

ALASKA'S ECONOMY

Understand it. Support it. Grow it.



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Scott Goldsmith, Professor Emeritus of Economics, Institute of Social and Economic Research at the University of Alaska Anchorage, shares his views on the Alaska economy.

Unemployment Rate Inches up to 7.3 Percent

The January 2018 seasonally adjusted unemployment rate for Alaska was 7.3 percent, up from 6.5 percent at this time last year. The comparable national rate was steady at 4.1 percent. [Figure 1](#)

Alaska continued to have the highest unemployment rate in the nation in January. The lowest rate, 2 percent, was reported in Hawaii.

The raw unemployment rate (not seasonally adjusted) rose to 8.1 percent in January. Last year at this time it was 7.8 percent.

Preliminary Job Count in January 1,600 Below Last Year

The preliminary estimate of employment (wage and salary jobs) in January from the Alaska Department of Labor shows a decline of 1,600 (.5 percent) from a year earlier. The state has now experienced more than two full years of declining employment.

Substantial losses continued in oil, construction, state government, and professional and business services tied to the oil and construction industries. Retail trade also recorded significant losses, suggesting declining consumer spending. Healthcare and transportation were the only industries experiencing growth. [Figure 2](#)

Job growth performance in Alaska in December continued to be the worst in the nation. Nevada, with a growth rate of 3.3 percent, had the best performance.

Final Count Shows Job Loss Slowing in Third Quarter

Final data on employment by industry through the third quarter of 2017 from the Alaska Department of Labor shows the job loss slowing. [Figure 3](#)

The slowdown in job loss is primarily due to reductions in job losses in the oil and gas, business services, and state government sectors. A larger share of the job loss is now accounted for by the retail trade sector. [Figure 4](#)

The summer employment peak in retail trade employment has fallen by about 1,000 in the last two years. [Figure 5](#)

Healthcare spending continues to be the only sector reporting growth in employment in the last year, but its rate of increase is slowing.

Average North Slope Oil Price Rises to \$60 For Fiscal Year

The West Coast price of North Slope crude oil traded close to \$65 last month and this has pulled the fiscal year average price up to \$60. Price volatility continues due to uncertainty about the supply response by U.S. shale oil producers to the upward movement in the price since last summer. [Figure 6](#)

The average price of \$60 is \$1 below the latest (Spring 2018) Alaska Department of Revenue forecast of \$61.

North Slope Oil Production Averaging 2 Percent Below Last Year

Through March of this fiscal year (2018) production has averaged 518,000 barrels per day, about 2 percent (12,000 barrels) lower than last year at this time. [Figure 7](#)

If the current trend continues, production will end the fiscal year close to the most recent (Spring 2018) Alaska Department of Revenue forecast of 522,000 barrels per day.

Spring Revenue Forecast \$256 Million Higher

The Spring 2018 revenue forecast for the Unrestricted General Fund from the Alaska Department of Revenue is \$2.3 billion, \$256 million higher than their fall 2017 forecast. The forecast for 2019 is also \$2.3 billion, and \$212 million higher. Beyond fiscal year 2019 the new forecast is between \$124 million and \$213 million higher than last fall.

The higher forecast is primarily the result of a modestly higher price forecast for oil. [Figure 8](#)

Consumer Lending Delinquency Rates Move Marginally Higher

Delinquency rates on auto loans and credit card debt moved marginally higher in Alaska in the last year according to data from the New York Federal Reserve Board. Auto loan delinquencies also increased nationally but credit card debt delinquencies stayed steady. Alaska delinquency rates have historically been lower than the U.S. average. [Figures 9 & 10](#)

This report is based on households included in the Equifax credit reporting database.

Alaska Nonfuel Mineral Production Value Fourth Highest in 2017

Alaska nonfuel mineral production in 2017 was \$3.5 billion according to the U.S. Geological Survey, nearly 5 percent of the U.S. total. Only Nevada, Arizona, and Texas had higher production levels. [Figure 11](#)

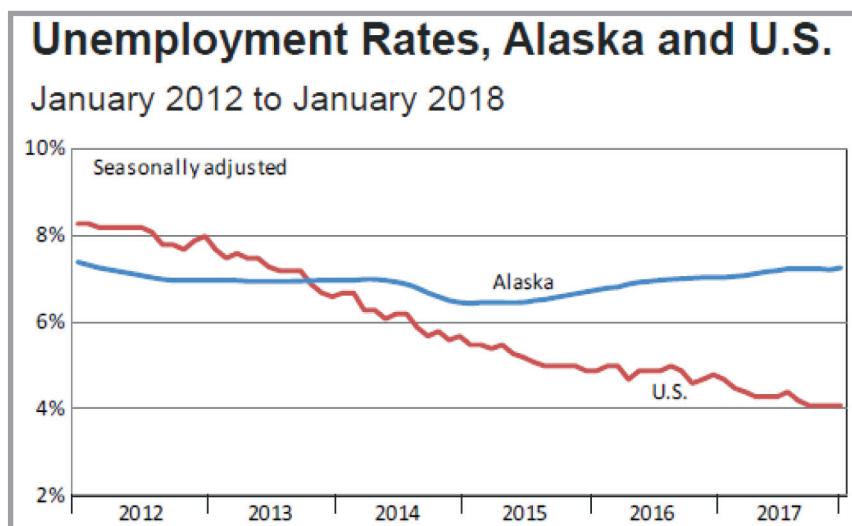


Figure 1

Wage and Salary Employment

Percent change from same month the previous year

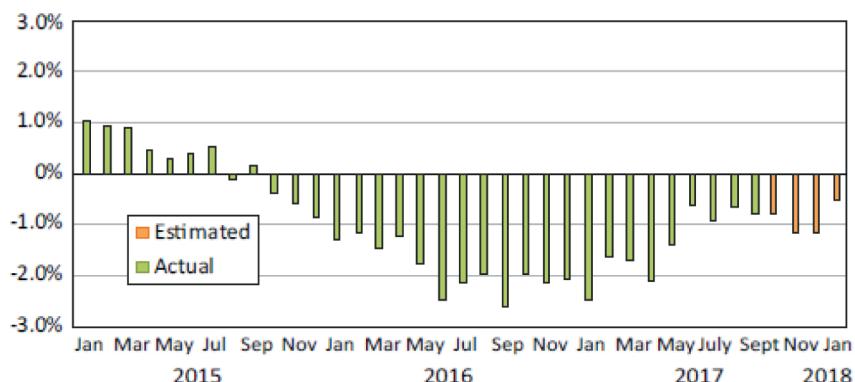


Figure 2

ALASKA EMPLOYMENT: MONTHLY CHANGE FROM PRIOR YEAR

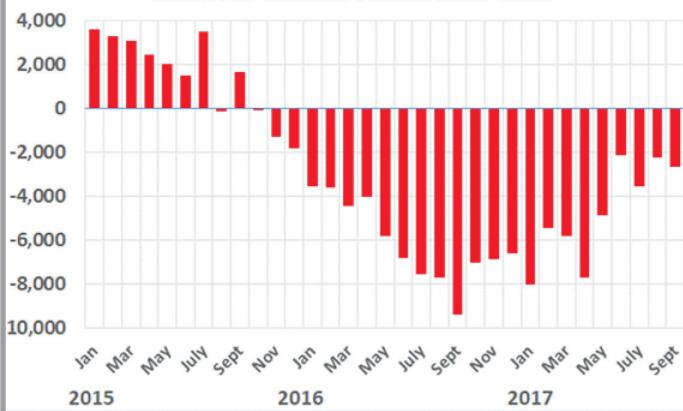


Figure 3

RETAIL EMPLOYMENT: MONTHLY CHANGE FROM PRIOR YEAR

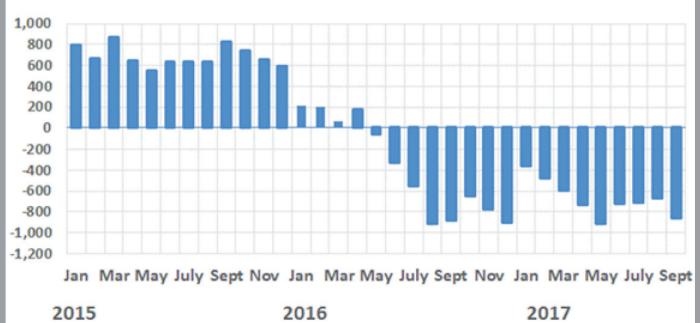


Figure 4

RETAIL TRADE EMPLOYMENT

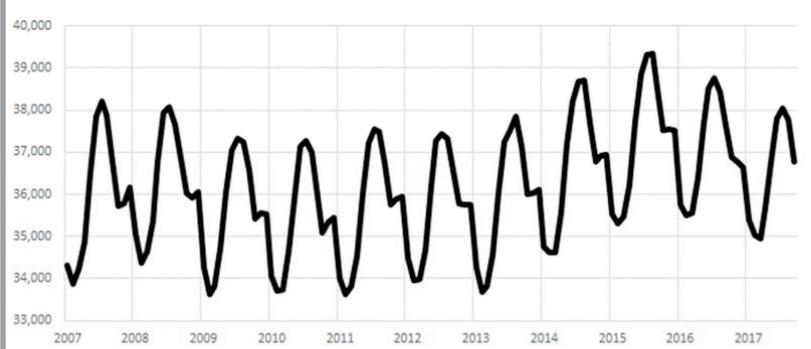


Figure 5

ANS WEST COAST OIL PRICE



Figure 6

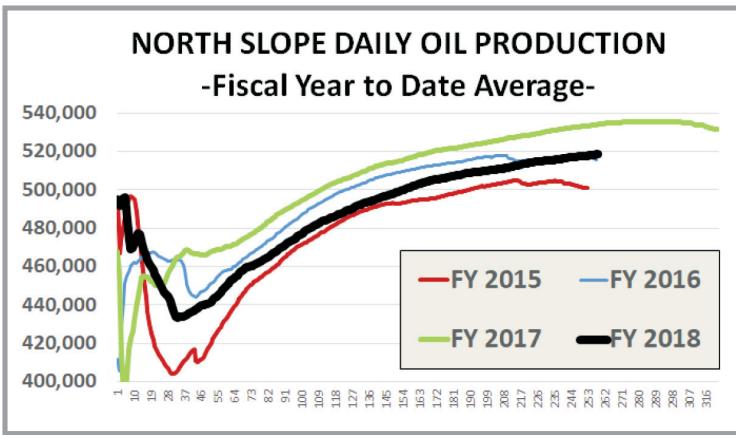


Figure 7

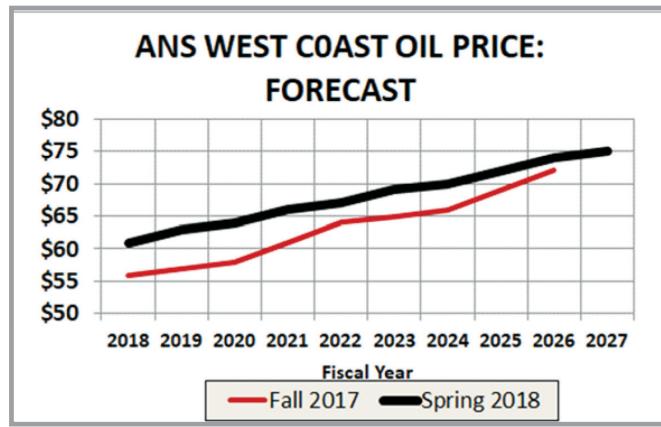


Figure 8

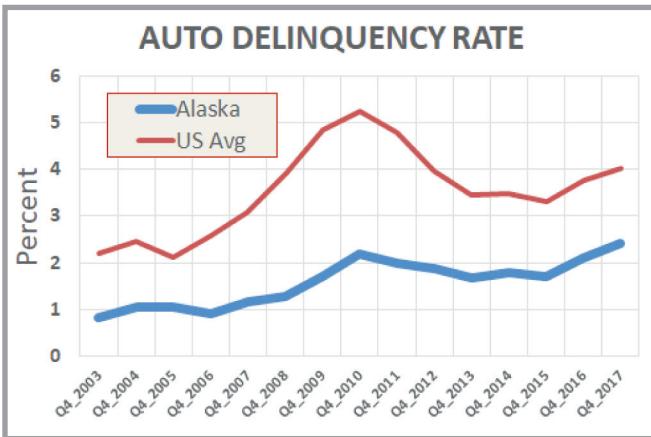


Figure 9

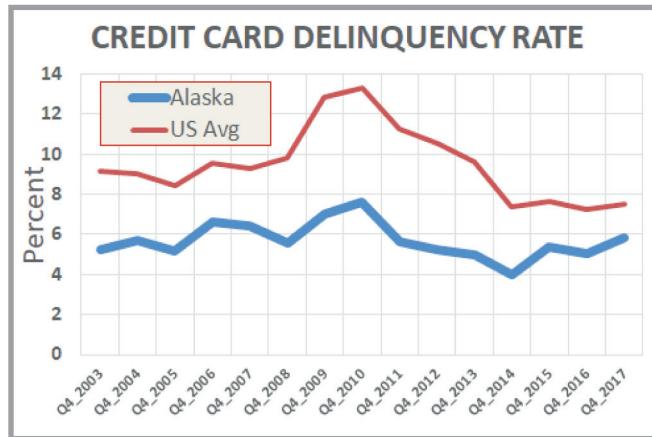


Figure 10

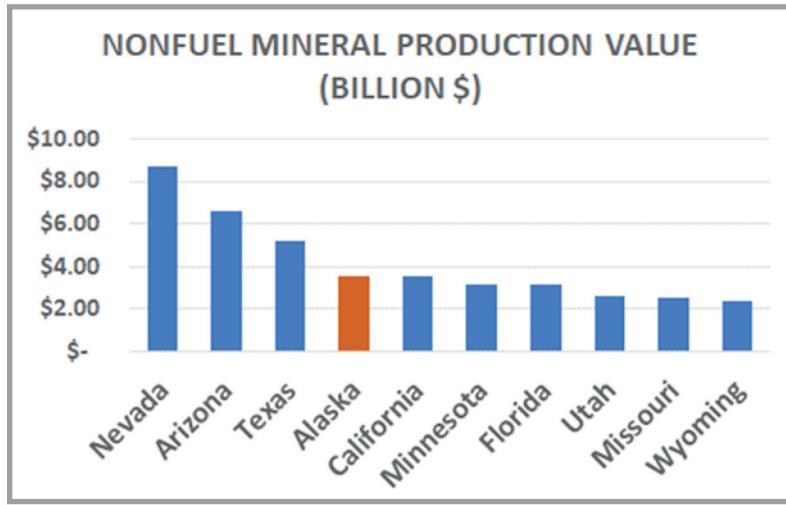


Figure 11