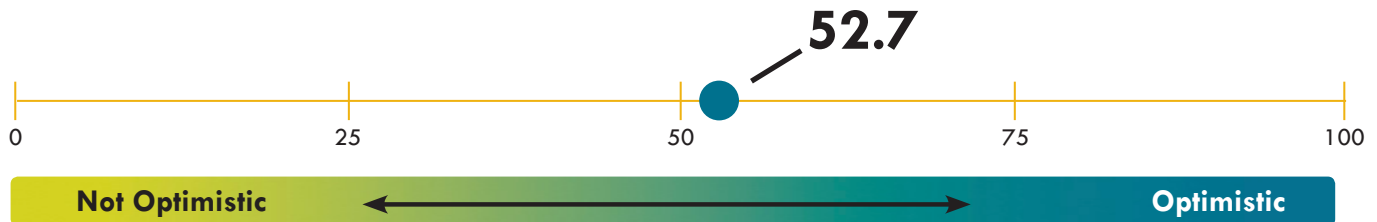


Anchorage Consumer Optimism Index: Q3 2019

Report compiled by:



RESULTS

In 2019 Q3, ANCI dropped for the 4th quarter in a row, and remains categorized as in the uncertain range of 45 to 55. The ANCI had seen marked improvement through 2018 but has steadily declined since Q3 of 2018 when the ANCI reached a recent high point of 59.3. The index was 52.7, down 0.3 points from Q2 and is down 6.6 points from the recent peak. The more stable six-month moving average of the index dropped 1.0 points to 52.9 in 2019 Q3, down by 5.3 points under the reading from 2018 Q3.

Q3 2019
52.7

During the same time, U.S. consumer confidence also decreased. The Conference Board's Consumer Confidence Index[®] fell 10.6 points from July to September, while the University of Michigan's Consumer Sentiment Index dropped markedly by 5.2 points to 93.2.

Local economic confidence has ticked up modestly from Q2, up 1.4 points to 52.2 in 2019 Q3. Personal Financial Confidence has also improved, up 4.8 points to 67.3 in 2019 Q3, but remains below the recent high for this indicator in 2018 Q3. Future Expectations has declined the most of the 3 component scores that make up the overall ANCI score. Future Expectations declined further to 45.6, down 12.1 points since 2018 Q3.

The ANCI had been tracking higher in 2018 as economic indicators started to improve in the second half of the year following what appeared to be a partial solution to the state fiscal crisis, the POMV plan that provided partial government funding from Alaska Permanent Fund Earnings Reserve was adopted. However, it appears that growing optimism remains blunted by the continuing turmoil and uncertainty in the direction of state fiscal policy. Pessimism about the future among consumers is growing significantly over the last six months as reflected in the data for the 2019 Q3 ANCI.

Some local economic indicators such as job growth in construction as a result of earthquake recovery efforts bolstering construction jobs in Anchorage, as well as a continued growing optimism for the Alaska oil patch resulting from large project announcements for the North Slope have been positive news for consumers to consider. However, the uncertainty surrounding the exit of BP from the Alaska oil sector has added to a growing sense of anxiety among consumers about the future when combined with the continuing lack of long-term solutions to the state's fiscal crisis.

The Northern Economics Alaska Consumer Optimism Index 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. developed this index/methodology and Alaska Survey Research collected the data through 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.

LOCAL ECONOMY CONFIDENCE - 52.2 OUT OF 100

52.2



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 composed 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, ticked up modestly from Q2, up 1.4 points to 52.2.

PERSONAL FINANCIAL CONFIDENCE - 67.3 OUT OF 100

67.3



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 the respondents. The component improved, up 4.8 points to 67.3 in 2019 Q3, but remains below the recent high for this indicator in 2018 Q3. Unlike the Local Economy Confidence component, which in some ways represents 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 - 45.6 OUT OF 100

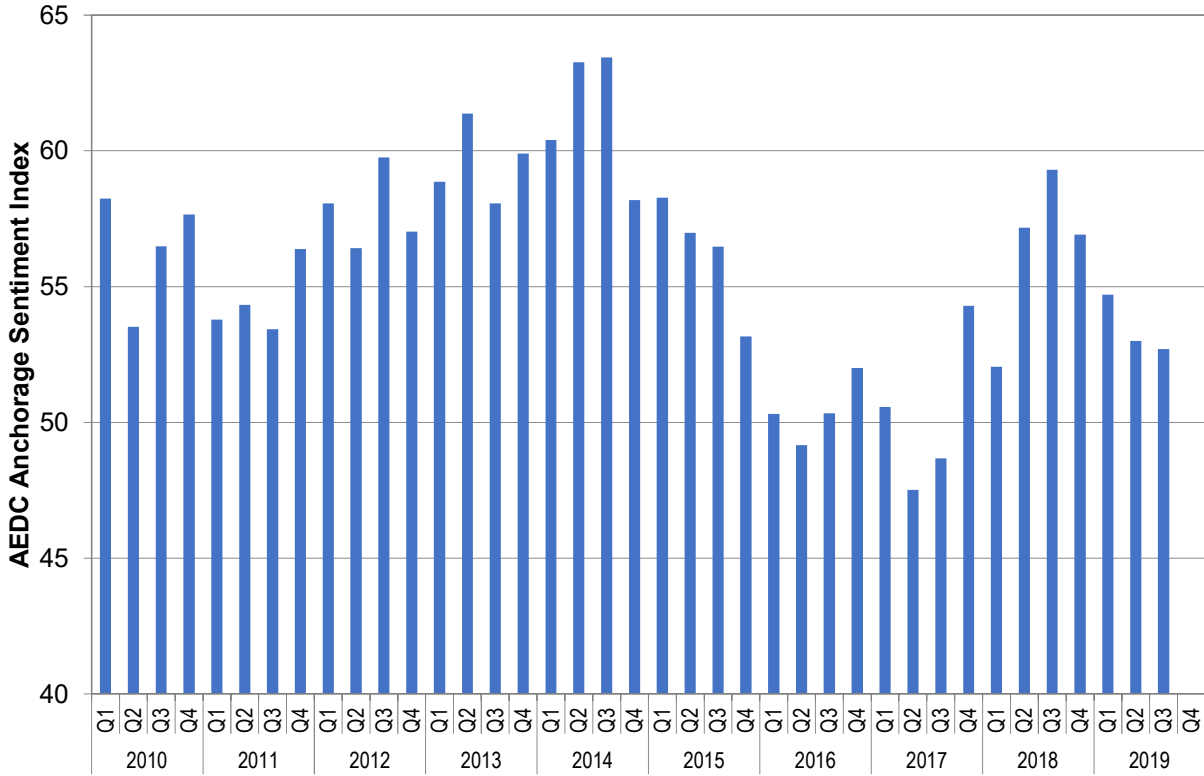
45.6



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

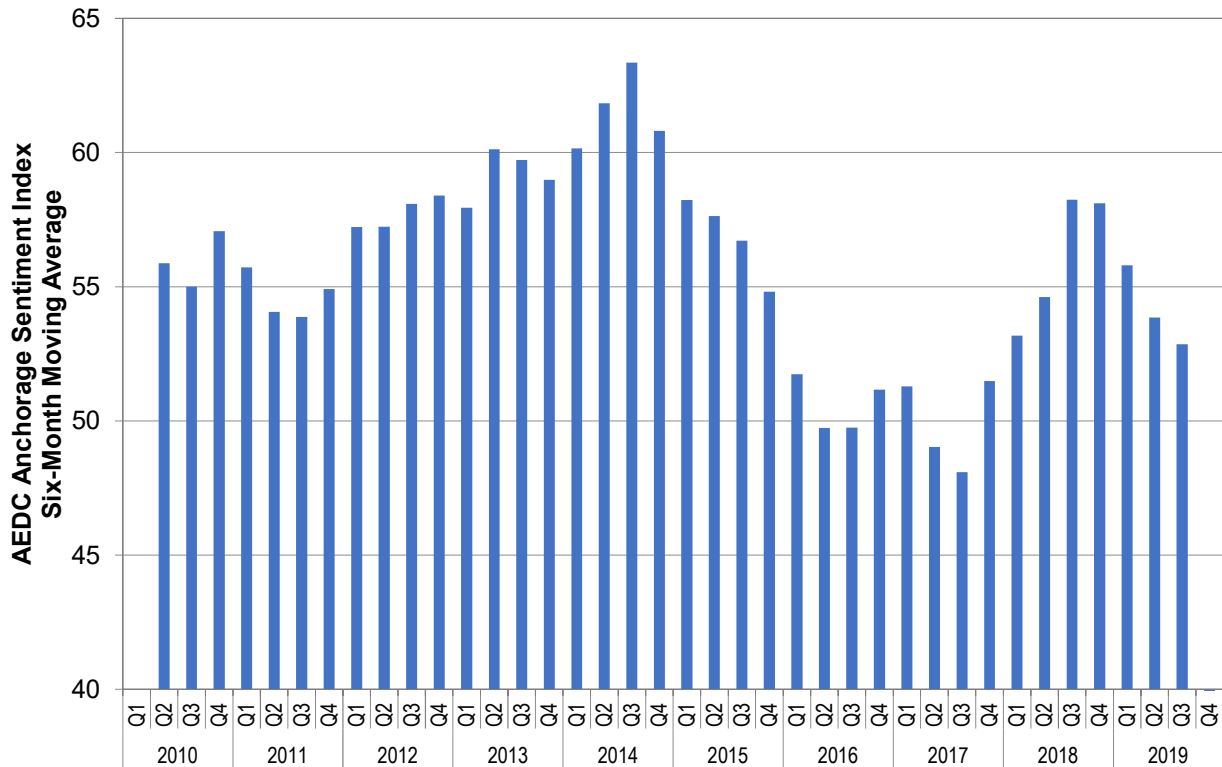
ANCI's Expectations of the Future component had the largest point loss, down 12.1 points since 2018 Q3 to 45.6.

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
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
Q2	52.3	68.1	54.2	57.2	54.8
Q3	53.8	68.0	57.7	59.3	58.2
Q4	54.0	66.2	53.7	56.9	58.1
2019					
Q1	52.4	64.0	51.3	54.7	55.8
Q2	50.8	62.5	49.3	53.0	53.9
Q3	52.2	67.3	45.6	52.7	52.9

All values are expressed on a 0 to 100 scale.



Generated by Northern Economics with data collected by Alaska Survey Research 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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