

RESULTS

High rates of inflation, supply chain challenges, the BA.05 COVID variant, and geopolitical issues continue to weigh on the minds of Anchorage consumers even in the face of significant demand for workers and historic low unemployment. The Anchorage Consumer Optimism Index (ANCI) is a survey of just over 600 Anchorage citizens performed by Alaska Survey Research using the Northern Economics Alaska Consumer Optimism Index survey tool. The ANCI continues to track at a markedly pessimistic level as was seen in the first quarter of 2022. At 43.3 in Q2 the ANCI is now down .3 points from Q1 and continues to be categorized as in the “not optimistic” range of below 45. This is the lowest level for the ANCI since the survey was first launched. The more stable six-month moving average decreased by 2.6 points to 43.3, the lowest level for this indicator since the survey was first launched.

Q2 2022
43.3

During the same time, U.S. consumer confidence also decreased. The Conference Board's July Consumer Confidence Index® stood at 95.7, declining by 11.6 points since April 2022, while the University of Michigan's Consumer Sentiment Index declined by 8.3 points to 51.1. Both indexes stood at 129.3 and 81.2 respectively for the same month in 2021.

2022 Q2 data shows local economic confidence has improved slightly, increasing 2.5 points to 47.8. Personal Financial Confidence was also up 3.0 points to 56.5 in Q2 and has moved up into the optimistic range above 55. In Q2, Future Expectations stood at 34.5, down 3.4 points compared to Q4, declining further into “Not Optimistic” territory, demonstrating a continued 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 a myriad of other factors whose current trends are negatively impacting consumer confidence. The short-term outlook for improvement in consumer attitudes about the future of the economy is 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 developing positive impacts of major capital project spending by the federal government in Alaska.

Other variables, such as the continuing repercussions of the months-long invasion of Ukraine by Russia, the continuing inability to develop state fiscal policy counterbalanced by the historic high PFD payout coming in September, billions of dollars pending in oil and gas industry investment commitments on the North Slope, signs of potential construction of a natural gas pipeline, municipal policy issues such as addressing homelessness, the positive outlook for professional services employment will all 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 - 47.8 OUT OF 100

47.8



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 - 56.5 OUT OF 100

56.5



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. Personal Financial Confidence was up 3.0 points to 56.5 in Q2 and has moved up into the optimistic range above 55.

FUTURE EXPECTATIONS - 34.5 OUT OF 100

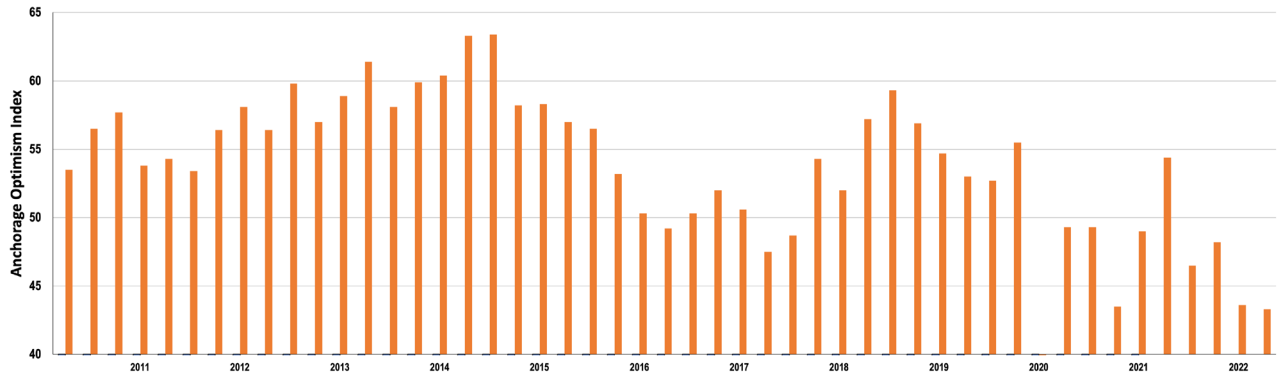
34.5



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

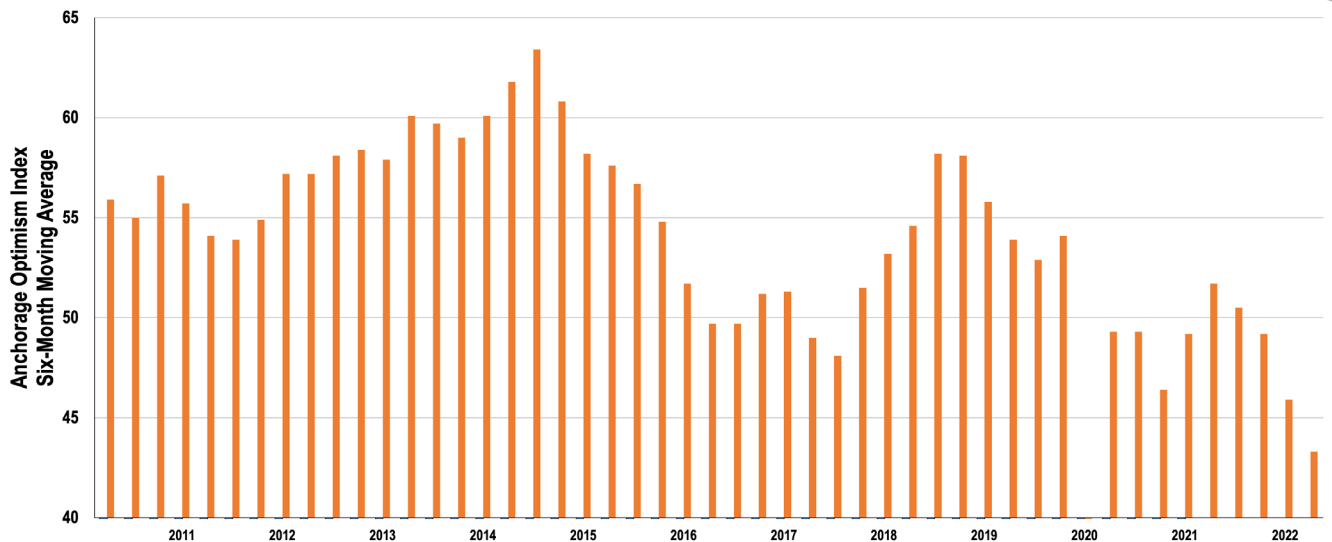
In Q2, Future Expectations stood at 34.5, down 3.4 points compared to Q4, declining further into "Not Optimistic" territory, demonstrating a continued pessimistic level of confidence in the future of the Anchorage economy by local consumers. Declining levels of optimism can negatively influence purchasing decisions, 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
2022					
Q1	45.3	53.5	37.9	43.6	45.9
Q2	47.8	56.5	34.5	43.3	43.3

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.

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Customized reports available upon request.