



*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.*

## **Alaska's unemployment rate in January 2019 is still elevated, but declining**

The January 2019 seasonally adjusted unemployment rate for Alaska was 6.5 percent, down from 7.3 percent at this time last year. The comparable national rate declined from 4.1 to 4 percent during the same period. **Figure 1**

Alaska continued to have the highest unemployment rate in the nation. The lowest rate, 2.4 percent, was reported in both Iowa and New Hampshire.

## **Preliminary job count in January 2019 is higher than January 2018**

The Alaska Department of Labor's preliminary estimate of employment (wage and salary jobs) in January shows an increase of 500 jobs from the previous year. If this increase holds once the data is revised, it would be the first in more than three years. **Figure 2**

## **800 more construction jobs in January 2019 than January 2018**

The first employment increase in more than three years is largely due to the construction sector, which added 800 jobs. The other sectors that experienced growth between January 2018 and January 2019 were education and healthcare, leisure and hospitality, mining, state government and other services. The sectors with the most pronounced losses were manufacturing and professional and business services. Additional sectors that experienced losses were trade and transportation, federal government, financial activities and information. **Figure 3**

## **Alaska oil production averaging 4.7 percent below last year**

In the first two and a half months of 2019, oil production in Alaska is averaging about 25,000 fewer barrels per day than in 2018. That amounts to a 4.7 percent decline in production. **Figure 4**

## **North Slope oil prices averaging higher in 2019 compared to the same time period last year**

The Alaska North Slope oil price averaged \$63.35 between January 1 and March 12 of 2018. During the same time period in 2019, the average price was \$67.32. **Figure 5**

## **Unrestricted General Fund revenue projection reduced by \$89 million for fiscal year 2019**

According to the Department of Revenue's spring 2019 forecast, Unrestricted General Fund revenue is predicted to be \$2.7 billion in fiscal year (FY) 2019 and \$2.3 billion in FY 2020. These figures do not include the transfer from the Permanent Fund Earnings Reserve. The Permanent Fund is expected to transfer \$2.7 billion to the general fund in FY 2019 and \$2.9 billion in FY 2020. The forecast represents a decrease in expected UGF revenue of \$89 million for FY 2019 and an increase of \$39 million for FY 2020, compared to the projection in the fall 2018 forecast. Beyond FY 2020, the unrestricted revenue forecast has been decreased by varying amounts between \$50 million and \$100 million per year for FY 2021-2028. **Figure 6**

### Long-term price forecast unchanged

The revenue forecast is based on an annual Alaska North Slope oil price of \$68.90 per barrel for FY 2019 and \$66.00 for FY 2020. **Figure 7**

Given the lower than expected production over the past few months, the Department of Revenue has revised the production level projection in its spring forecast for FY 2019 from 526,800 barrels per day to 511,500 barrels per day. This forecast decline has eight months of actual production as well as revised production estimates for the remainder of the fiscal year. Alaska North Slope production is forecast to average 529,500 barrels per day in FY 2020, decline to 469,100 barrels per day in FY 2024, and then begin increasing again to 500,600 barrels per day by FY 2028. **Figure 8**

### Alaska's debt levels continue to be higher than the rest of the US

Statistics from the Federal Reserve Bank of New York show that Alaskans have higher debt levels than the average American. As of the fourth quarter of 2018, total debt balance per capita was \$58,550 in Alaska while only \$50,090 in the U.S. The only category for which Alaskans have lower debt per capita is student loans, with an average student loan balance of \$4,030 per capita in Alaska compared to the general U.S. average of \$5,390 per capita. **Figure 9**

### Credit card delinquency rates increased from 4 percent to 6.3 percent between 2014 and 2018

Delinquency rates in Alaska continue to be lower than the U.S. average. Since the start of the Alaska recession, credit card delinquency rates have increased by 59.2 percent from 4 percent in the fourth quarter of 2014 to 6.3 percent in the fourth quarter of 2018. Delinquency rates on auto loans moved marginally lower (-5.2 percent) in Alaska in the last year, according to data from the New York Federal Reserve Board. Credit card delinquency rates saw a 9 percent increase in Alaska in comparison to a 1 percent increase at the national level in the past year. Mortgage delinquency rates decreased both in Alaska and at the national level. **Figure 10**

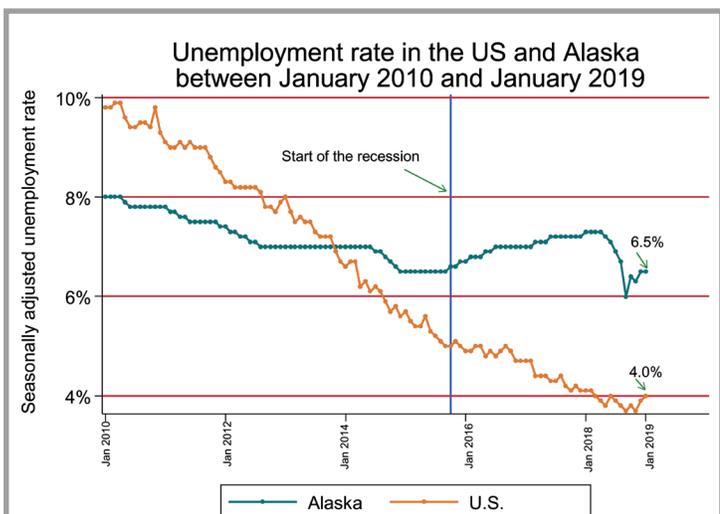


Figure 1

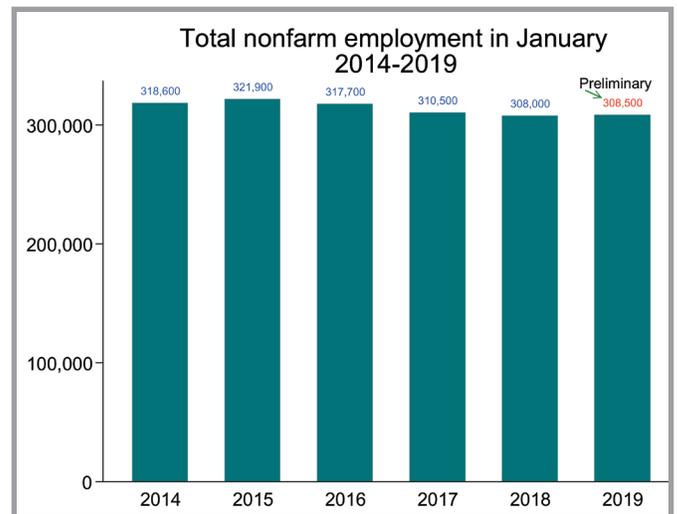


Figure 2

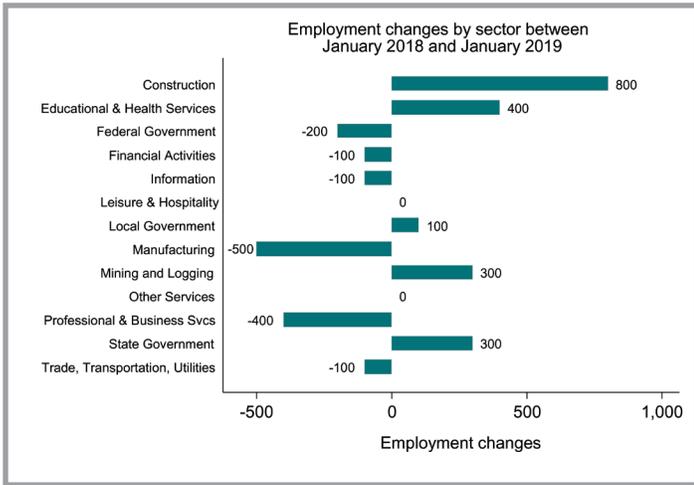


Figure 3

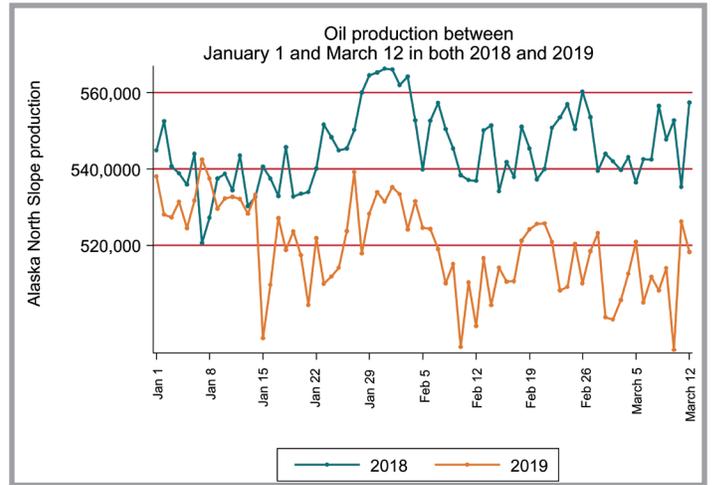


Figure 4

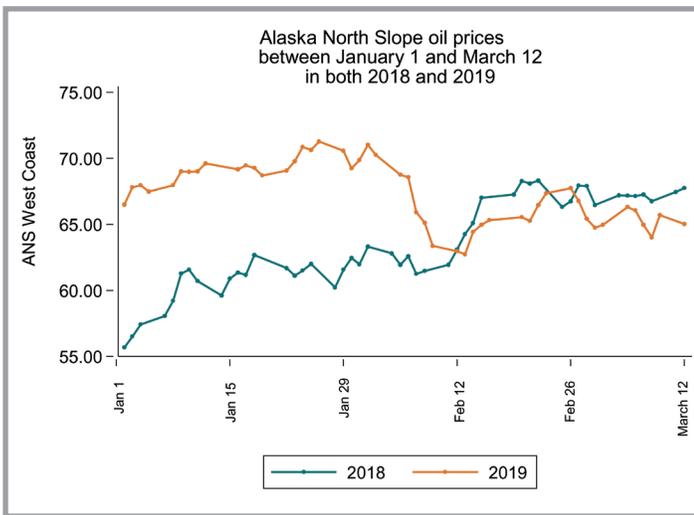


Figure 5

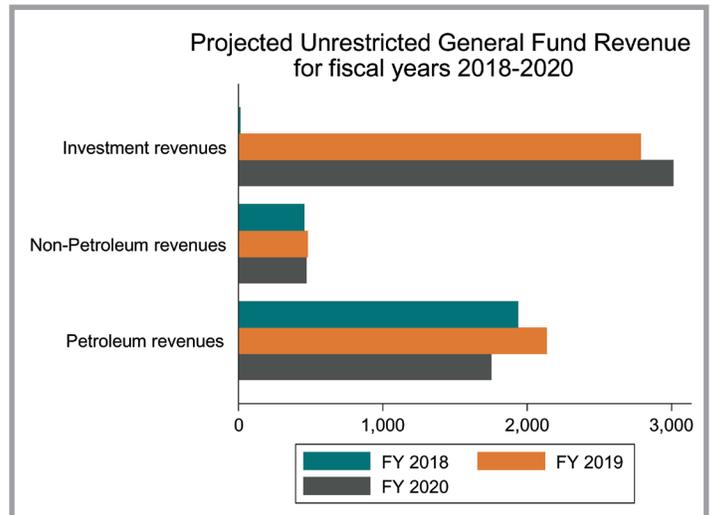


Figure 6

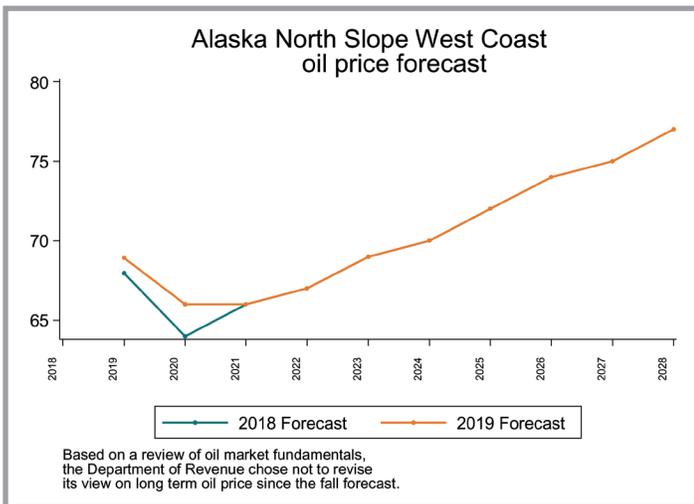


Figure 7

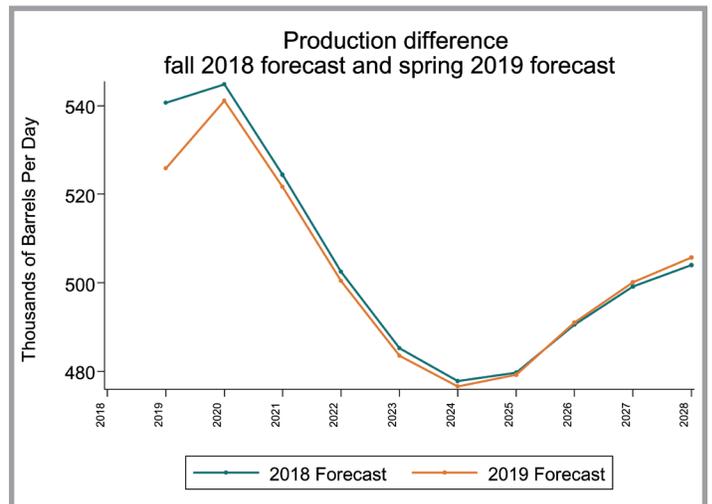
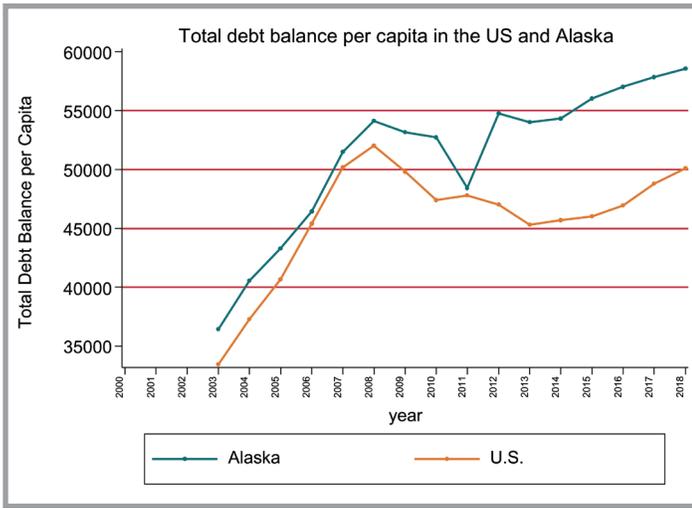
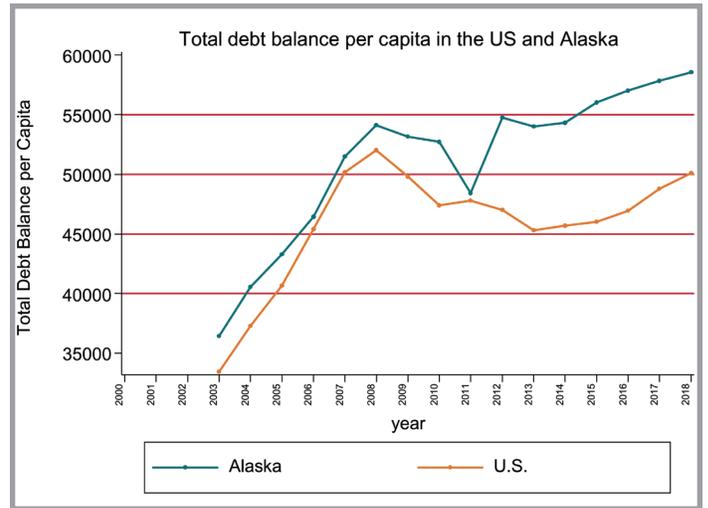


Figure 8

Based on a review of oil market fundamentals, the Department of Revenue chose not to revise its view on long term price since the fall forecast.



**Figure 9**



**Figure 10**