



Anchorage Consumer Optimism Index

ANCI

2014 Q3

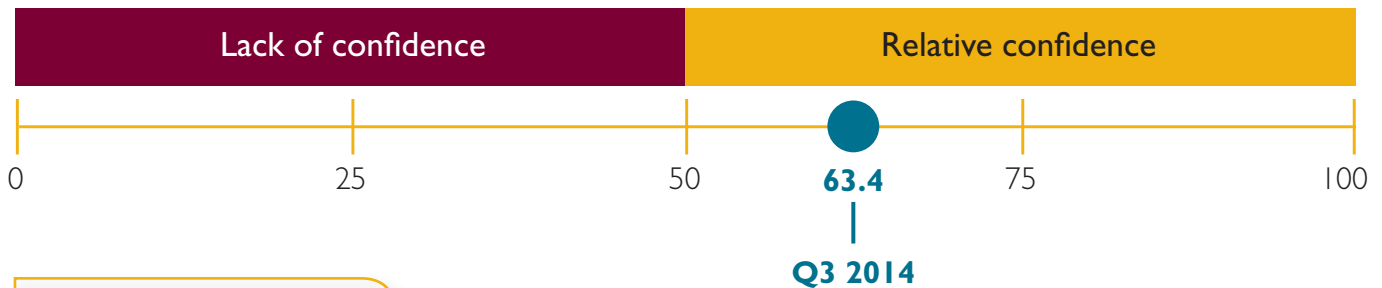
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DESCRIPTION

The ANCI is a measure of **Anchorage households' confidence 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 relative confidence in the economy, while values below 50 indicate lack of confidence.** The farther the ANCI is from the midpoint the stronger the aggregate feeling of confidence or lack thereof.



RESULTS

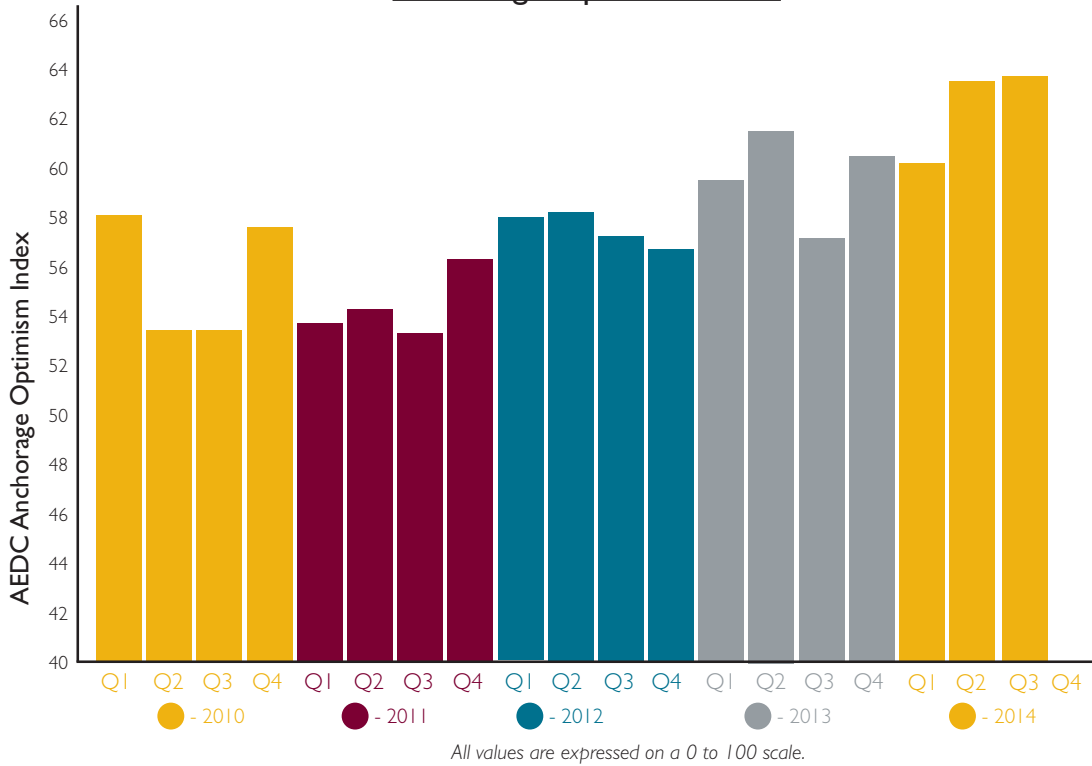
In 2014 Q3, ANCI inched up to a **new all-time high of 63.4**, gaining 0.1 points from the previous high of 63.3, set in 2014 Q2. The more stable six-month moving average of the index also reached a new high, jumping 1.5 points to 63.3.

During the administration of this survey, U.S. consumer confidence also increased over the quarter. The Conference Board's Consumer Confidence Index® increased slightly from June to September, with a moderate increase in present sentiment, but a drop in expectations. A similar drop in expectations was seen in the ANCI as well. The University of Michigan's Consumer Sentiment Index was up slightly more strongly over the quarter than was the Consumer Confidence Index®.

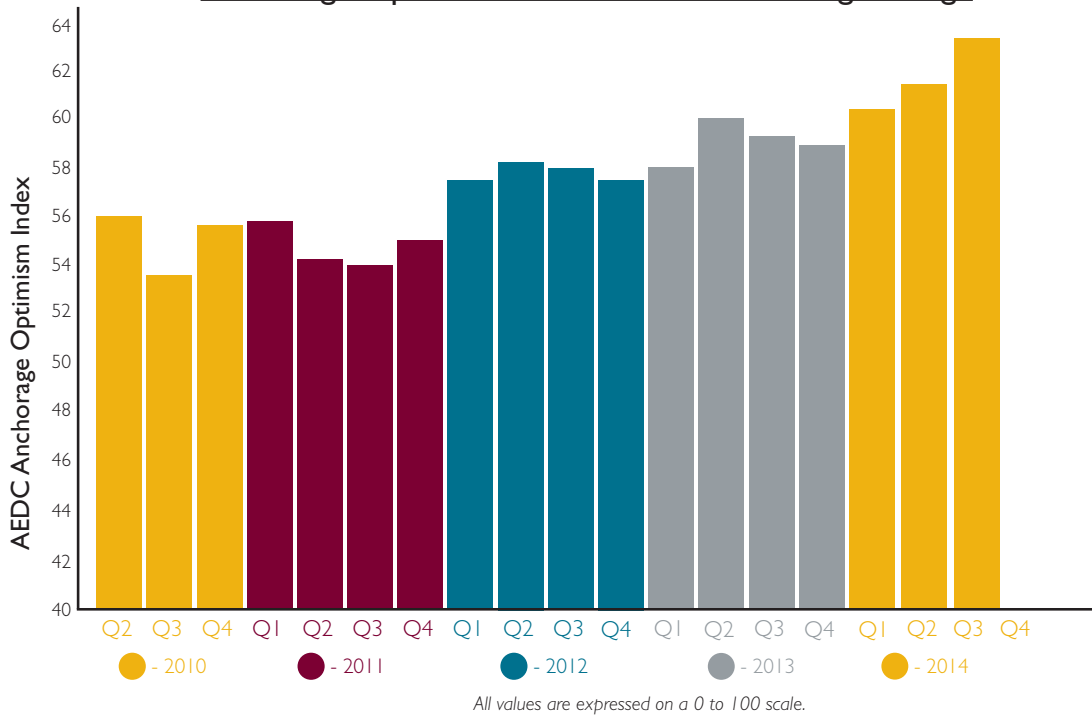


RESULTS CONT.

Anchorage Optimism Index



Anchorage Optimism Index Six-Month Moving Average



COMPONENTS

The 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.

"Anchorage residents' confidence in their local economy continues to grow, likely driven by resolution of oil tax uncertainty."

Local Economy Confidence, the most direct measure of respondents' feelings about the current state of the Anchorage economy, increased by 0.7 points to 65.9, a new high. Anchorage residents' confidence in their local economy continues to grow, likely driven by resolution of oil tax uncertainty, continued low unemployment in Anchorage, and the opening of new national retail chains in Anchorage.

Personal Financial Confidence component is the strongest component in the ANCI:

"low unemployment, a strong stock market, and businesses' investment in Anchorage and the state in general, has left Anchorage residents with a lot of confidence"

The *Personal Financial Confidence* component is the strongest and least volatile component of the ANCI. 1.6 points from the second quarter of 2014 to return to a reading of 68.7, a new high. 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. We think that low unemployment, a strong

stock market, and businesses' investment in Anchorage and the state in general, has left Anchorage residents with a lot of confidence about their personal financial well-being.

ANCI's *Expectations of the Future* component dropped by 0.8 points, falling back from the record high set last quarter and landing at 59.6, holding the second highest position in the history of the index, after last quarter. Despite the resolution of the oil tax repeal issue in August and other positives, we think the greatest drag on expectations for the future is the uncertainty surrounding the gubernatorial and congressional races, and what they will mean for Alaska and potential major projects such as the Susitna-Watana Hydro project and the large-diameter natural gas pipeline from the North Slope to Cook Inlet.

Expectations of the Future: Dropped in Q3, likely due to uncertainty surrounding the upcoming election.

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 ANCHORAGE OPTIMISM INDEX

Year	Local Economic Confidence	Personal Financial Confidence	Future Expectations	ANCI	6-Month Average
2010					
Q1	59.8	67.3	52.9	58.2	
Q2	55.7	60.8	48.8	53.5	55.9
Q3	55.7	60.8	48.8	53.5	53.5
Q4	59.5	65.2	52.9	57.7	55.6
2011					
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
2012					
Q1	60.6	65.9	52.9	58.1	57.2
Q2	61.3	64.2	54	58.4	58.2
Q3	59.4	65.1	52.9	57.6	58
Q4	60.9	61.9	52.7	57	57.3
2013					
Q1	61.7	64.8	54.5	59.9	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
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	68.7	59.6	63.4	63.3
Q4					

All values are expressed on a 0 to 100 scale.