

ALASKA'S ECONOMY

It's everyone's business.

MOUHCINE GUETTABI, ASSOCIATE PROFESSOR OF ECONOMICS, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH AT THE UNIVERSITY OF ALASKA ANCHORAGE, SHARES HIS VIEWS ON THE ALASKA ECONOMY.



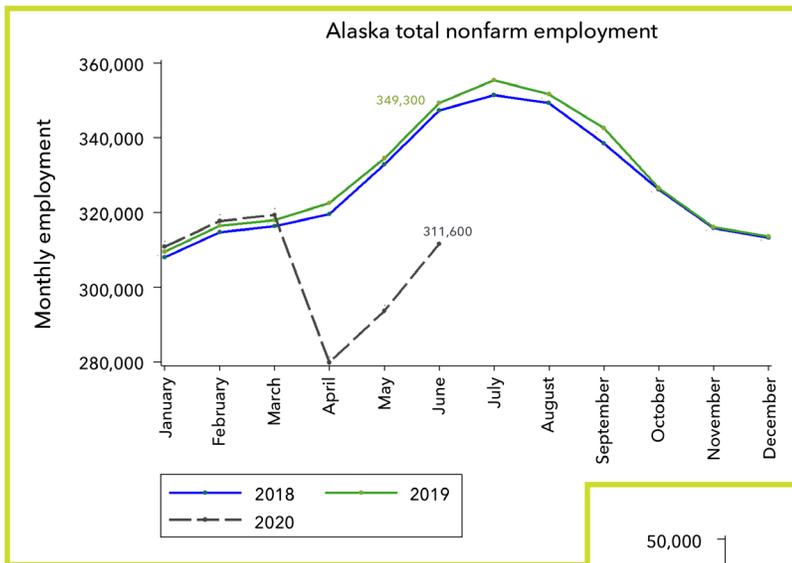
Dear reader:

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 economy reopens, we will continue to follow the ripple effects as they impact different sectors across the state.



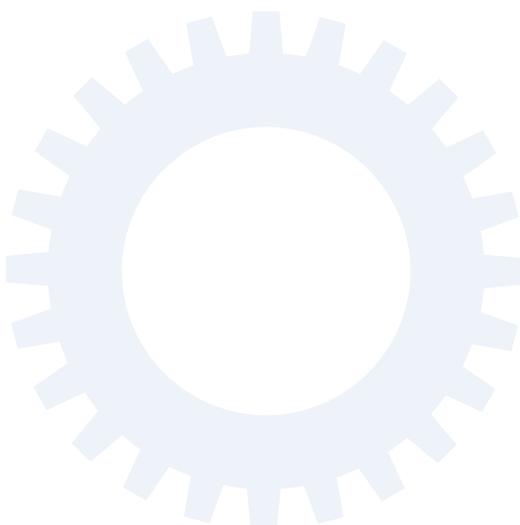
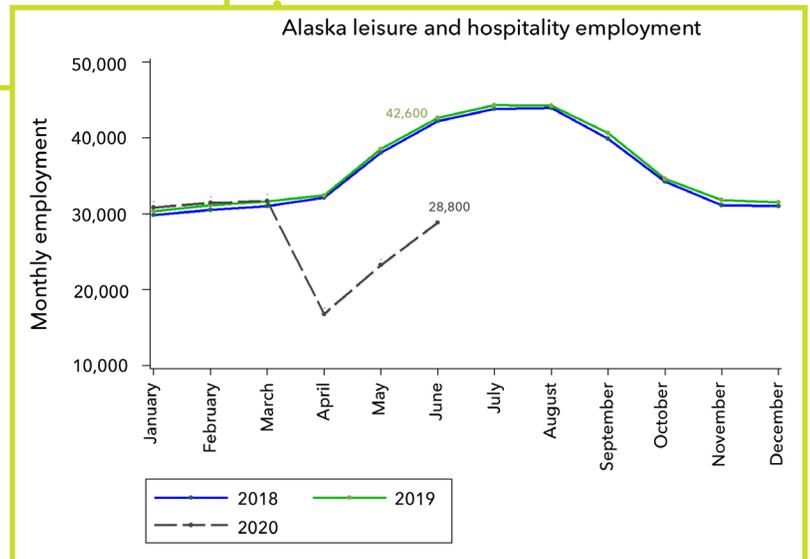
As of June 2020, there are 37,700 or 10.8% fewer wage and salary workers than in June 2019

All sectors, with the exception of federal government employment, were negative. However, the retail industry and leisure and hospitality showed slight improvements relative to May. ▼



Leisure and hospitality had 13,800 fewer jobs in June 2020 than in June 2019

Alaska employment is highly seasonal with a large bump in activity that typically happens over the summer. Due to significant declines in travel, the sector, as of June, had 13,800 fewer jobs than last year. ▼

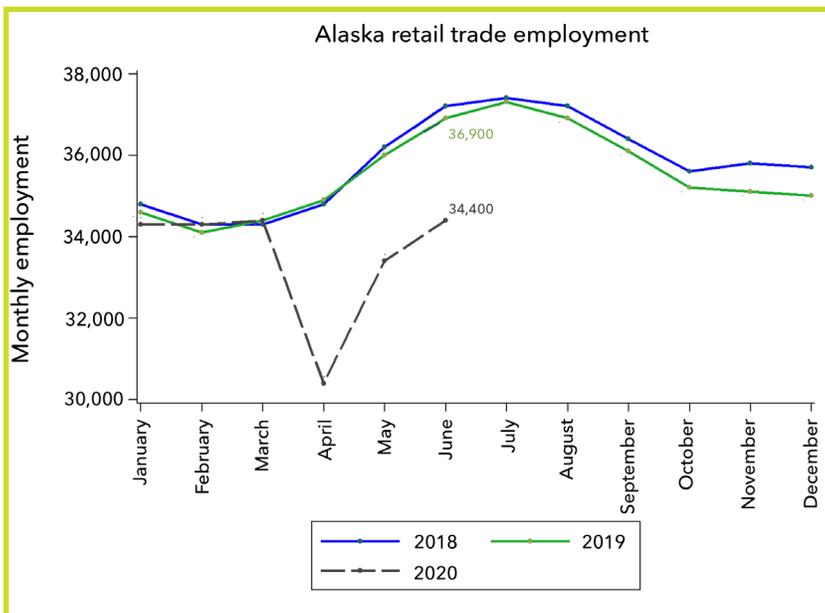


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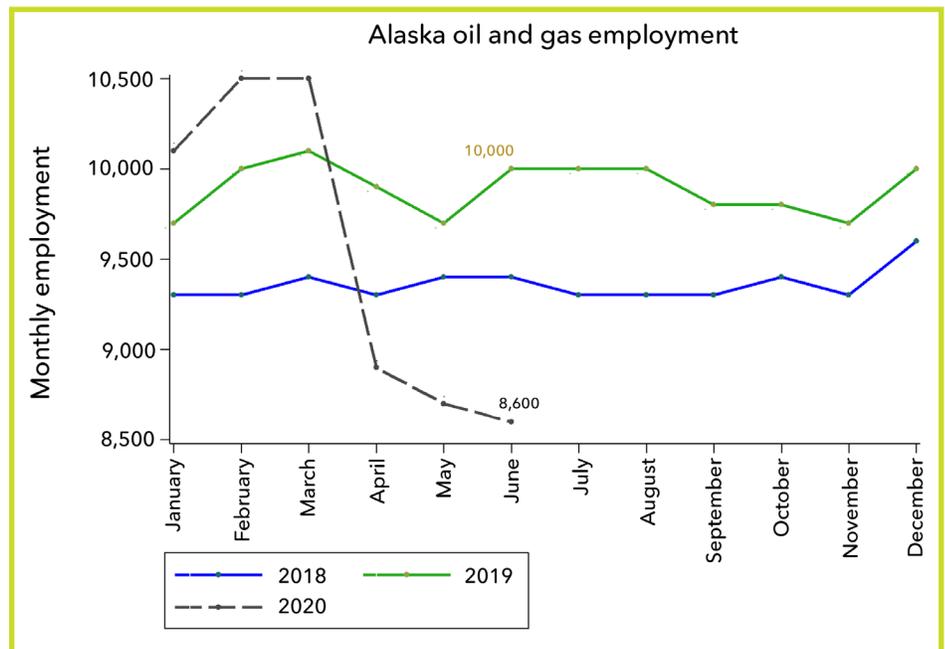
Retail employment declined by 2,500 jobs or 6.8% between June 2019 and 2020

The retail industry, like leisure and hospitality, was severely affected by the pandemic due to both closures and change in consumer behavior. The sector has rebounded from the lows reached in April but it may face challenges in the coming months if the federal aid to businesses and households is not extended. ▼



Oil and gas employment declined by 1,400 jobs between June 2019 and 2020

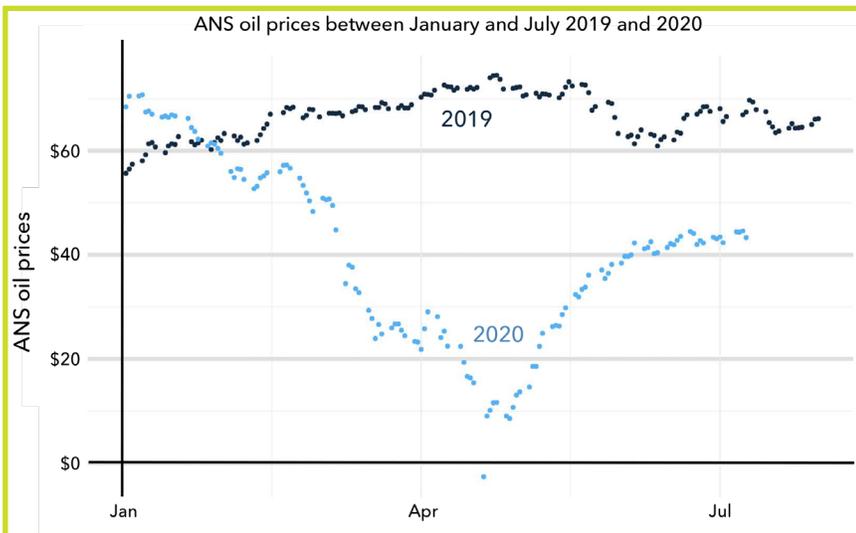
The oil and gas sector continues to shed jobs due to lower prices and production. As of June 2020, employment in the sector was 14% below June 2019. Both oil prices and production have now rebounded from their lows but it is unclear if hiring will follow as there is still considerable uncertainty regarding the medium-term outlook for prices. ►





Alaska North Slope (ANS) oil prices have rebounded significantly since April 20 when they reached the negatives

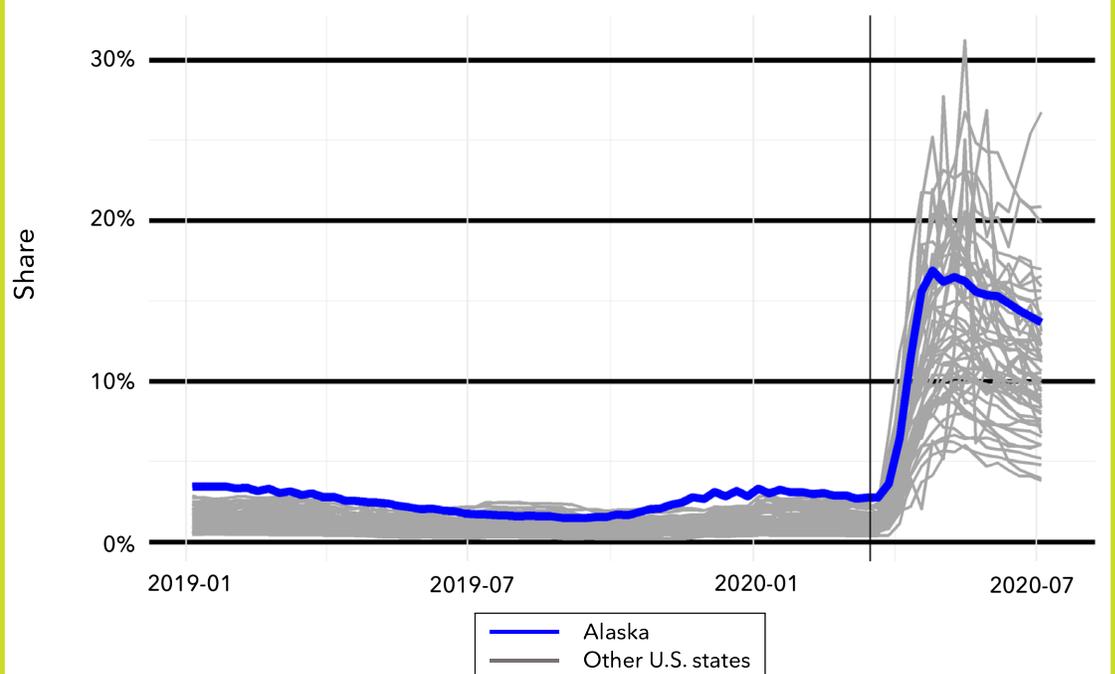
Oil prices dropped significantly due to the worldwide shutdowns which caused a halt in economic activity. Since reaching negative territory in April 2020, prices have rebounded and averaged above \$40 in June and the first ten days of July. Average prices for 2020 are still nearly \$27 less than 2019 levels. ▼



Continuing unemployment insurance claims represent almost 14% of covered employment

As of the week ending July 11, there were 42,697 continuing claims, which is a 587-claim increase from the previous week. This number represents the number of individuals who are continuing to receive unemployment insurance. While there are a number of metrics to measure the effects of the pandemic on the labor market, the number of continuing unemployment insurance claims is perhaps the most important. As of July 11, continuing claims as a share of covered employment was almost 14%, which is lower than the peak in April but much higher than the historical average. ▼

Continuing claims as a share of covered employment from January 2019 to July 4, 2020



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Did you know...

Leisure and hospitality had 13,800 fewer jobs in June 2020 than in June 2019?

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



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