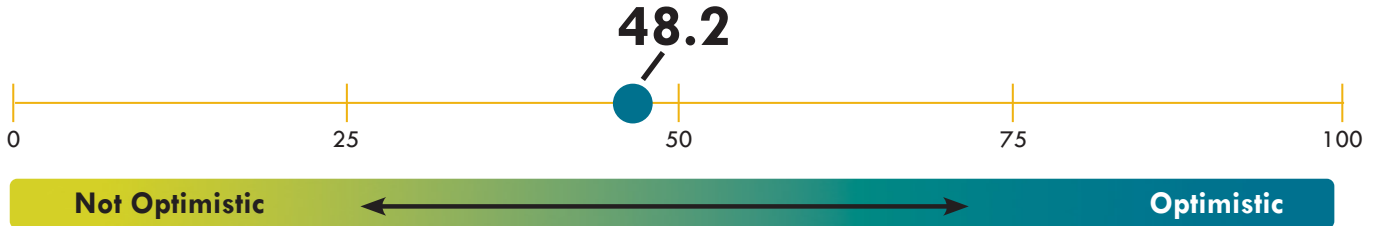




Anchorage Consumer Optimism Index: Q4 2021

Report compiled by: Northern Economics



RESULTS

As the COVID-19 pandemic disruptions to the economy continued to ebb and flow in the 4th quarter of 2021 the Anchorage Consumer Optimism index (ANCI) saw a modest improvement from the recent significant dip brought on by the Delta variant spike. Fourth quarter saw the impacts of the Delta variant surge decline, leading to this modest improvement. At 48.2 in Q4 the ANCI is now up 1.7 points from Q3 and is now categorized as in the middle of the “Unsure” range of between 45 and 55. This remains a relatively low level for the ANCI since the first quarter of 2021. The more stable six-month moving average decreased slightly to 49.2, a slight decrease in the overall trend of the index for 2021.

Q4 2021
48.2

During the same time, U.S. consumer confidence decreased. The Conference Board’s Consumer Confidence Index® stood at 115.8, increasing by 6.5 points since September, while the University of Michigan’s Consumer Sentiment Index declined by 2.2 points to 70.6. Both indexes stood at 88.6 and 80.7 respectively in 2020.

2021 Q4 data shows local economic confidence has improved, up 3.7 points to 49.4. Personal Financial Confidence was up 1.3 points to 59.2 in Q4 and is firmly back in the positive optimism range. In Q4, Future Expectations improved slightly to 42.1, up 0.9 points compared to Q3, still falling within the upper “Not Optimistic” territory, demonstrating a pessimistic 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 Q1 of 2022 is not guaranteed. But there are positive signs related to the rapid decline in the massive numbers of cases seen at the peak of the recent Omicron variant surge.

Other variables, such as the repercussions of the invasion of Ukraine by Russia, the continuing inability to develop state fiscal policy, oil and gas industry investment commitments, municipal policy issues such as addressing homelessness, improving job numbers in Anchorage, the positive outlook for the tourism season in Alaska, significant increases in activity at Anchorage International Airport, and the recently approved \$1.1 trillion infrastructure bill passed by congress will also have effects, positive or negative, 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 - 49.4 OUT OF 100

49.4



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 stands firmly in the middle of the unsure range of 45 to 55, ending at 49.4.

PERSONAL FINANCIAL CONFIDENCE - 59.2 OUT OF 100

59.2



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 rose this quarter to 59.2. 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 - 42.1 OUT OF 100

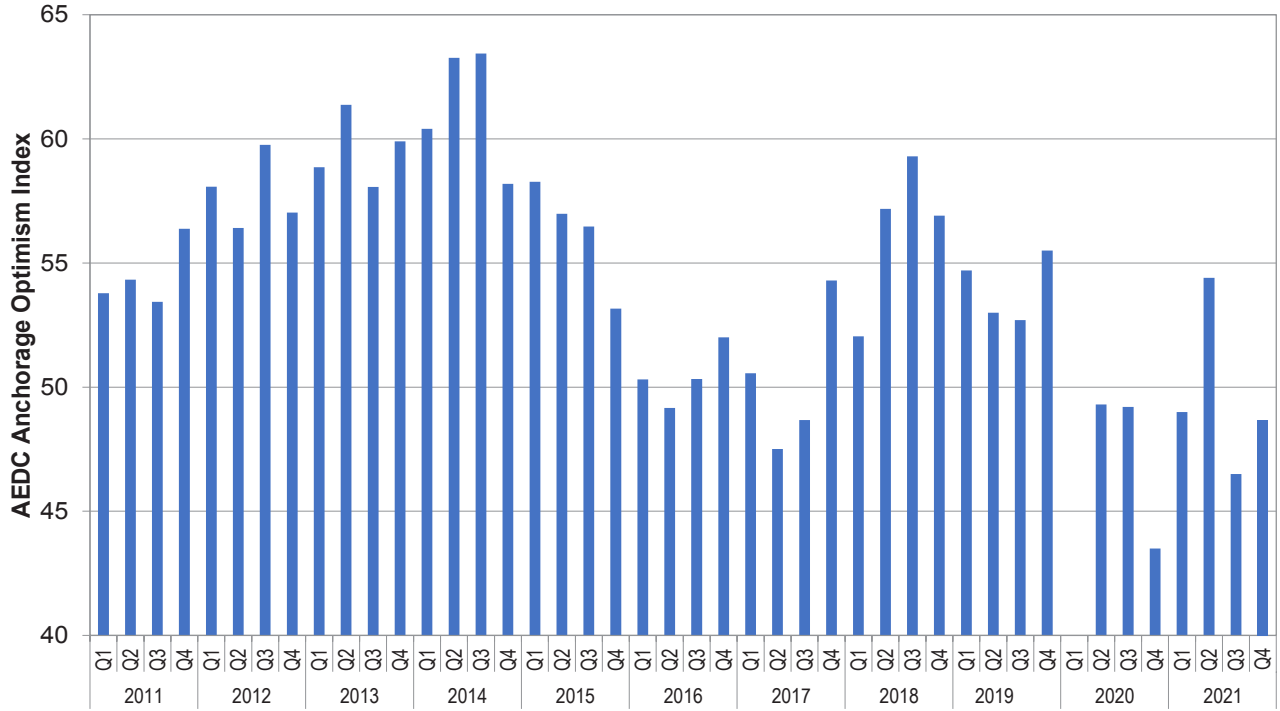
42.1



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

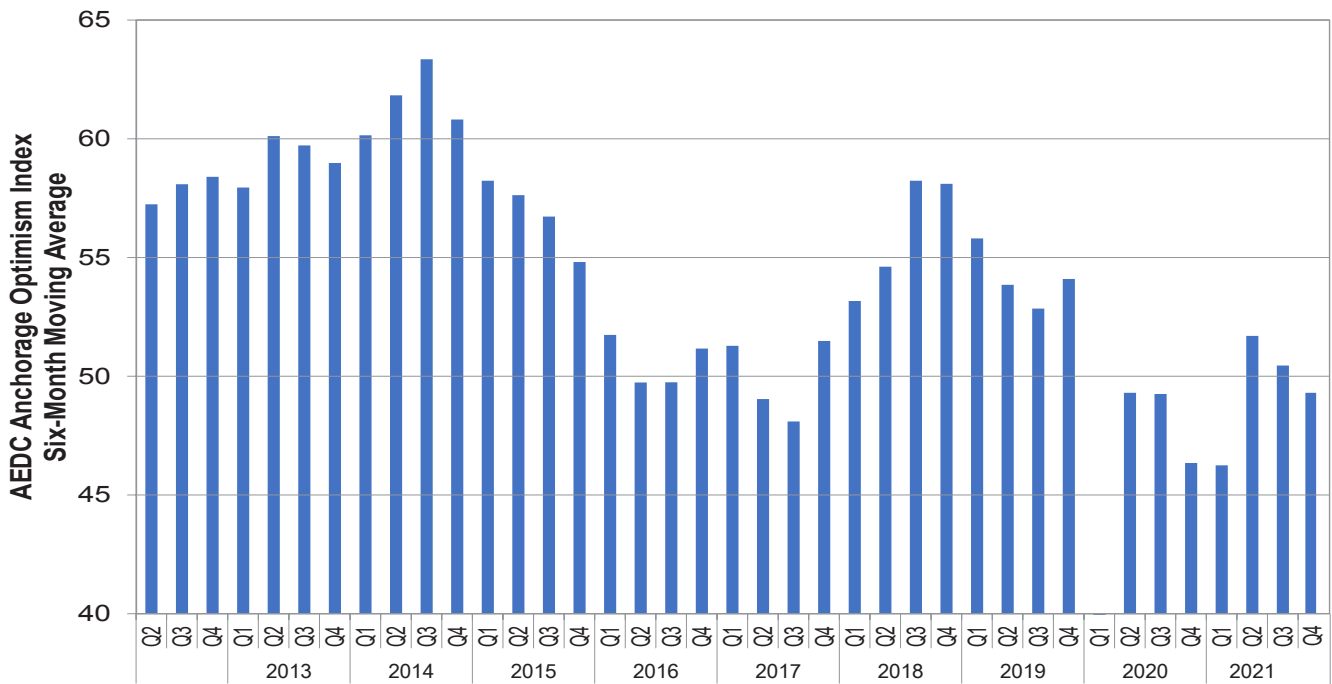
ANCI's Expectations of the Future component rose slightly to 42.1, creeping closer toward the "Unsure" range of 45 to 55. Residents' expectations for the future show a slight rise optimism in the economic future of Anchorage. It's encouraging to see this number coming back around as declining levels of optimism can negatively influence purchasing decisions, influence individual and family decisions on whether to continue to live in Anchorage and can 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
Q4	49.4	59.2	42.1	48.2	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.



AEDC
Anchorage Economic
 Development Corporation

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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