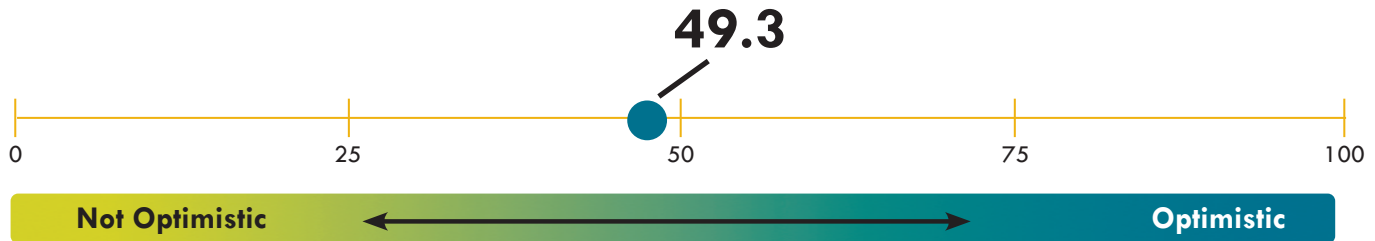


Anchorage Consumer Optimism Index: Q2 2020

Report compiled by:



RESULTS

In 2019 the ANCI showed some improvement in the 4th quarter following four consecutive quarters of decline. In the 2nd quarter of 2020, with the advent of the COVID-19 pandemic, the ANCI has dropped to levels not seen since the depths of the ongoing recession in 2017 and is now categorized as in the uncertain range of 45 to 55. The ANCI had seen a significant period of decline since Q3 of 2018 when the ANCI reached a recent high point of 59.3. The index was 49.3 in Q2, significantly down 6.1 points from Q4. The more stable six-month moving is the same at 49.3 due to the cancellation of the Q1 survey because of COVID-19 stay in place orders during the scheduled survey period.

Q2 2020
49.3

During the same time, U.S. consumer confidence increased. The Conference Board's Consumer Confidence Index[®] stood at 98.1, rising 12.2 points from May to June, while the University of Michigan's Consumer Sentiment Index rose by 5.8 point to 78.1. Both indexes remain significantly lower than levels in 2019 at 126.5 and 98.2 respectively.

2020 Q2 data shows local economic confidence has eroded markedly since 2019 Q4, down 5.9 points to 47 in Q2. Personal Financial Confidence has also declined, down -2.4 points to 63.4 in Q2, likely thanks to federal Pandemic Unemployment Assistance provided the 60,000+ unemployed Alaskans. Future Expectations has declined the most of the ANCI's three component scores. Future Expectations dropped to 43.4 in Q2, down 8.3 points compared to 2019 Q4.

The ANCI is now tracking at its lowest levels since 2017 as the unprecedented impacts felt by the public and businesses from the onset of the COVID-19 pandemic in early March. The ANCI had been trending higher in late 2019 based on positive news from the oil & gas industry regarding impending large new investments in Alaska's North Slope. However, Anchorage remained in recession through the 1st quarter of 2020 prior to the onset of COVID-19. Anchorage now finds itself in the depths of sharp recession, though the impacts of tens of thousands of job losses has been mitigated by over \$1.5 billion of federal aid in the form of business grants and loans combined with unprecedented unemployment assistance that has dulled the brutal economic bite the economy would otherwise have felt.

Uncertainty is now clearly on the minds of consumers in the most recent ANCI data as a result of COVID-19 combined with the seemingly never ending issues with state budgets that are currently overshadowed in the media and the workplace by the pandemic. The coming months will likely see uncertainty continue to suppress hopes for improvement in the economy in the immediate future.

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 - 47.0 OUT OF 100

47.0



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, declined further into uncertainty territory, ending at 47.0.

PERSONAL FINANCIAL CONFIDENCE - 63.4 OUT OF 100

63.4



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 declined to 63.4, a drop of 2.4 points. A more substantial decline would likely have occurred in this measure had it not been for the large amount of federal unemployment relief distributed in the quarter to out of work Anchorage workers. 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 - 43.4 OUT OF 100

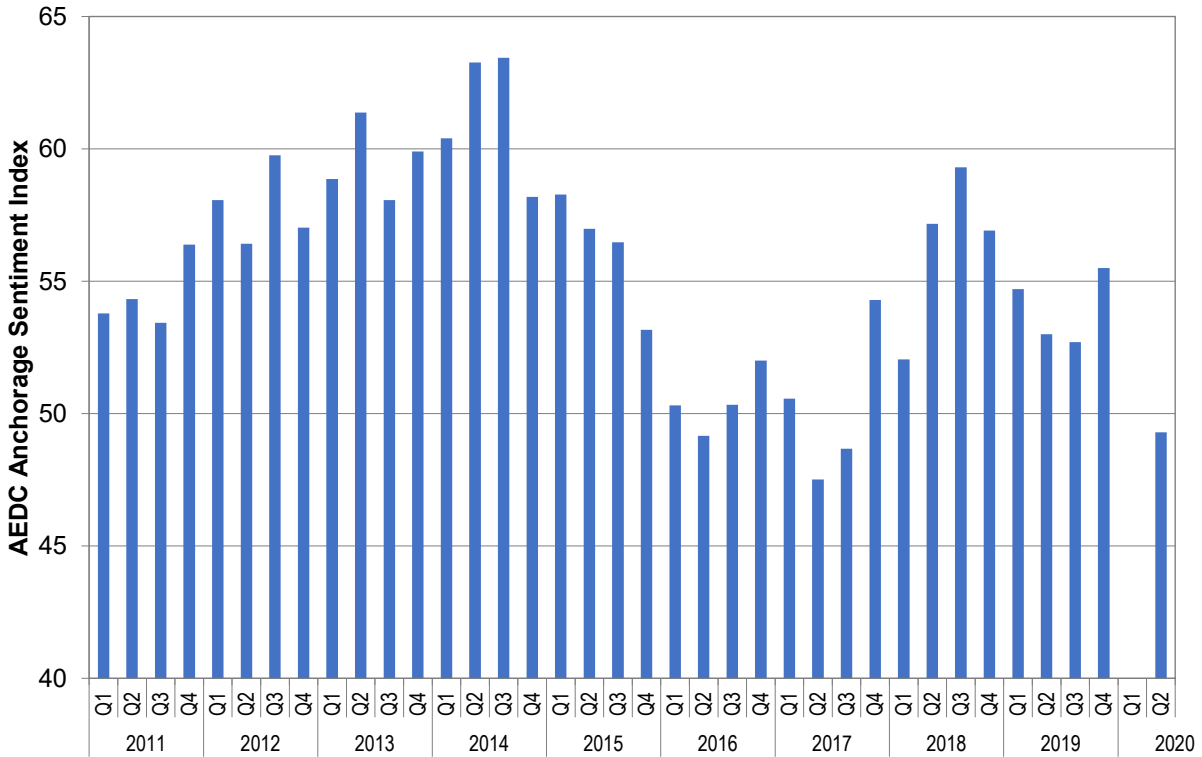
43.4



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

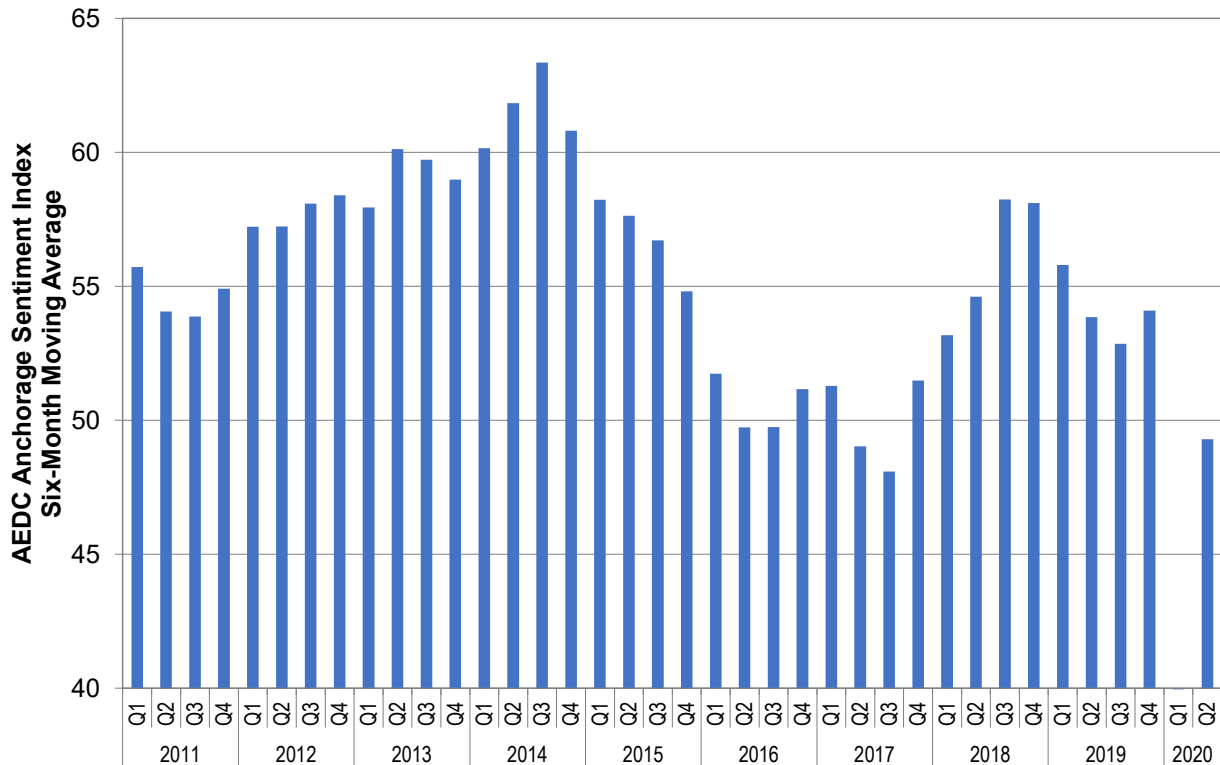
ANCI's Expectations of the Future component had the largest point decrease, down -8.3 points, to reach a reading of 43.4. This reading falls in the not optimistic range under 45. Residents' expectations for the future are the most concerning of the three indicators as now reflect a markedly more significant lack of optimism in the economic future of Anchorage exacerbated by the onset of the COVID-19 pandemic in our city. This pessimism can negatively influence purchasing decisions, influence individual and family decisions on whether to continue to live in Anchorage and could lead to a growing sense of disinterest among Anchorage residents.

Anchorage Optimism Index



No first quarter survey was conducted due to COVID-19 stay in place orders during the scheduled survey period. All values are expressed on a 0 to 100 scale.

Anchorage Optimism Index Six-Month Moving Average



No first quarter survey was conducted due to COVID-19 stay in place orders during the scheduled survey period. 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
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
Q4	52.9	65.8	51.7	55.5	54.1
2020					
Q1	NA	NA	NA	NA	NA
Q2	47.0	63.4	43.4	49.3	49.3

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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