

ALASKA'S ECONOMY

It's everyone's business.

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Dear reader:

Alaska's economy is experiencing multiple ripple effects due to the COVID-19 pandemic, putting immense strain on households, businesses, the state and local governments.

As the situation continues to unfold we will report the ripple effects as they impact different sectors across the state.



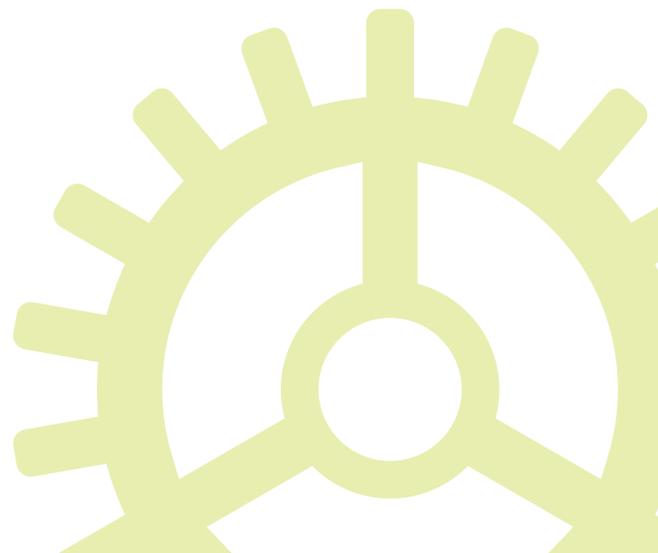
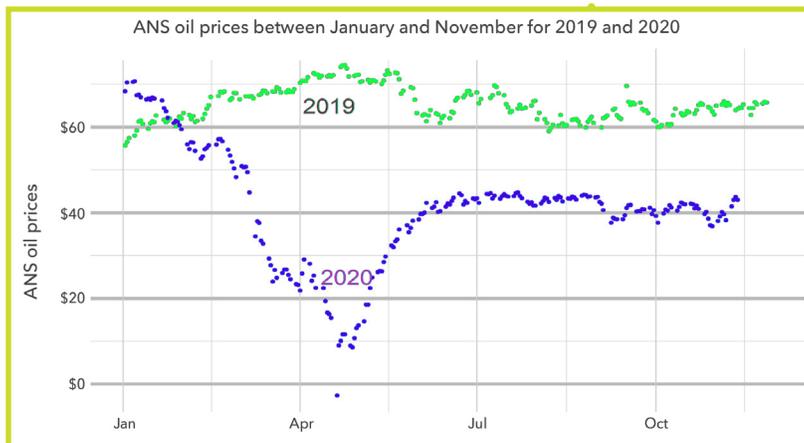
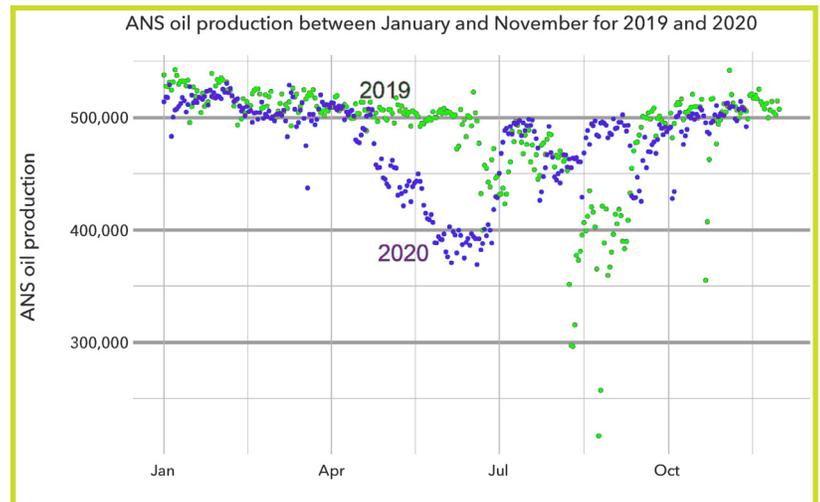
ANS oil production remained around 500,000 barrels per day for the last few months

In October 2020 production averaged 493,249 barrels per day, which is only 2,059 fewer than the same month last year. In the first two weeks of November production increased and averaged 506,521 barrels which is 4,520 barrels fewer than the same period last year. ▼



Oil prices increase in November

Pfizer's announcement of its highly effective vaccine on November 9 resulted in an increase in oil prices as hopes of a robust recovery re-emerged. In October 2020, Alaska North Slope (ANS) prices averaged \$40.46 per barrel, \$22.38 less than the same month last year. Between November 10 and November 12 prices averaged over \$43 per barrel for the first time since late August 2020. While these recent upticks are encouraging, ANS prices are still well below their 2019 levels which poses challenges for the industry. ▼



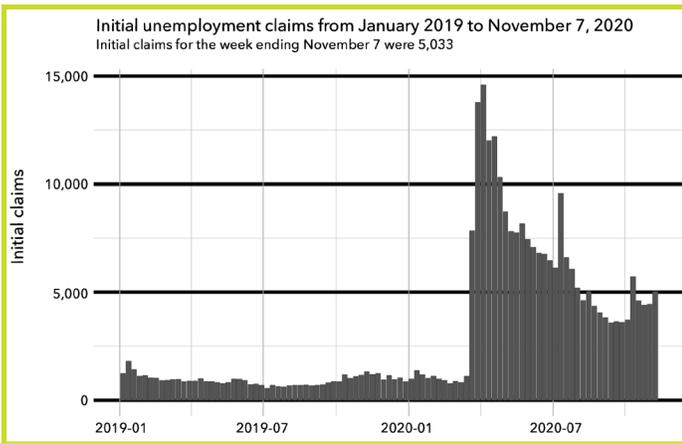
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Initial unemployment claims¹ jumped above 5,000 for the week ending November 7

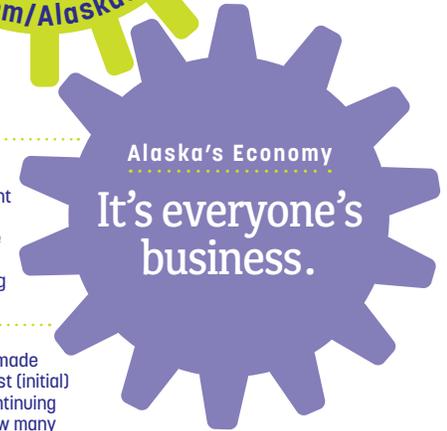
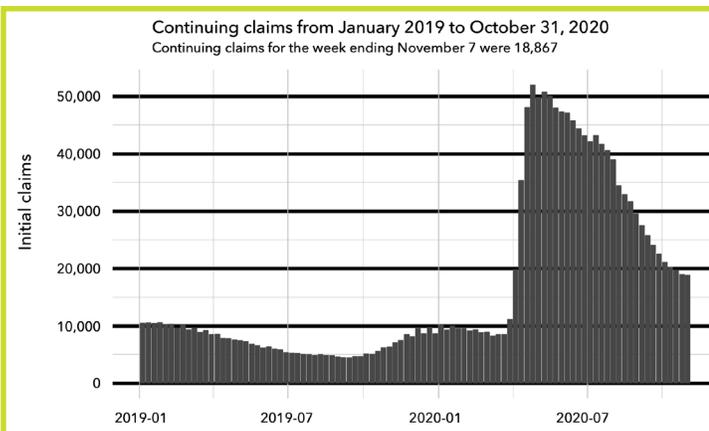
Initial unemployment claims remain elevated and have ticked above 5,000 in the most recent week.

While these levels are well below the peak reached at the beginning of the pandemic, they are still more than five times the 2019 average. After weeks of continuous decline, the last five weeks have broken the trend and ticked upwards indicating continued layoffs. ▼



Continuing claims² for the week ending October 31 were 18,867

Continuing claims have declined to 18,867 in the most recent week. During the lockdown period earlier this year continuing claims reached a high of 50,000 in one week. The declines in continuing claims are due to a combination of employees returning to their employers, improved consumer spending, and expiration of benefits. It is difficult to determine the extent to which these improvements will continue given the lack of additional fiscal stimulus and the rising number of COVID-19 cases. ▼

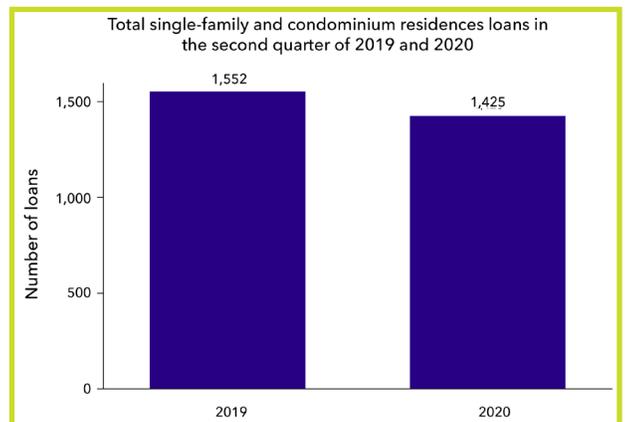


- 1 Initial unemployment claims refer to new filings for unemployment insurance. During this pandemic, they provide a sense of how many people are experiencing new job losses.
- 2 Continuing claims are unemployment claims made after the individual's first (initial) filing. The number of continuing claims roughly show how many people remain unemployed.



Loans for single family and condominium residences declined by 8.3% between the second quarter of 2020 and the second quarter of 2019

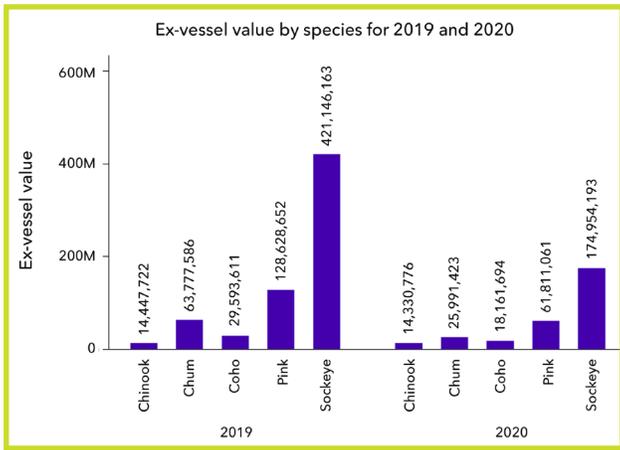
The decline in economic activity and population will likely put pressure on the housing market over the next few years. Lower interest rates have encouraged demand at the national level but the Alaska data from the second quarter in 2020 shows that the number of loans issued for single-family condominium residences declined by 8.3%. ▼





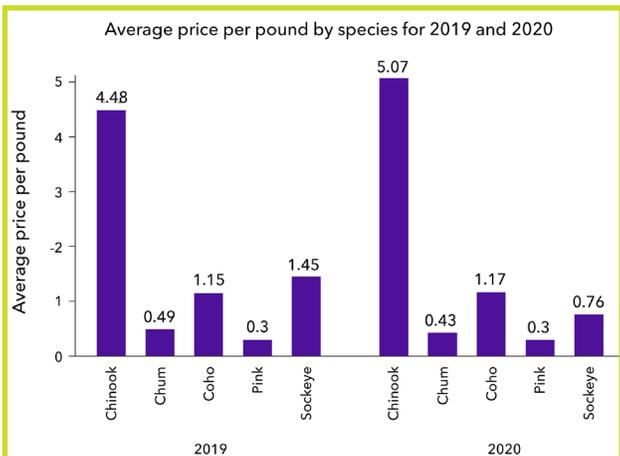
A total amount of 116.8 million fish were harvested, a 44% decrease compared to the 2019 total harvest of 208.3 million fish

The total fish harvested declined by 44% between 2019 and 2020. The declines occurred in all species but the magnitudes were different. The two species with the largest declines were Pink and Chum where the drops in catch were 53.9% and 53.5%, respectively. ▼



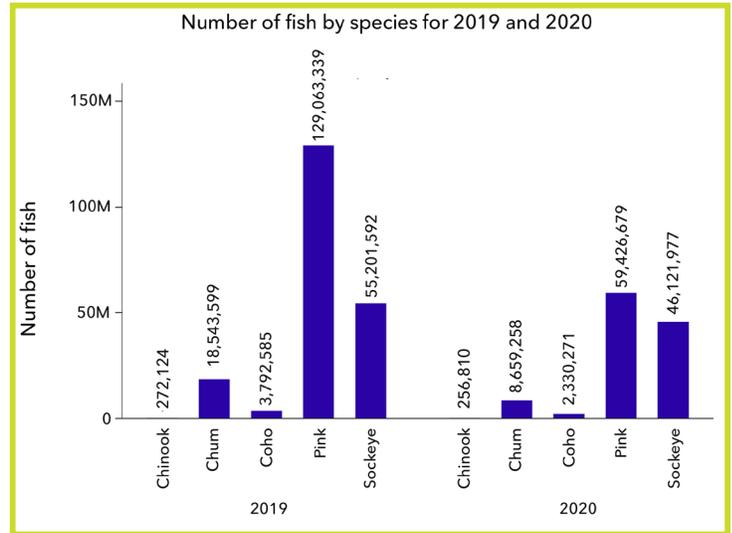
Average price per pound for Sockeye decreased by 47% between 2020 and 2019

Average prices declined significantly for Sockeye but increased slightly for Chinook, Coho, and Pink Salmon. These changes in prices reflect the dynamic nature of catch, global demand, and consequences of the pandemic. ▼



The 2020 commercial salmon fishery all-species harvest was valued at approximately \$295.2 million

According to the Alaska Department of Fish and Game (ADF&G), the 2020 commercial salmon fishery all-species harvest was valued at approximately \$295.2 million (nominal), a 56% decrease from 2019's value of \$673.4 million. Of this total, Sockeye salmon accounted for approximately 59% of the total value at \$174.9 million. Sockeye's ex-vessel value declined by 58% which, as we show in the next figures, is due to a combination of a decline in both catch and prices. Pink salmon, which accounted for approximately 21% of the value at 61.8 million dollars, declined by almost 52% during the same period. ▼



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Did you know

Prices for Chinook
and Cohosalmon
increased in 2020?

Learn more in this issue
of *Alaska's Economy*.



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