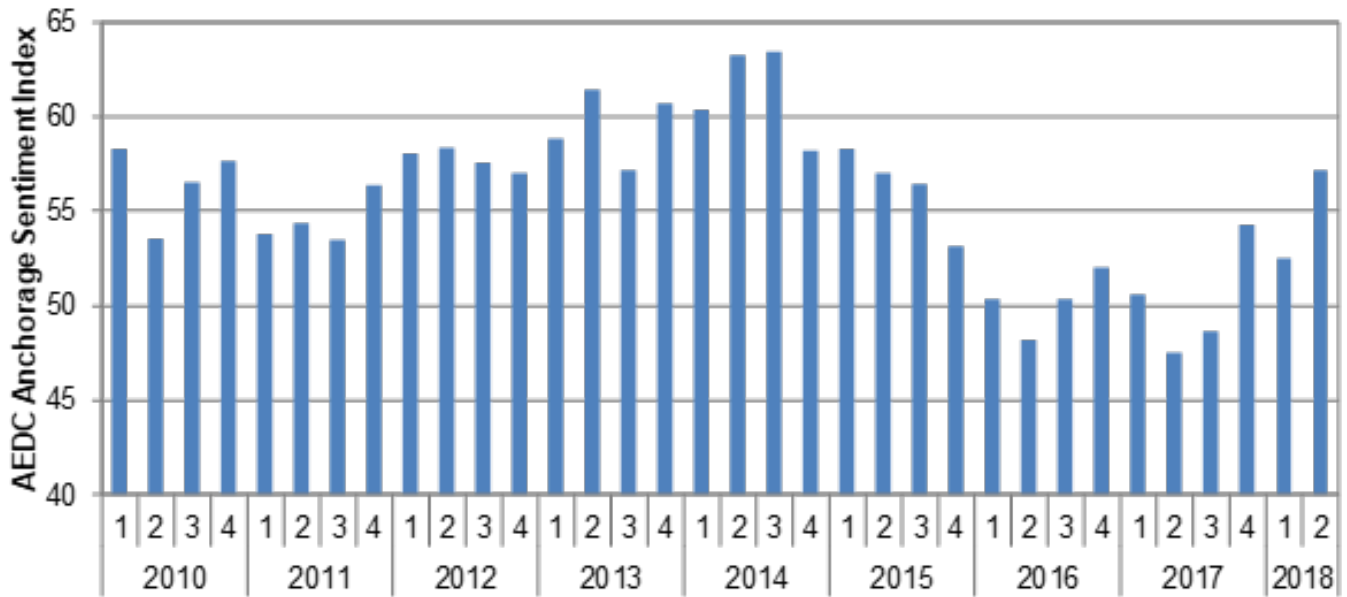
54.2



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

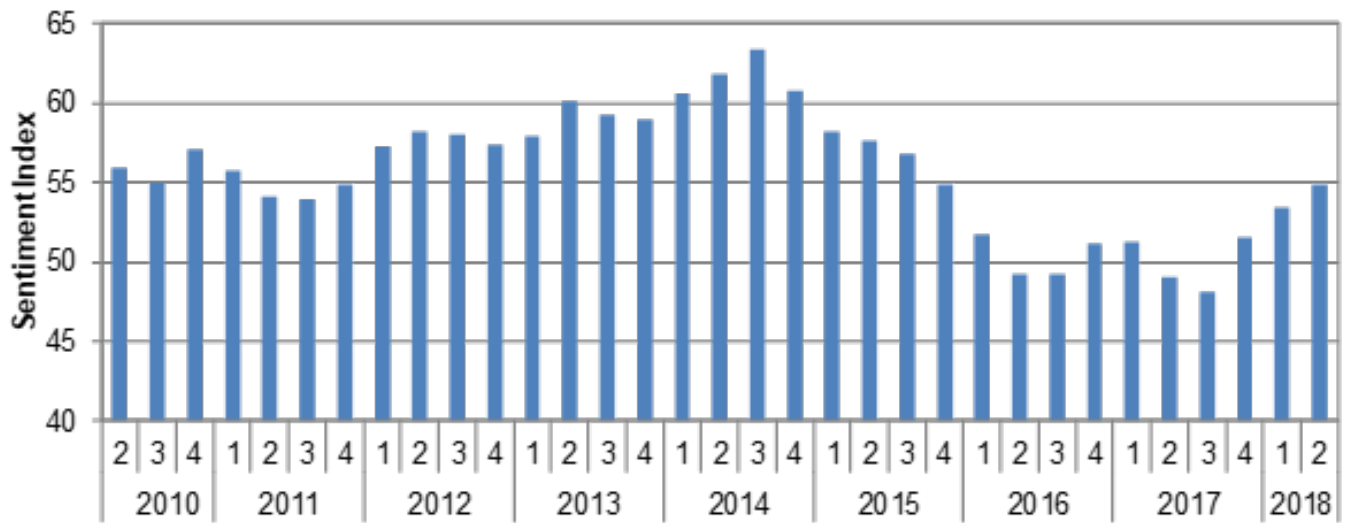
ANCI's Expectations of the Future component had the largest point gain, at 5.8 points, to reach a reading of 54.2 and return to optimistic territory. This is the highest reading since 2014Q3 and the first time in optimistic territory since it hit 50 on the way down in 2014Q4. Residents' expectations for the future are the strongest they have been in more than three years.

## 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
<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
<b>2017</b>					
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
<b>2018</b>					
Q1	49.5	63.8	48.4	52.5	53.4
Q2	52.3	68.1	54.2	57.2	54.8

*All values are expressed on a 0 to 100 scale.*



**AEDC**  
**Anchorage Economic**  
 Development Corporation

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, 510 L Street, Suite 603, Anchorage, AK 99501