

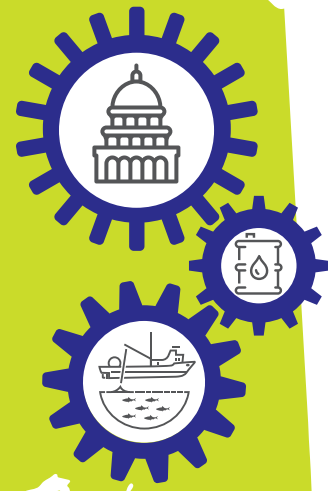
ALASKA'S ECONOMY

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.



Did you know...
 Alaska and the nation saw spikes in jobs while inflation is at a steady incline?
 Learn more in this issue of *Alaska's Economy*.



Dear reader,

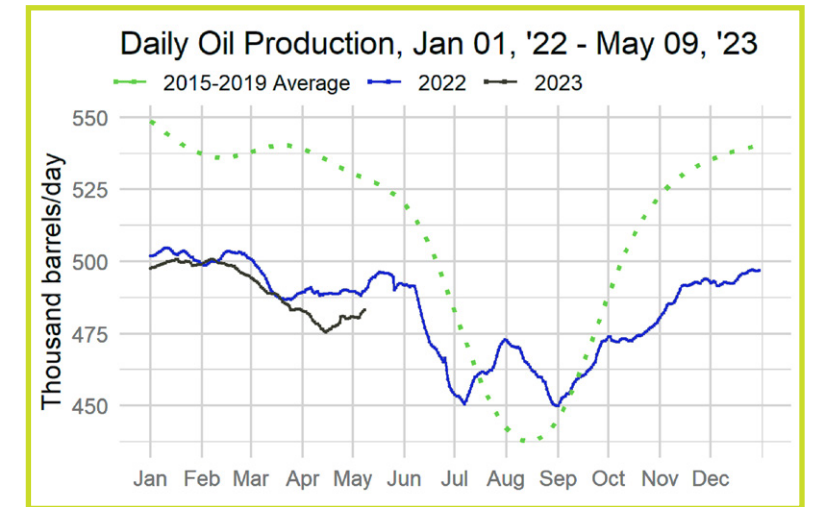
The Alaska economy has shown mixed performance in recent months. The benchmark oil price, ANS West Coast, has seen upward movement due to production cuts by the Organization of the Petroleum Exporting Countries (OPEC). At the same time, concerns about an economic slowdown have caused downward pressure.

Employment has seen modest increases compared to 2022, with eight industries seeing employment levels higher than before the pandemic. However, inflationary pressures continue to grow, with the Alaska consumer price index rising by 7.1% since 2022 and housing costs increasing due, in part, to elevated borrowing costs.



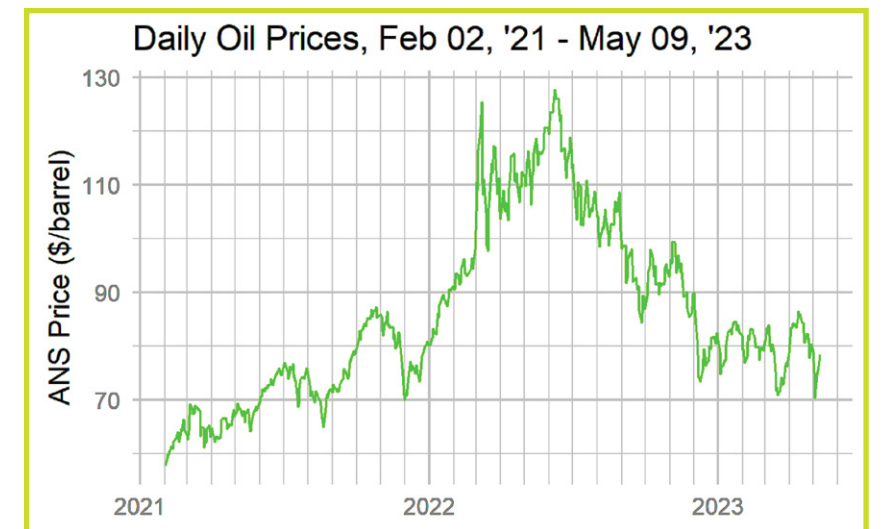
Oil production

Daily oil production in Alaska was 484,000 barrels on May 9. In April, daily production averaged 480,462 barrels. This compares to an average of 490,000 barrels in April 2022 and 483,000 in April 2021. ▼



Oil prices above \$70 per barrel despite volatility

Alaska's benchmark oil price, ANS West Coast, was \$78.42 per barrel on May 9. In April, daily prices averaged \$82.83 per barrel, compared to \$109.41 per barrel in April 2022 and \$65.02 per barrel in April 2021. ►



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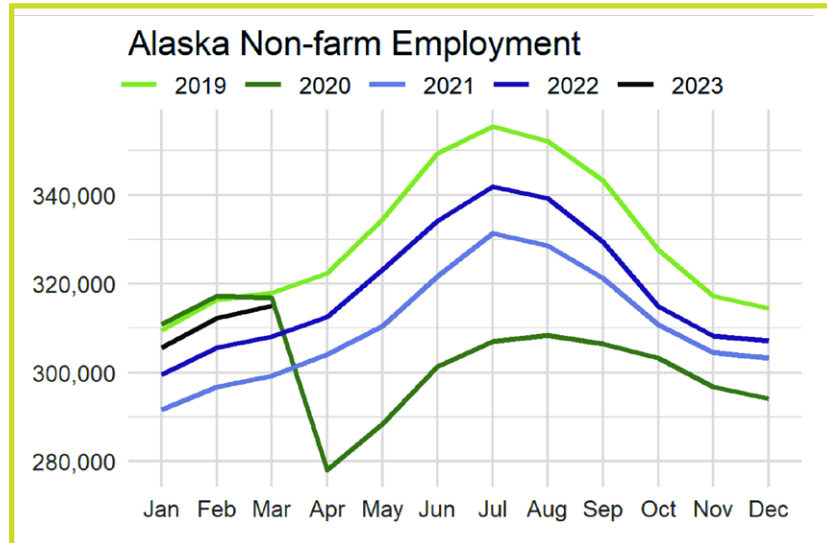
ALASKA'S ECONOMY



Alaska non-farm employment

Total non-farm employment in Alaska was estimated at 315,100 in March 2023, an increase of 7,000 jobs since March 2022 but a decrease of 2,800 since March 2019.

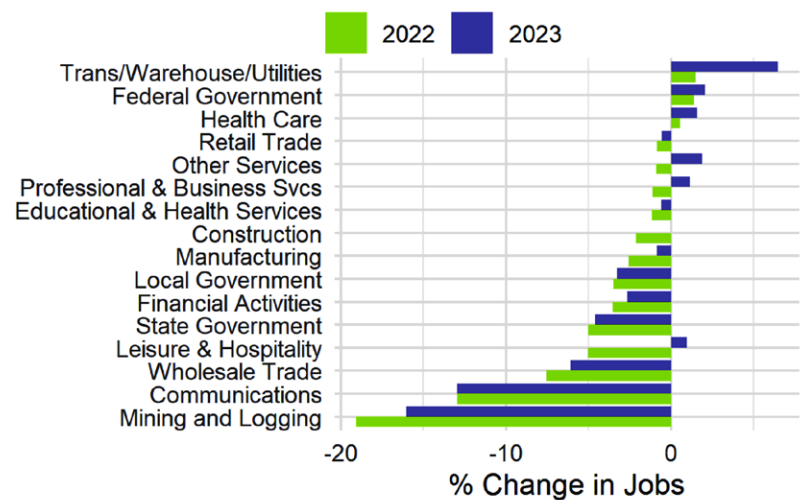
The increase in employment from February to March 2023 was 2,900, slightly higher than the February to March 2022 growth of 2,500. ▼



Alaska reaches pre-pandemic employment levels

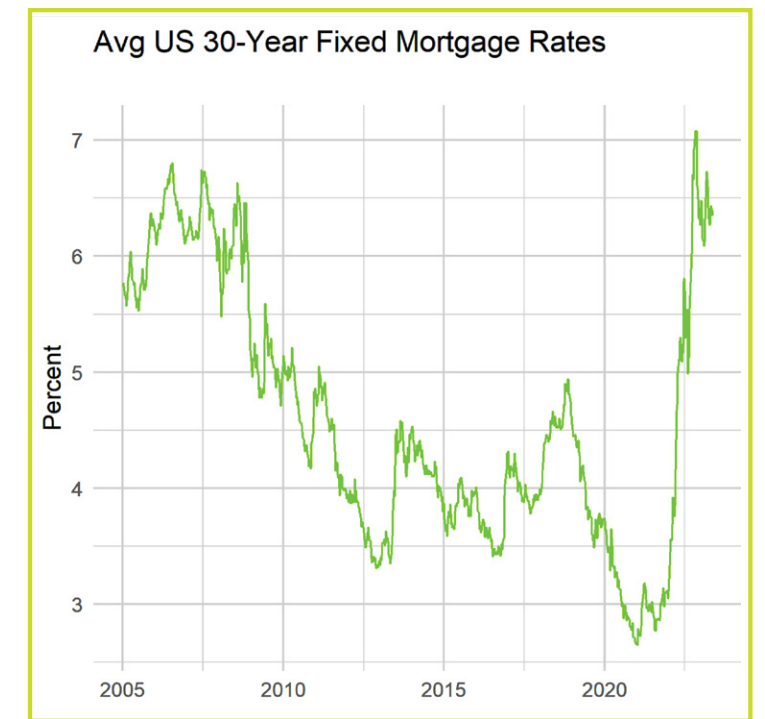
Eight Alaska industries had employment above their pre-pandemic levels in March 2023. Transportation, warehousing, and utilities have seen considerable growth over the last four years at 8.5%, followed by federal government employment at 2.1% and other services at 1.9%. The industries where job growth lags the most are mining and logging (16% decrease since 2019), communications (13% decrease since 2019), and wholesale trade (4.5% decrease since 2019). ▼

Change in Alaska March Employment, 2022 v '23



Mortgage rates contribute to housing costs

A key driver of housing cost escalation in 2022 has been borrowing costs. Nationally, mortgage interest rates were 6.35% in May 2023, compared to 5.30% in May 2022. As the Federal Reserve continues to try to slow inflation in the economy with interest rate hikes, borrowing costs are expected to remain elevated. Freddie Mac forecasts that mortgage interest rates will decline modestly through the end of 2023. ▼



Alaska spring inflation

The Alaska Urban Consumer Price Index rose from 112.6 to 113.9 from February to April 2023, a 1.2% price inflation, and a 7.1% increase since January 2022. In comparison, the U.S. inflation between February and April 2023 was 0.7%, a 6.8% increase since January 2022. Nationally, inflation drivers during this period were leased property, used cars, and gasoline. ▶

