



AEDC
Anchorage Economic
Development Corporation

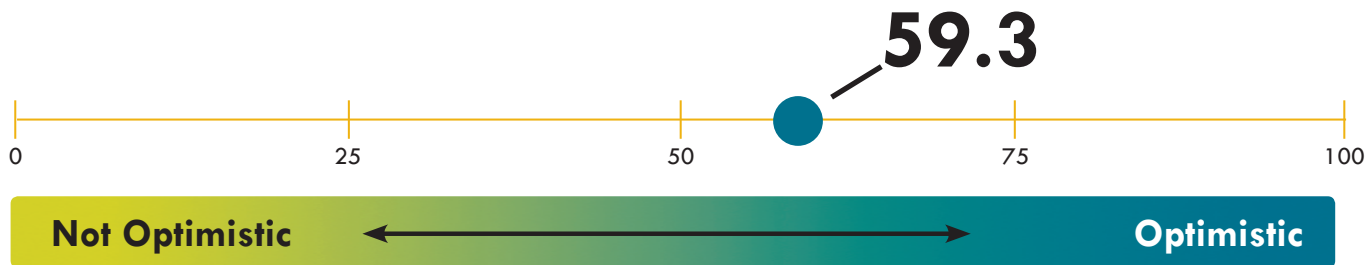
Anchorage Consumer Optimism Index: Q3 2018

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 Q3, ANCI was up again, landing above the index reading from 2014 Q4. The index was 59.3, up 2.1 points from last quarter and up more than 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 58.2, bringing us back to match the reading from 2015 Q1.

During the same time, U.S. consumer confidence also increased. The Conference Board's Consumer Confidence Index® rose 8.9 points from June to September, while the University of Michigan's Consumer Sentiment Index rose 1.9 points. The Consumer Confidence Index™ showed an increase in the present situation as well as consumers' expectations for the future, though the Consumer Sentiment Index showed a 1 percent decline in current economic conditions.

Fiscal concerns remain at the state level, and a lot will depend on the outcome of the election in November.¹ However, strong oil prices and hints at the end of the recession have allowed optimism to return. In Q3 each year, Alaskans learn the amount of the October Permanent Fund Dividend payment. This year the amount was the third highest of the last 10 years. While this did not affect respondents' confidence about their personal financial situations, it was likely a factor in another quarter of strong growth in future expectations.

Q3 2018
59.3

LOCAL ECONOMY CONFIDENCE - 53.8 OUT OF 100

53.8



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, rose further into optimistic territory, ending at 53.8.

PERSONAL FINANCIAL CONFIDENCE - 68.0 OUT OF 100

68.0



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 settled slightly to 68.0, a small decline of 0.1 point and still at a level 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 - 57.7 OUT OF 100

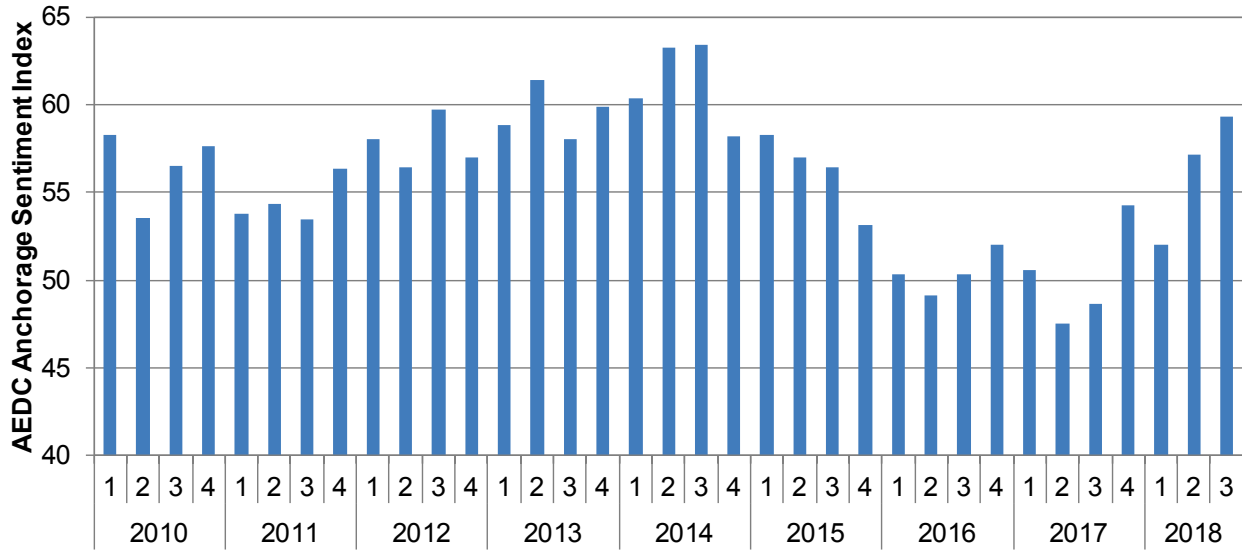
57.7



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

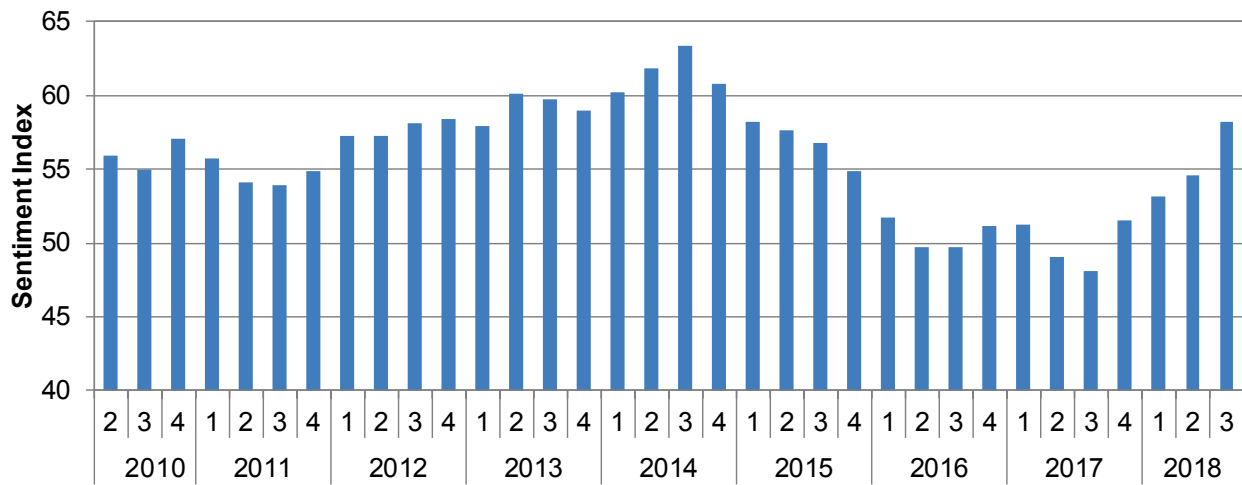
ANCI's Expectations of the Future component had the largest point gain, at 3.5 points, to reach a reading of 57.7. This is the highest reading since 2014Q3. Residents' expectations for the future remain the strongest they have been in three years.

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
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
Q2	52.3	68.1	54.2	57.2	54.8
Q3	53.8	68.0	57.7	59.3	58.2

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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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