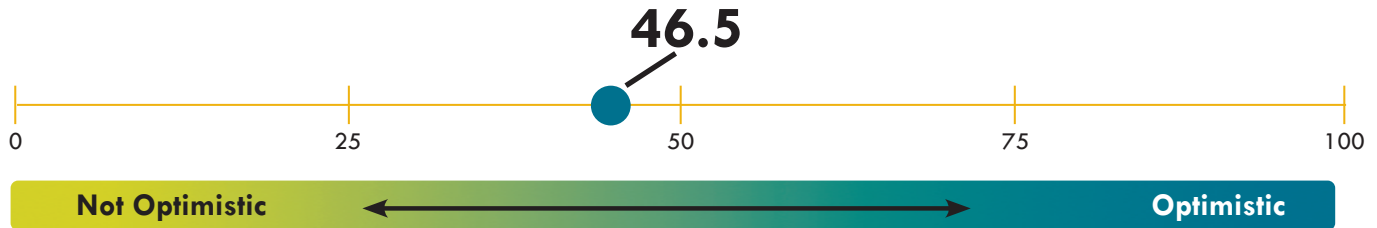


Anchorage Consumer Optimism Index: Q3 2021

Report compiled by:



RESULTS

As the COVID-19 pandemic disruptions to the economy continued to ease in the second quarter of 2021 the Anchorage Consumer Optimism index (ANCI) saw marked improvement from the recent lowest levels recorded since the survey was established in 2010. 3rd quarter saw the Delta variant surge destroy all the gains seen in Q2. At 46.5 in Q3 the ANCI is now down 7.9 points from Q2 and is now categorized as just within the “Unsure” range of between 45 and 55. This is the lowest level for the ANCI since the first quarter of 2021. The more stable six-month moving average decreased to 50.5, a marked increase in the overall trend of the index.

Q3 2021
46.5

During the same time, U.S. consumer confidence decreased. The Conference Board’s Consumer Confidence Index® stood at 113.8, decreasing 15.3 points since July, while the University of Michigan’s Consumer Sentiment Index declined by 9.5 points to 71.7. Both indexes stood at 92.6 and 72.5 respectively in 2020.

2021 Q3 data shows local economic confidence has decreased, down 4.1 points to 45.7. Personal Financial Confidence was down 4.9 points to 57.9 in Q3 and is at the lowest level recorded since this survey was initiated in 2010. In Q3, Future Expectations decreased significantly to 41.2, down 11.4 points compared to Q2, declining further into upper “Not Optimistic” territory, demonstrating a significantly declining level of confidence in the future of the Anchorage economy by local consumers. Increased optimism for the future will be driven by declining levels of COVID-19 infections and related restrictions brought on by needed increased levels of vaccinations within the local population in the 4th quarter. This further improvement in the ANCI in Q4 is not guaranteed and will rest upon multiple economic and community factors trending positively over the holiday season.

However, it is possible the ANCI will level off or even improve in Q4 with the recent spike in COVID-19 cases appearing to be in decline in recent weeks. Other variables, such as the continuing state budget crisis, oil and gas industry investment commitments, municipal policy issues such as the 2022 budget and addressing homelessness, and the many issues facing the national government including the proposed \$1.1 trillion infrastructure bill in congress will also have an affect on how quickly the ANCI will show signs of growing optimism or pessimism 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 - 45.7 OUT OF 100

45.7



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 on the edge of fully pessimistic territory, ending at 45.7.

PERSONAL FINANCIAL CONFIDENCE - 57.9 OUT OF 100

57.9



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 declined this quarter to 57.9. 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 - 41.2 OUT OF 100

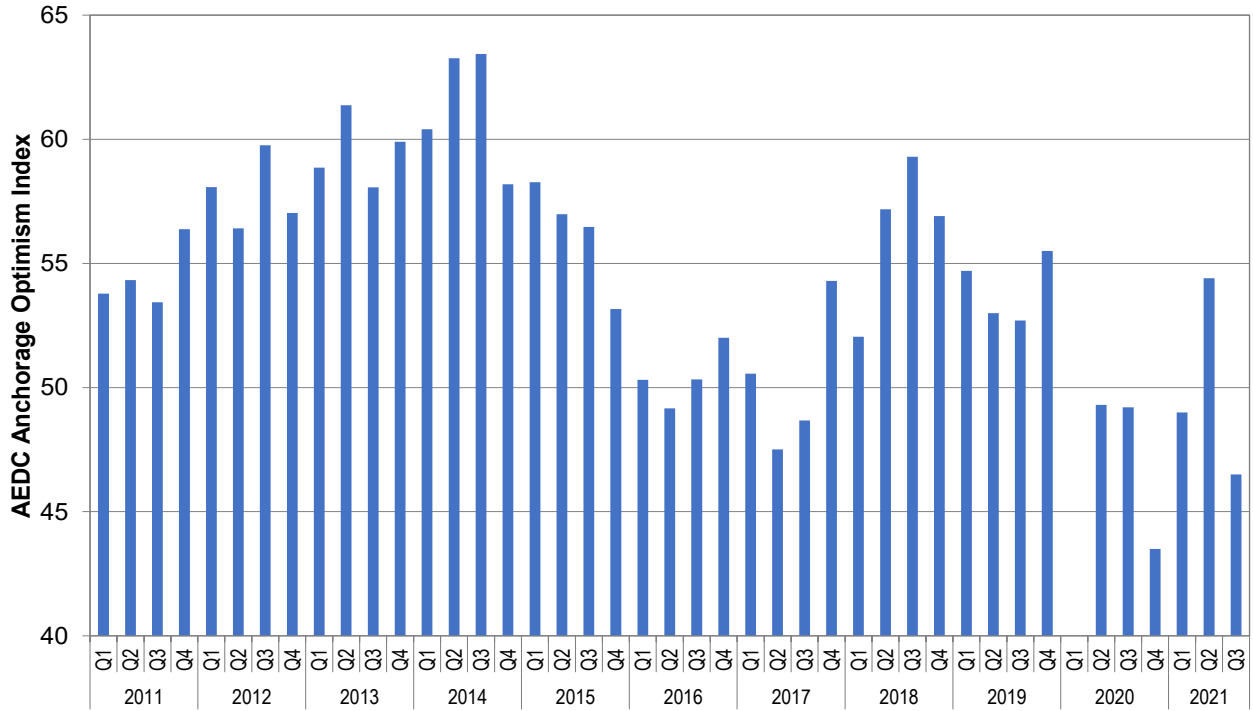
41.2



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

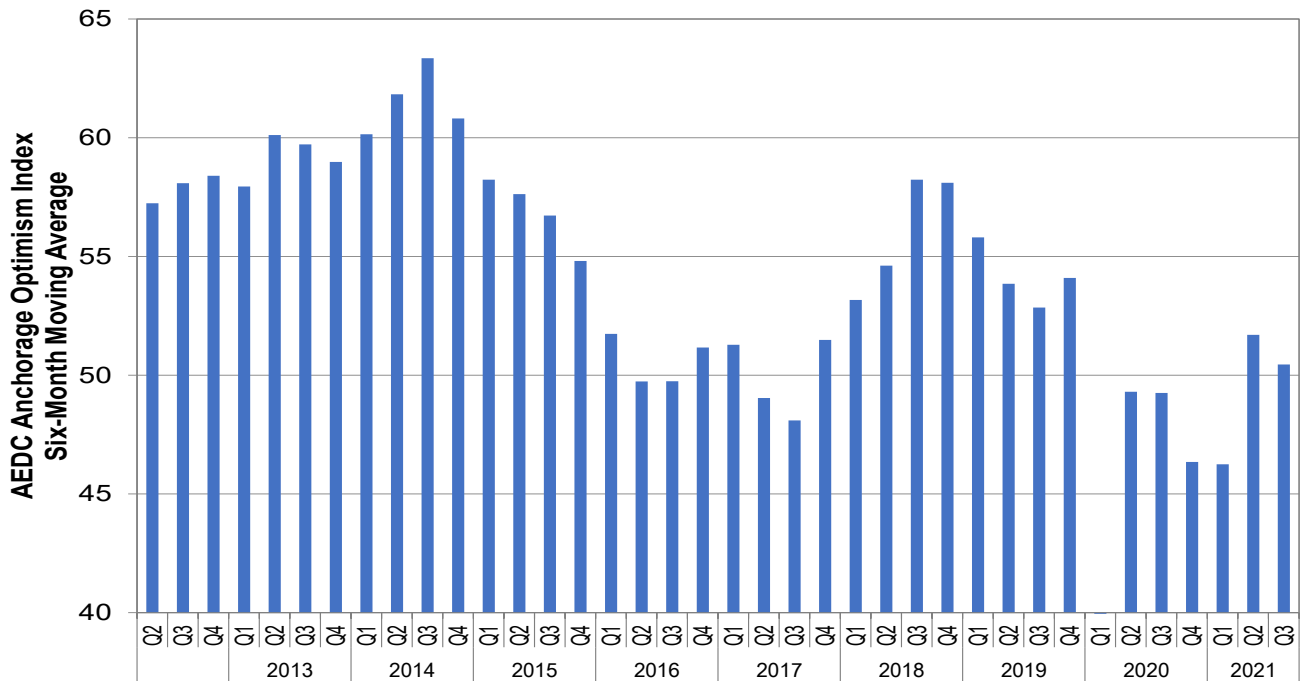
ANCI's Expectations of the Future component declined to 41.2. This reading moves the indicator further into "Unsure" range of 45 to 55. Residents' expectations for the future are a negative change in direction for this indicator and shows a marked turn towards less optimism in the economic future of Anchorage in the face of the rising levels of the COVID-19 infections in our city. This declining level of optimism 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 pessimism 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	46.3
Q2	49.8	62.8	52.6	54.4	51.7
Q3	45.7	57.9	41.2	46.5	50.5

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.

AEDC, 510 L Street, Suite 603, Anchorage, AK 99501