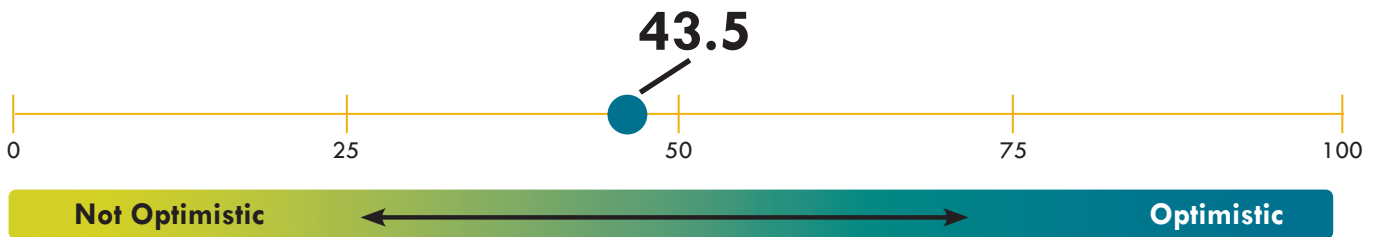


Anchorage Consumer Optimism Index: Q4 2020

Report compiled by:



RESULTS

As the COVID-19 pandemic continues to disrupt the economy since March of 2020, the Anchorage Consumer Optimism index (ANCI) has dropped to lowest levels recorded since the survey was established in 2010 at 43.5 in Q4. The ANCI is now categorized as in the “Not Optimistic” range of below 45. The ANCI saw an additional significant period of decline since the recent high point of 59.3 achieved in Q3 of 2018. The previous index was 49.2 in Q3, down slightly compared to Q2. The more stable six-month moving average declined to 46.4, a pronounced drop in the overall trend of the index.

Q4 2020
43.5

During the same time, U.S. consumer confidence increased. The Conference Board’s Consumer Confidence Index ® stood at 88.6, dropping 13.2 points since September, while the University of Michigan’s Consumer Sentiment Index rose by 1.8 point to 80.7. Both indexes remain significantly lower than levels in 2019 at 126.5 and 99.3 respectively.

2020 Q4 data shows local economic confidence has eroded markedly, down 6.5 points to 37.2 in Q4. Personal Financial Confidence was down significantly by 5.8 points to 62.7 in Q4, but still remains in markedly positive territory. This decrease is likely related to the ending of several aspects of federal Pandemic Unemployment Assistance provided to tens of thousands of unemployed Alaskans through November. In Q4, Future Expectations dropped to 37, down 5.4 points compared to Q3, and declined further into markedly negative territory, demonstrating a continued significant lack of confidence in the future of the Anchorage economy by local consumers.

The ANCI has now dropped to lowest level ever recorded since 2010. Unprecedented impacts from the onset of the COVID-19 pandemic in early March. It is likely the ANCI may drop further until Anchorage sees a combination of higher numbers of vaccinations and declining case counts. However, as these and other elements of recovery begin to take hold, the ANCI should begin to move higher as we approach the summer season. This change in direction is likely months away. Other variables, continuing state budget crisis and issues facing the national government will also have an effect on how quickly the ANCI will show signs of growing optimism among Anchorage Consumers.

The 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 ensure 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 - 37.2 OUT OF 100

37.2



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, declined further into sharply pessimistic territory, ending at 37.2.

PERSONAL FINANCIAL CONFIDENCE - 62.7 OUT OF 100

62.7



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 decreased sharply to 62.7, a drop of 5.8 points. The sharp decline for this indicator can likely be attributed to the end of the large amount of federal unemployment relief distributed in prior months to out-of-work Anchorage residents. 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 - 37.0 OUT OF 100

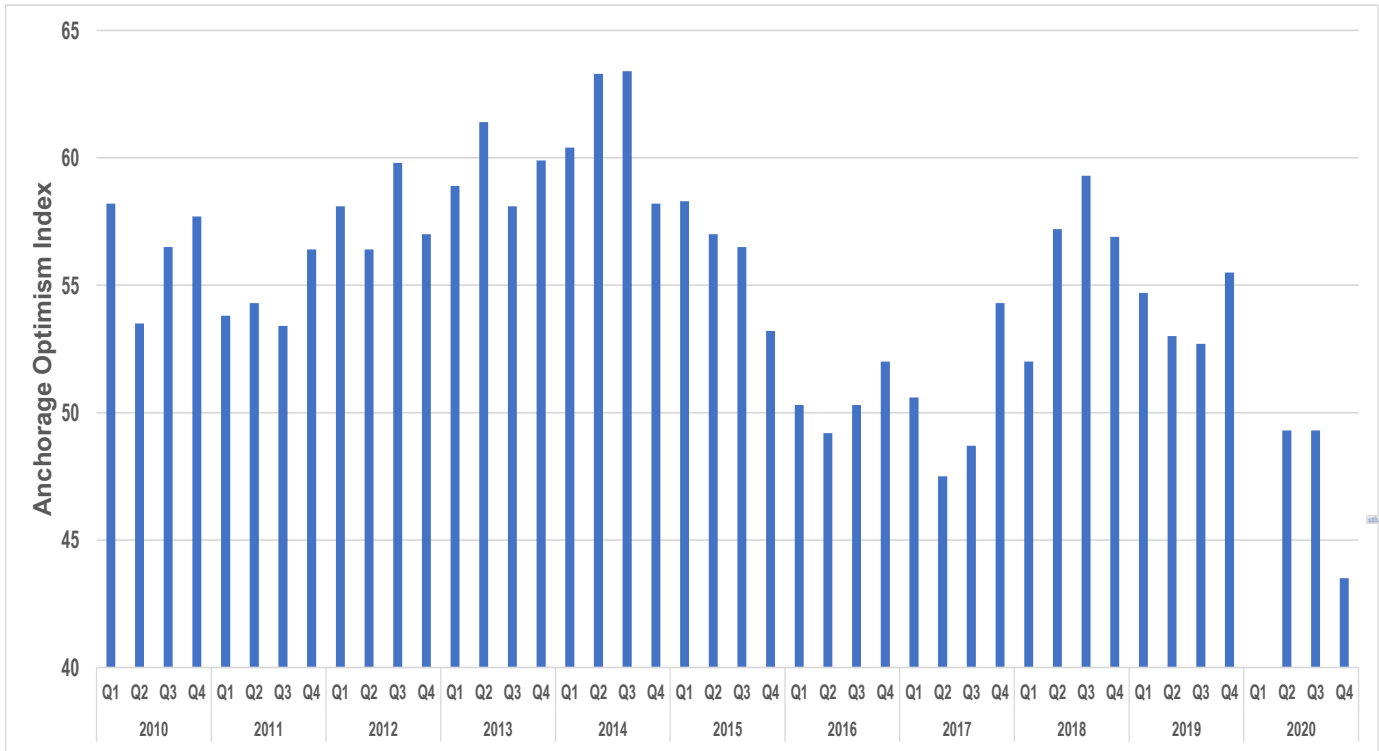
37.0



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

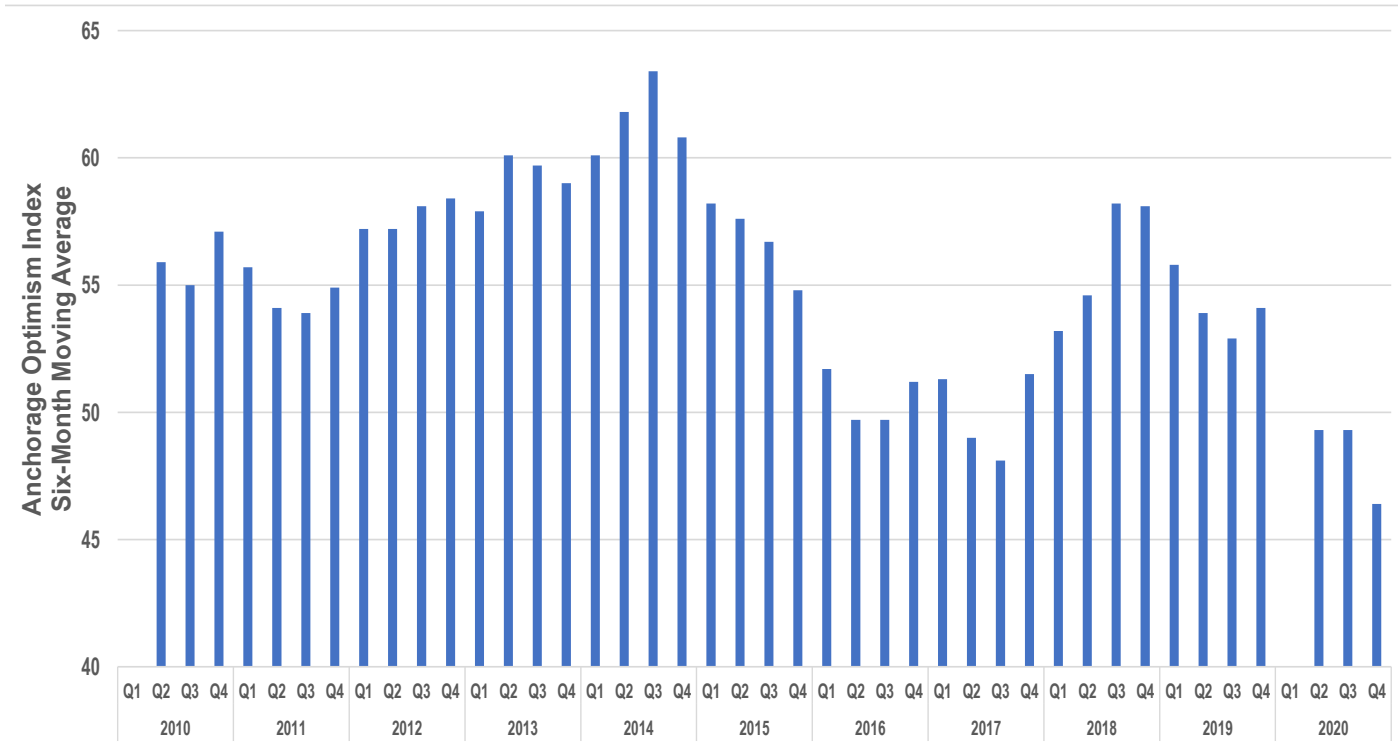
ANCI's Expectations of the Future component saw a sharp point decrease, down 5.4 points, to reach a reading of 37.0. This reading falls firmly in the not optimistic range under 45. Residents' expectations for the future are the most concerning of the three indicators and shows a marked lack of optimism 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
Q3	43.7	68.5	42.4	49.2	49.3
Q4	37.2	62.7	37	43.5	46.4

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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