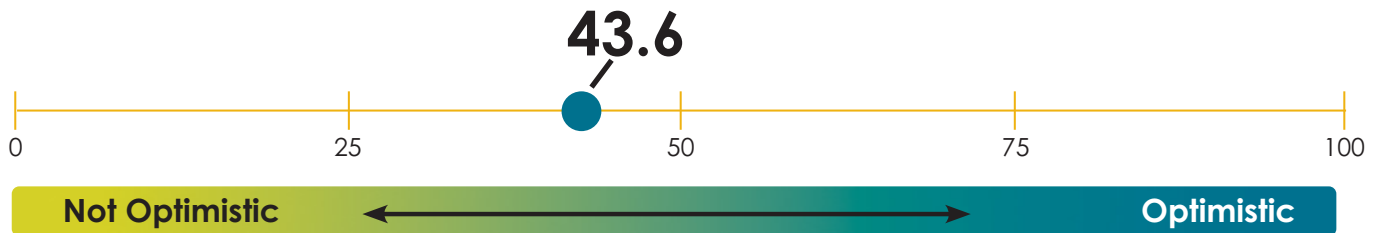


# Anchorage Consumer Optimism Index: Q1 2022

Report compiled by:



## RESULTS

As the economic reverberations caused by the COVID-19 pandemic continue to cause significant inflation pressures, disrupted supply chains, labor shortages, and other challenges in the 1st quarter of 2022, the Anchorage Consumer Optimism index (ANCI) saw a marked decline from the previous level seen in the last quarter of 2021. First quarter saw the impacts of the Omicron variant surge, leading to this significant decline in consumer optimism. At 43.6 in Q1 the ANCI is now down 4.6 points from Q4 and is now categorized as in the “not optimistic” range of below 45. This is the lowest level for the ANCI since the fourth quarter of 2020. The more stable six-month moving average decreased by 3.3 points to 45.9, the lowest level for this indicator since the survey was first launched.

Q1 2022  
**43.6**

During the same time, U.S. consumer confidence decreased. The Conference Board's April Consumer Confidence Index ® stood at 107.3, declining by 8.5 points since December 2021, while the University of Michigan's Consumer Sentiment Index declined by a significant 11.2 points to 59.4. Both indexes stood at 109.7 and 84.9 respectively for the same month in 2021.

2022 Q1 data shows local economic confidence has declined, down 4.1 points to 45.3. Personal Financial Confidence was down 5.7 points to 53.5 in Q1 and has moved down into the “We're not sure” range between 45 and 55. In Q1, Future Expectations declined sharply to 37.9, down 4.2 points compared to Q4, declining further into “Not Optimistic” territory, demonstrating a growing pessimistic level of confidence in the future of the Anchorage economy by local consumers. Increased optimism for the future will be driven by improving economic conditions related to the rate of inflation, labor force pressures, supply chain shortages, housing, and myriad other factors whose current trends are negatively impacting consumer confidence. The short-term outlook for improvement in consumers attitudes about the economy are concerning. But there are positive signs related to the high demand for workers in Anchorage, a very positive outlook for the tourism and air cargo sectors of the local economy, as well as the looming positive impacts of major capital project spending by the federal government in Alaska.

Other variables, such as the repercussions of the months long 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, the positive outlook for healthcare and professional services employment 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 - 45.3 OUT OF 100

45.3



*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 stands at the low end of the unsure range of 45 to 55, at 45.3.

---

## PERSONAL FINANCIAL CONFIDENCE - 53.5 OUT OF 100

53.5



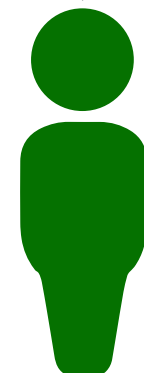
*On a scale from 1 to 5, how secure do you feel about your and your family's financial situation, where a 5 is very secure and a 1 is not secure at all? And would you say your and your family's financial situation is getting better, getting worse or staying about the same?*

The Personal Financial Confidence component has historically been the strongest and least volatile component of ANCI due to personal and family decisions being in the control of respondents. The component was down in Q1 at 53.5, moving into the "we're not sure" range. 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 - 37.9 OUT OF 100

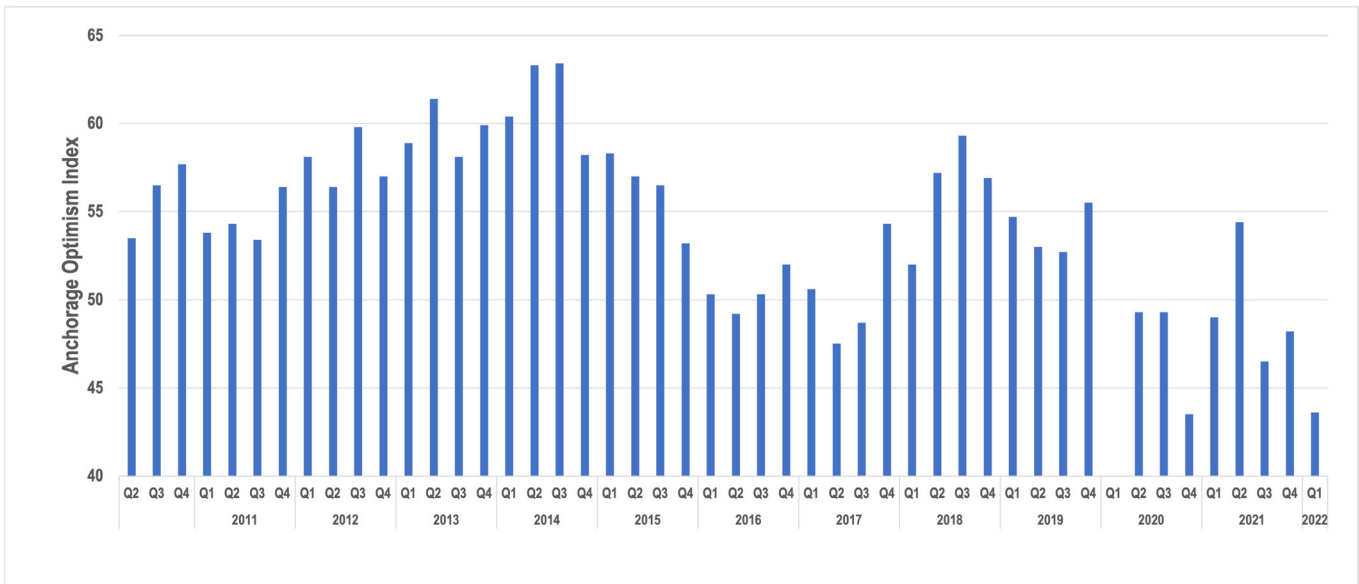
37.9



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

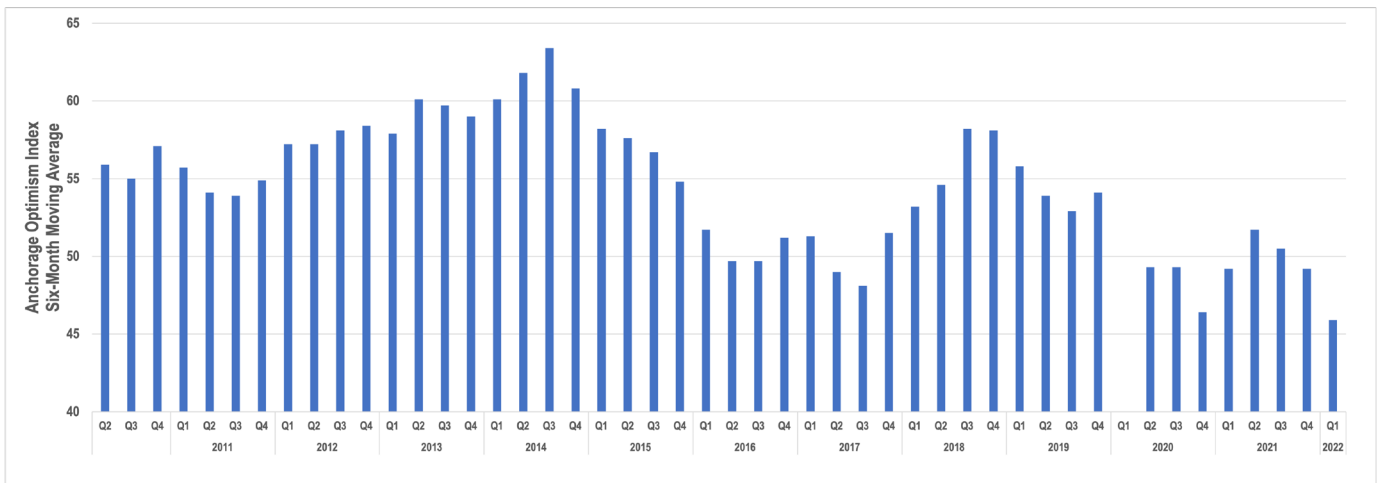
ANCI's Expectations of the Future component decreased to 37.9, creeping further into the "not optimistic range." Declining levels of optimism can negatively influence purchasing decision, as well as individual and family decisions on whether to continue to live in Anchorage, and can lead to a growing sense of pessimism among Anchorage residents.

## Anchorage Optimism Index



No 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.

## 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
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
2021					
Q1	45.3	53.5	37.9	43.6	45.9

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.

# Diamond Investors



510 L Street, Suite 603  
Anchorage, AK 99501  
(907) 258-3700

Customized reports available upon request.