

ALASKA'S ECONOMY

It's everyone's business.

BRETT WATSON, RESEARCH PROFESSIONAL AT THE INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH AT THE UNIVERSITY OF ALASKA ANCHORAGE, SHARES HIS VIEWS ON THE ALASKA ECONOMY.



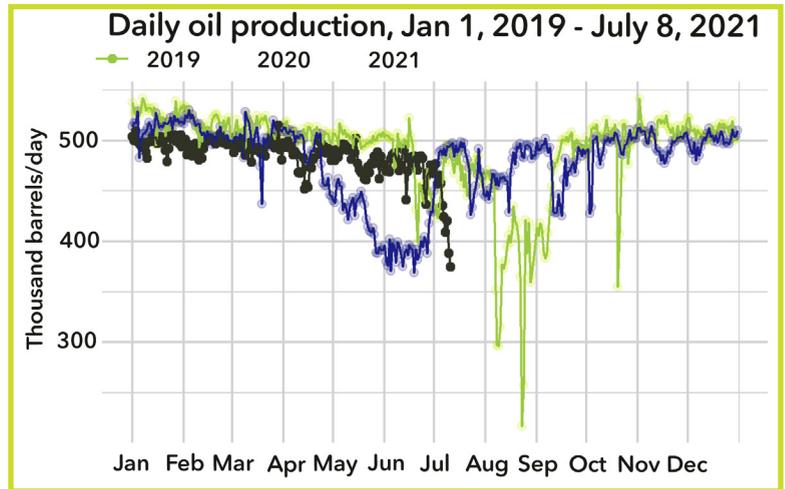
Dear reader,

While oil prices in early July reached their highest level since August 2018, employment in the oil and gas sector has shown no signs of recovery since losing jobs at the start of the pandemic. Employment is growing in other sectors and Alaska's unemployment rates have fallen closer to the national average. The healthcare sector has almost fully recovered its pandemic losses. Both the general economic recovery and the specific summer seasonal hiring are likely responsible for gains. The picture of the general economic recovery will likely become clearer near the end of fall, after summer seasonal effects have waned.



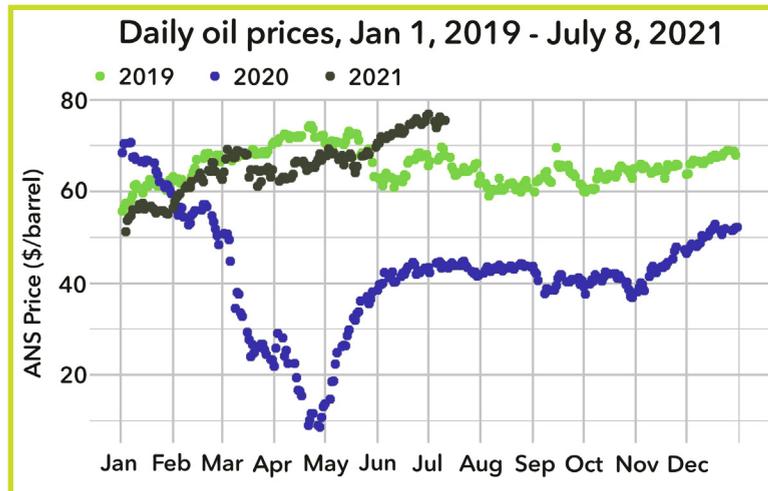
Oil production over the last three years

Daily oil production in Alaska was 375,000 barrels on July 12. Daily production averaged 475,000 barrels. This compares to 393,000 barrels in the same month of 2020 and 480,000 barrels in 2019. Some decline is a result of seasonal warming leading to less efficient processing plant operation. However, the sharp decline observed in the first two weeks of July has reduced production to low levels last seen during the initial wave of the pandemic. ▼



Oil prices rise above \$70 per barrel

Alaska's benchmark oil price, Alaska North Slope (ANS) West Coast, was \$75.48 per barrel on July 12. Last month, daily prices averaged \$73.18 per barrel. This compares to \$41.79 per barrel in the same month of 2020, and \$64.32 per barrel in 2019. Prices at this level (above \$75) were last seen in August 2018. ►

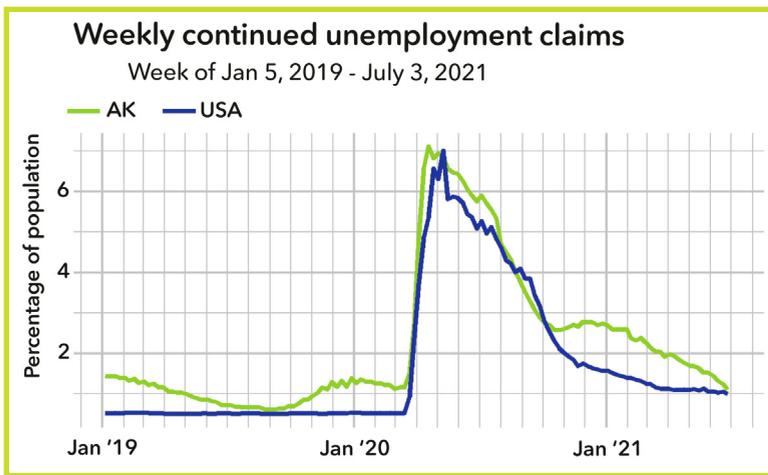


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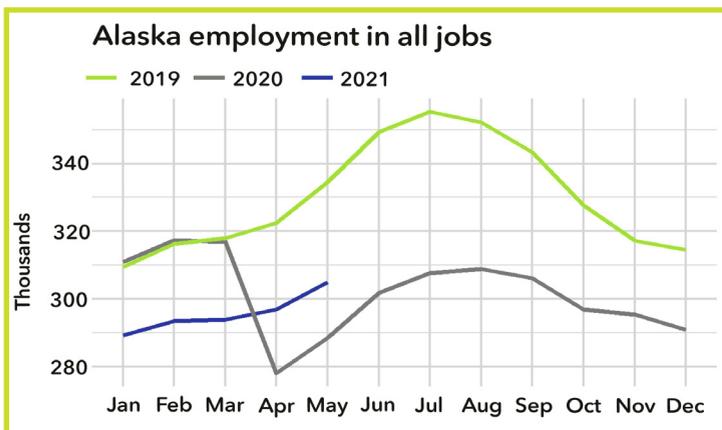
Alaskans' unemployment insurance claims similar to national rate

8,163 Alaskans continued claiming unemployment insurance as of July 3, or 1.12% of the state's population. This compares to a national rate of 1.01%. After months of seeing higher-than-national numbers, Alaska is now just slightly above the national rate. The convergence is driven by improved economic conditions and typical summer season effects in Alaska. It also coincides with the state suspending federally enhanced unemployment insurance benefits, which ended on June 12. ▼



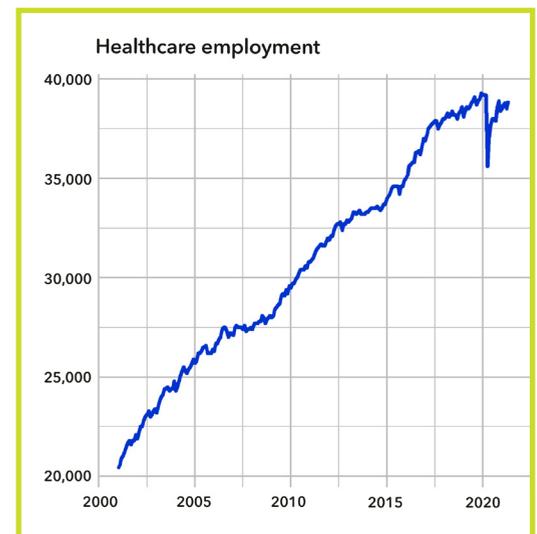
Summer hiring boosts Alaska employment

Statewide employment in May (the most recent data available) totaled 305,000 jobs. This compares to 288,000 the same month in 2020, and 335,000 in 2019. May represents the first month of Alaska's strong summer hiring season, so data from the coming months will help to better understand which part of the employment uptick is from regular seasonal effects and which part is from general economic recovery. ▼



Healthcare employment almost fully recovered to pre-pandemic levels

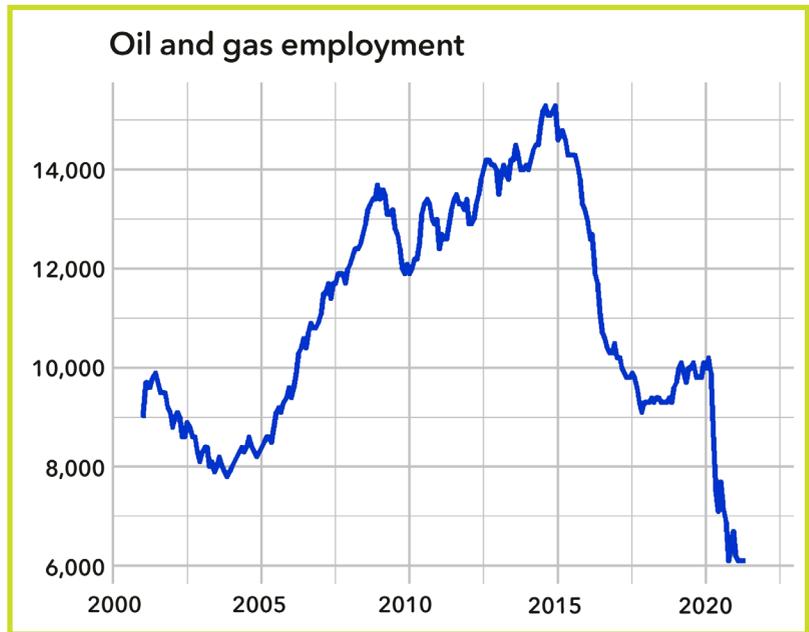
Unlike oil and gas, the healthcare sector has recovered nearly all of its pandemic losses, with May 2021 employment higher than May 2019. Statewide healthcare employment in May totaled 38,900 jobs. This compares to 37,100 jobs the same month in 2020 and 38,600 jobs in 2019. ▼





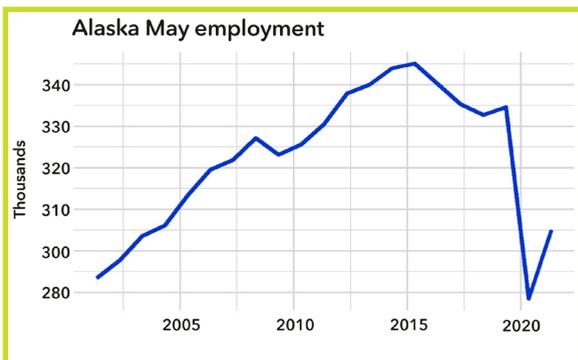
Employment change by sector

Despite higher prices and sustained levels of production, the oil and gas sector has not recovered jobs since the onset of the pandemic. Drilling activity on the North Slope fell sharply in early 2020 in response to the pandemic, and has seen only modest recovery since. The impacts in this sector are also being seen downstream as adjacent sectors like finance and information services have seen no employment recovery in the past year. ▼



Long-term May employment trends

Before the pandemic, Alaska's economy was just beginning to recover from the recession that began in 2015. While employment has recovered modestly since May 2020, there are still 30,000 fewer jobs than in 2019. ▼



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Did you know...

employment in the healthcare sector has almost recovered to pre-pandemic levels?

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



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