Economic Confidence Dips in First Quarter

April 23, 2018 JUNEAU – Alaskans’ economic confidence dipped in the first quarter of 2018, as measured by the Alaska Confidence Index (ACI). The composite index fell to 51.9, a drop of 2.6 points from the fourth quarter of 2017. The decline was driven by weakness in respondents’ read of the current situation at all levels—state, local, and personal—as well as slightly worsening expectations for local and state economic conditions.

While expectations for state and local economies remain negative, confidence is higher than surveys showed in the past two years. In a year-over-year comparison, the index is up 2.7 points from the first quarter of 2017. The difference can be attributed to expectations for the future that are much improved at the state and local levels and only slightly lower on a personal level.
Without concrete legislative progress toward resolution, fiscal apprehension persists. However, the concerns about state revenue are being offset, in part, by increased oil prices and some additions to the pipeline. Job losses continue in the private sector, albeit more slowly, but this is not the same as a recovery.

The ACI is a measure of Alaskans’ confidence in the health of the local economy, their personal financial situation, and their expectations for the future. Northern Economics, Inc. generates the ACI using data collected by the Alaska Survey, a random quarterly sample of at least 800 Alaska households. The ACI comprises six components: 1) State Economy Confidence; 2) Local Economy Confidence; 3) Personal Financial Confidence; 4) Expectations for the Future – State; 5) Expectations for the Future – Local; and 6) Expectations for the Future – Personal. Each component is expressed using a value of 0 to 100. Values above 50 represent relative confidence in the economy, while values below 50 indicate lack of confidence. The ACI is released by the Division of Economic Development and supported by a sponsorship by the Alaska Department of Commerce, Community, and Economic Development.

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