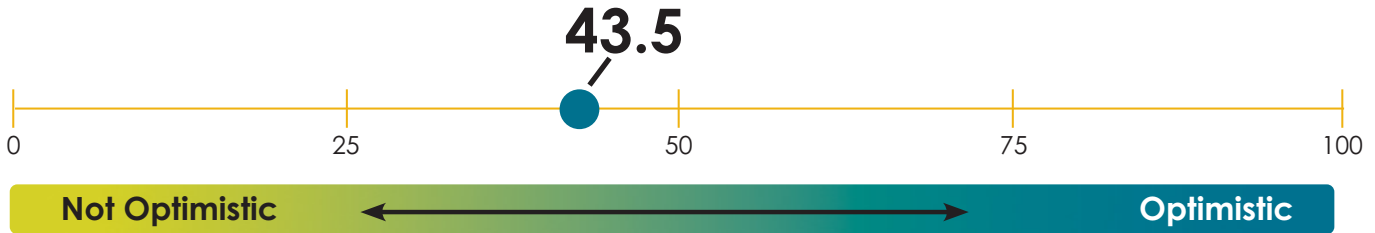




# Anchorage Consumer Optimism Index: Q4 2022

Report compiled by:



## RESULTS

Persistent inflation (driven by gas (5.5%), food (5.1%), and housing (10%) price increases over the past year), concerns about a potential national recession, declining enrollment of local schools, 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 and is performed by Alaska Survey Research, using the Northern Economics Alaska Consumer Optimism Index survey tool.

The ANCI improved slightly in the fourth quarter of 2022 but continues to report pessimistic sentiments, as it did through the first three quarters of the year. At 43.5, the Q4 ANCI improved a meaningful 3.1 points from Q3's unprecedented low of 40.4 though it remains in the "not optimistic" range below 45. The more stable six-month moving average inched upwards by 0.1 points to 42.0, leaving it second only to last quarter as the lowest level for this indicator since the survey was launched in 2010.

Nationally, U.S. consumer confidence jumped up 6.9 and 2.9 points in December, according to the Conference Board and the University of Michigan, respectively. The Conference Board's Consumer Confidence Index® stood at 108.3, up from 101.4 in November, while the University of Michigan's Consumer Sentiment Index came in at 59.7 in December, compared to 56.8 in November.

The short-term outlook for improvement in consumers' attitudes about the future of the economy is concerning. However, there are some positive signs related to the high demand for workers in Anchorage, an ongoing 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 inability to develop state fiscal policy, the ongoing invasion of Ukraine by Russia, billions of dollars in oil and gas industry investment commitments on the North Slope, continued discussions around the potential construction of a natural gas pipeline, municipal policy issues such as potential school closures, and 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 - 46 OUT OF 100

46



*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 recovered substantially (4.2 points), climbing out of the 'not optimistic range' (below 45) to 46 after falling to 41.8 in Q3.

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## PERSONAL FINANCIAL CONFIDENCE - 55.9 OUT OF 100

55.9



*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 historically been the strongest and least volatile component of ANCI due to personal and family decisions being in the control of respondents.

Personal Financial Confidence climbed a modest half a point to 55.9 in Q4 (up from 55.4 in Q3) remaining slightly optimistic (above 55). Unlike the Local Economy Confidence component, which is 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.

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## FUTURE EXPECTATIONS - 34.5 OUT OF 100

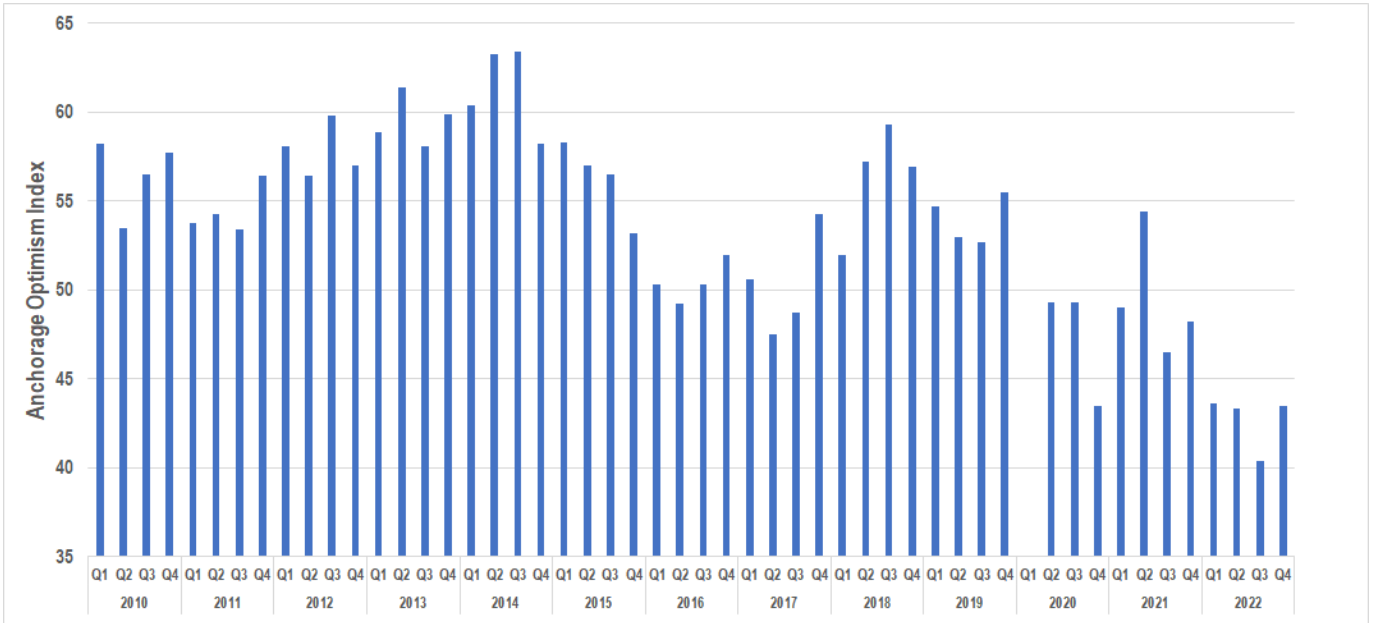
36.1



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

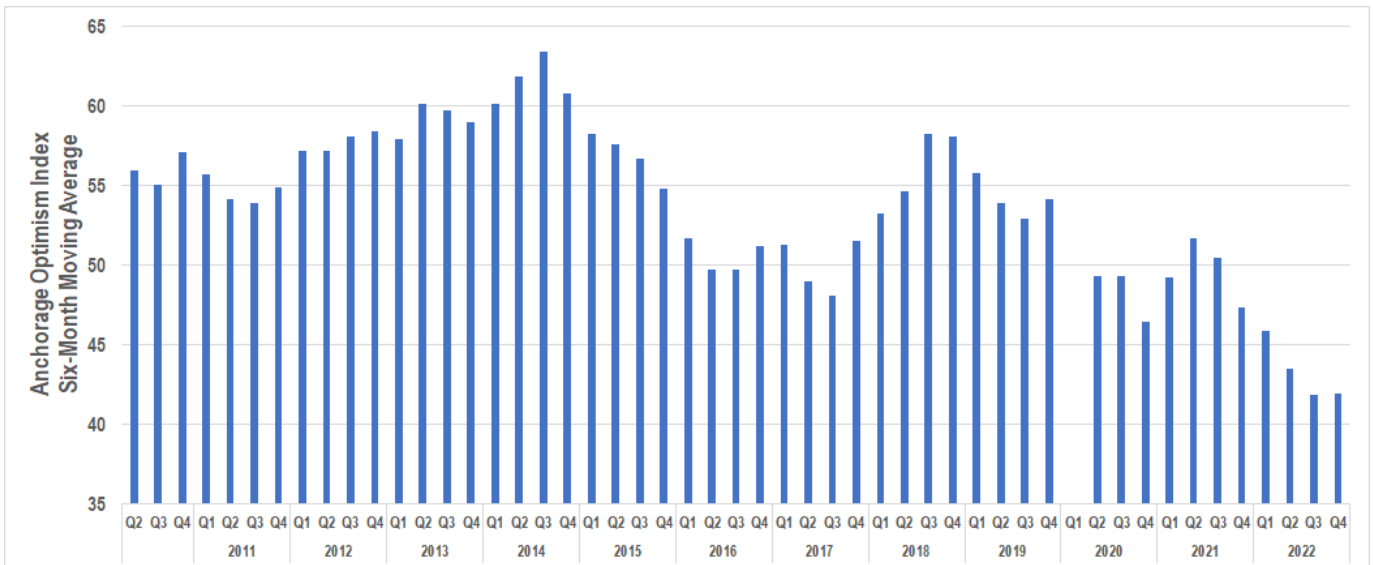
Future Expectations continue to be the biggest drag on the index and remain firmly in the 'not optimistic range' though they recovered somewhat to 36.1 after setting new lows in each of the last two quarters (34.5 in Q2 and 32.2 in Q3). While improving, consumers in Anchorage still have a way to go to regain past expectations about Anchorage's future; prior to the COVID-19 pandemic, future expectations had never fallen below 40.

# 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
<b>2017</b>					
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
<b>2018</b>					
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
<b>2019</b>					
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
<b>2020</b>					
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
<b>2021</b>					
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
<b>2022</b>					
Q1	45.3	53.5	37.9	43.6	45.9
Q2	47.8	56.5	34.5	43.3	43.5
Q3	41.8	55.4	32.2	40.4	41.9
Q4	46.0	55.9	36.1	43.5	42.0

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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