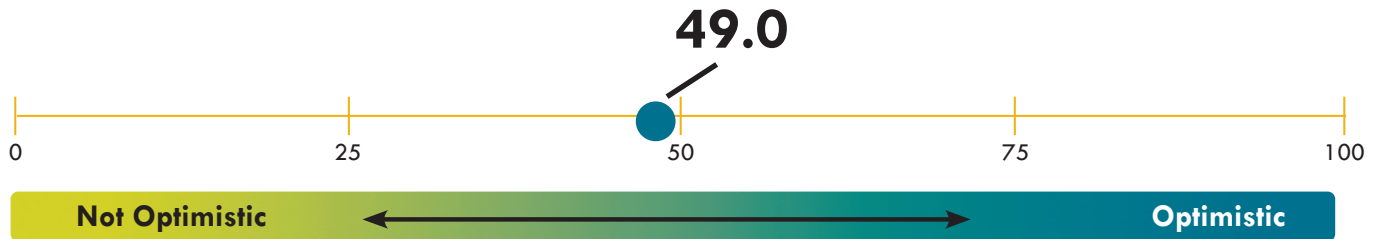


Anchorage Consumer Optimism Index: Q1 2021

Report compiled by:



RESULTS

As the COVID-19 pandemic disruptions to the economy begin to ease, the Anchorage Consumer Optimism index (ANCI) has begun to recover from the recent lowest levels recorded since the survey was established in 2010. At 49.0 in Q1 the ANCI is now up 5.5 points from Q4 and is now categorized as in the “Unsure” range of between 45 and 55. The ANCI saw an additional significant period of decline since the last high point of 59.3 achieved in Q3 of 2018. The previous index was 43.5 in Q4. The more stable six-month moving average increased to 49.2, a marked increase in the overall trend of the index.

Q1 2021
49.0

During the same time, U.S. consumer confidence increased. The Conference Board’s Consumer Confidence Index[®] stood at 109.7, increasing 21.1 points since December, while the University of Michigan’s Consumer Sentiment Index rose by 4.2 point to 84.9. Both indexes remain significantly lower than levels in 2019 at 126.5 and 99.3 respectively.

2021 Q1 data shows local economic confidence has improved, up 6.1 points to 43.3 in Q1. Personal Financial Confidence was down to its lowest level ever recorded by the ANCI, dropping 2.8 points to 59.9 in Q1, but remains in overall positive territory. This decrease is possibly linked to a continuing tough job market. In Q1, Future Expectations significantly improved to 46.4, up 9.4 points compared to Q3, improving into “Unsure” territory, demonstrating a significantly improved level of confidence in the future of the Anchorage economy by local consumers. Increased optimism for the future is likely driven by loosening levels of COVID-19 restrictions and significantly increased levels of vaccinations within the local population.

This is the first improvement in the ANCI since Q3 of 2020 due to the unprecedented impacts felt by the public and businesses from the onset of the COVID-19 pandemic in early March of 2020. It is likely the ANCI will continue to improve as 2020 progresses and Anchorage sees a combination of higher numbers of vaccinations and declining case counts. It is our belief the ANCI should begin to move higher as we approach the summer season. Other variables, such as that continuing state budget crisis and the 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 Northern Economics Alaska Consumer Optimism Index is a measure of Anchorage resident’s 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 collects the data through a random quarterly survey of 400 adults resident in the Municipality of Anchorage. The survey uses a “text-to-online” methodology, reaching people by text on their cellphones and inviting them to participate in the survey online. The analysis weighs all responses for demographic factors such as gender, age, ethnicity and party affiliation to ensure the sample is representative of the Anchorage 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 - 43.3 OUT OF 100

43.3



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 remains in somewhat pessimistic territory, ending at 43.3.

PERSONAL FINANCIAL CONFIDENCE - 59.9 OUT OF 100

59.9



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 again this quarter to 59.9, a drop of 2.8 points. The decline for this indicator can likely be attributed to the continued tough job market conditions in Anchorage. 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 - 46.4 OUT OF 100

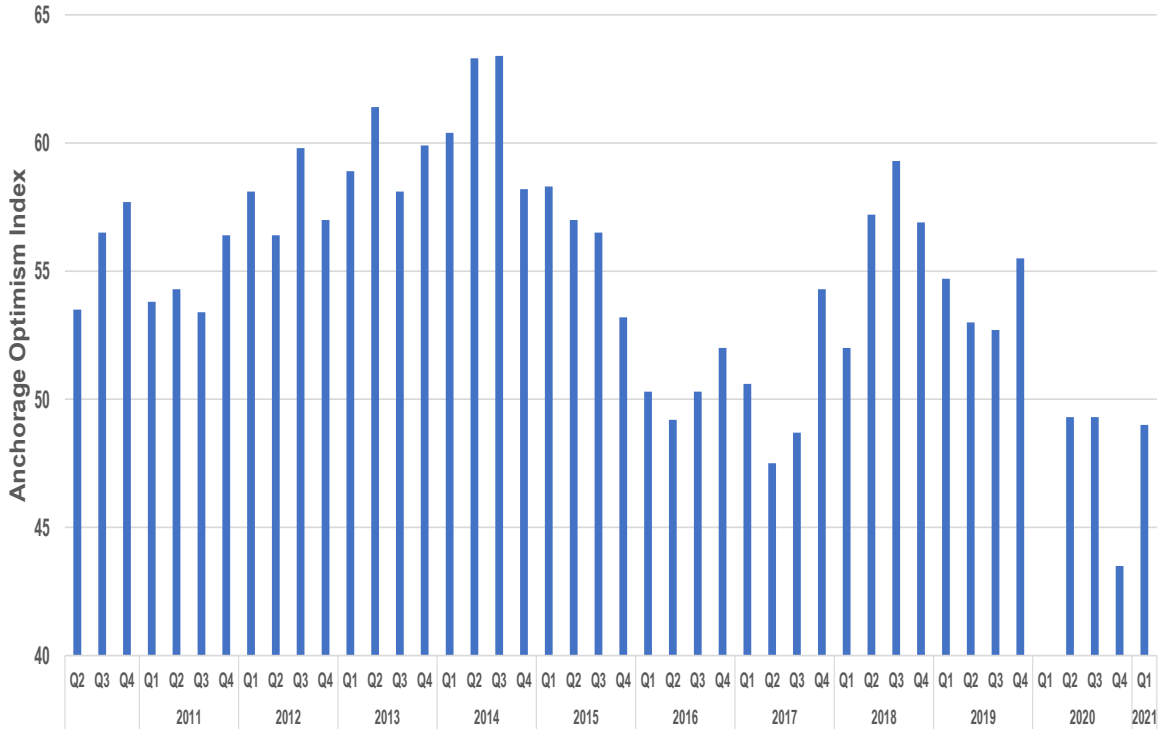
46.4



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

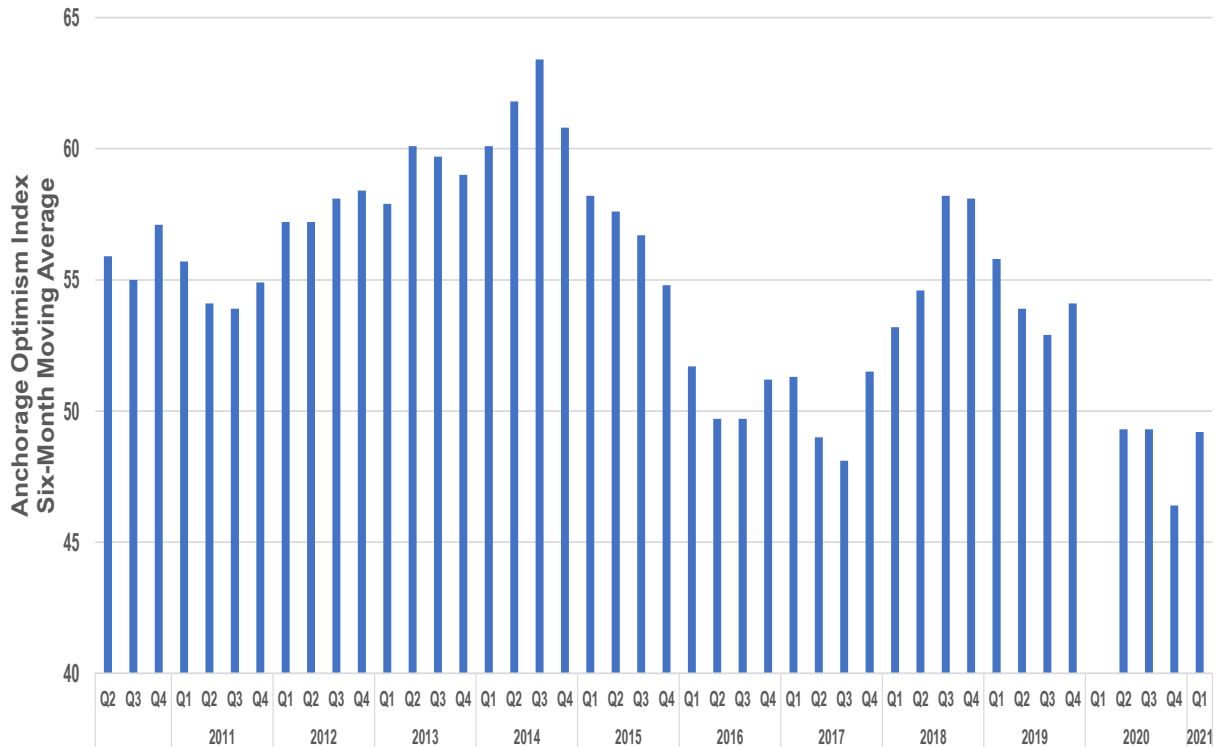
ANCI's Expectations of the Future component saw a sharp point increase, up 9.4 points, to reach a reading of 46.4. This reading moves the indicator up into "Unsure" range of 45 to 55. Residents' expectations for the future is a very positive change in direction for this indicator and shows a marked turn towards optimism in the economic future of Anchorage in the face of the easing of the COVID-19 pandemic in our city. This improving level of optimism can positively influence purchasing decisions, influence individual and family decisions on whether to continue to live in Anchorage and could lead to a growing sense of optimism among Anchorage residents.

Anchorage Optimism Index



No 2021 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 2020 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	37.0	43.5	46.4
2021					
Q1	43.3	59.9	46.4	49.0	49.2

2020 Q1 not collected due to COVID-19 stay in place orders during survey period. 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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