



*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.*

## **April Unemployment Rate Steady at 7.3 percent**

The April 2018 seasonally adjusted unemployment rate for Alaska was 7.3 percent. The rate has not changed since January. The comparable national rate fell from 4.1 to 3.9 percent, its lowest level since 2000. **Figure 1**

Alaska continued to have the highest unemployment rate in the nation in March. The lowest rate, 2.1 percent, was reported in Hawaii.

## **April Preliminary Job Count 1,200 Below Last Year**

The preliminary estimate of employment (wage and salary jobs) in April from the Alaska Department of Labor shows a decline of 1,200 jobs (0.4 percent) from a year earlier. The rate of job loss has now slowed for the fourth consecutive month.

Most of the loss was concentrated in petroleum, retail trade, and local government. Healthcare, which added 1,000 jobs, continues to be the best performing sector.

The state has now experienced 31 months of declining employment. This makes the current recession longer than that of the mid-1980s.

Job growth performance in Alaska in March continued to be the worst in the nation. Utah, with a growth rate of 3.3 percent, had the best performance. The poor performance occurred in both the private and public sectors of the economy. **Figure 2**

## **Employment Falls by 1.3 percent in 2017**

Alaska wage and salary employment jobs fell by about 4,400 (1.3 percent) in 2017, according to final data from the Alaska Department of Labor. The largest share of the decline was centered in Anchorage which lost 2,200 jobs (1.5 percent) and the more rural parts of the state which lost 1,500 jobs (1.8 percent).

Smaller declines were reported in the other economic centers of the state. **Figure 3**

## **Spot Price of North Slope Oil Hits \$80 on Geopolitical Concerns**

The West Coast price of North Slope crude oil hit a high of \$80 in late May, driven up by geopolitical concerns around the stability of supply from Iran, Saudi Arabia, Libya, and Venezuela. The fiscal year average price has now risen to \$62. **Figure 4**

The average price of \$62 is \$1 above the latest (Spring 2018) Alaska Department of Revenue forecast of \$61.

## **North Slope Oil Production Averaging 2 Percent Below Last Year**

Through early May of this fiscal year (2018), production has averaged 522,000 barrels per day, about 2 percent (9,000 barrels) lower than last year. **Figure 5**

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

### **AEDC Consumer Optimism Index Down in 2018 First Quarter**

The AEDC (Anchorage Economic Development Corporation) Anchorage Consumer Optimism Index for the first quarter of 2018 was down 1.8 points to 52.5, reversing an upward trend that started in the second quarter last year. However, the more stable six-month moving average was higher than it has been for the last two years. (The index can take a value from 0 to 100. A value higher than 50 indicates relative consumer optimism.) **Figure 6**

All three components of the index – local economic confidence (49.5), personal financial confidence (63.8) and future expectations (48.4) – were lower in the first quarter.

Separately, the Alaska Confidence Index, published quarterly by the Alaska Department of Commerce, fell to 51.9 in the first quarter of 2018 from 54.5 at the end of 2017. The decline was driven by negative perceptions of the current economic situation at all levels – state, local and personal – as well as slightly worsening expectations for local and state economic conditions. (The six-month moving average of the index was slightly higher.) **Figure 7**

The index is based on a statewide survey of 800 Alaska households. Values above 50 represent relative confidence in the economy, while values below 50 indicate lack of confidence.

### **Alaska Personal Income Resumes Growth**

Alaska personal income started to grow in the second half of 2017 after a flat period of 18 months. By the end of 2017, personal income was 4 percent higher than it had been at the time of the crash in oil prices in the summer of 2014. During this period, interval net earnings by place of residence increased only 1 percent while the other components of personal income – government transfers and dividends, interest, rent – increased 10 percent. **Figure 8**

U.S. personal income was 12 percent higher at the end of 2017 than it had been when the price of oil crashed.

### **Alaska Population Continues to Age**

Between 2010 and 2017, Alaska's population increased 26,900 or 3.8 percent. Residents aged 0 to 15 increased by 1.5 percent or 2,500. The working age population aged 16 to 64 declined by .7 percent or 3,400. The senior population aged 65+ increased by 50 percent or 27,700.

Seniors now account for 11 percent of the total population. Two-thirds, 66 percent, of the population is working age. Children are 23 percent of the population. **Figure 9**

The aging of the population is largely due to aging of the large baby boomer population and their children. As the boomers have aged they have reduced the size of the population aged 40 to 60 and increased the size of the population older than 60. **Figure 10**

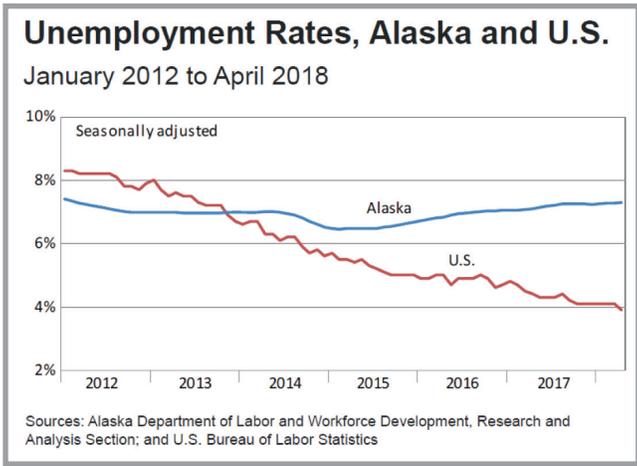


Figure 1

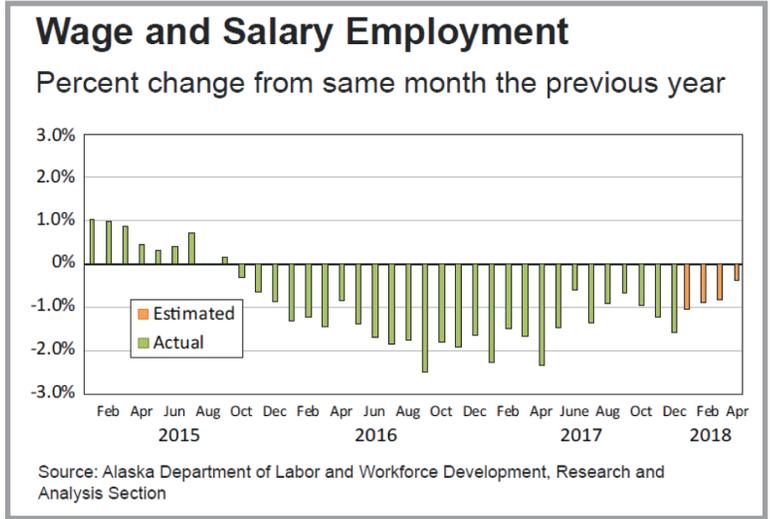


Figure 2

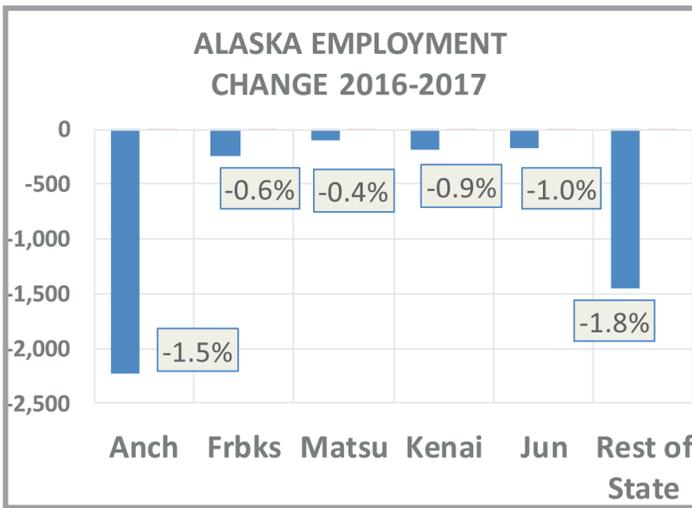


Figure 3

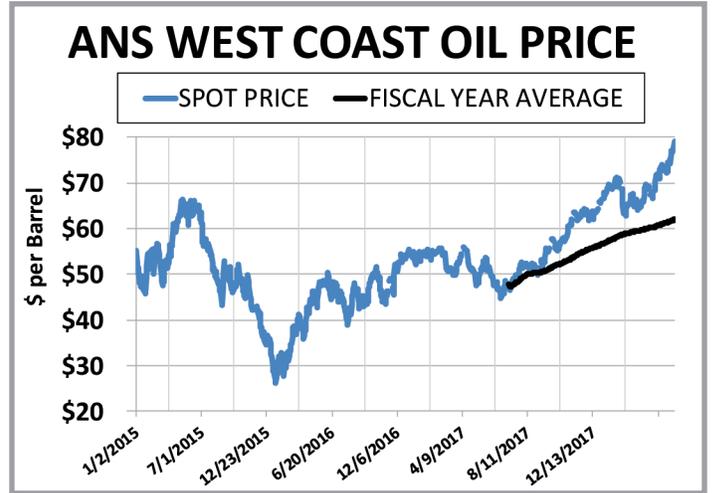


Figure 4

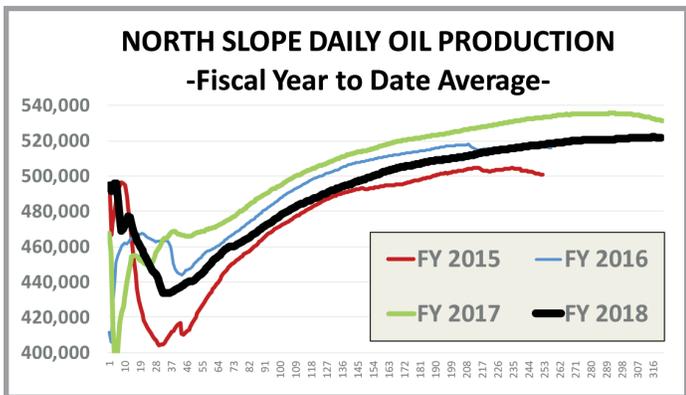


Figure 5

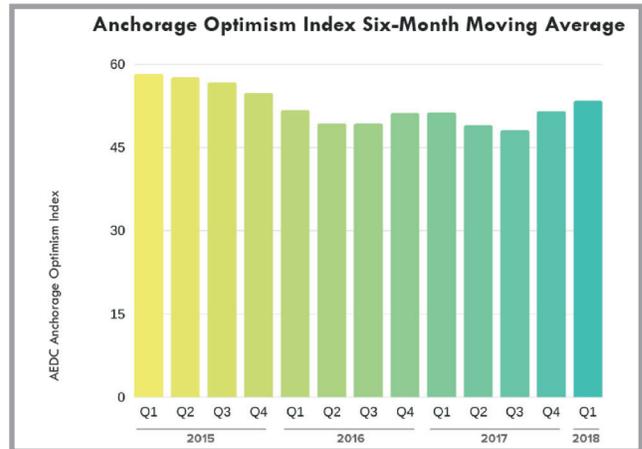


Figure 6

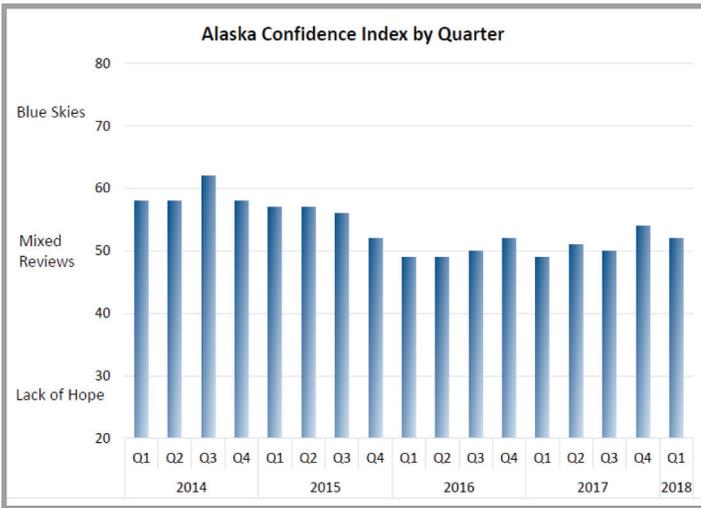


Figure 7

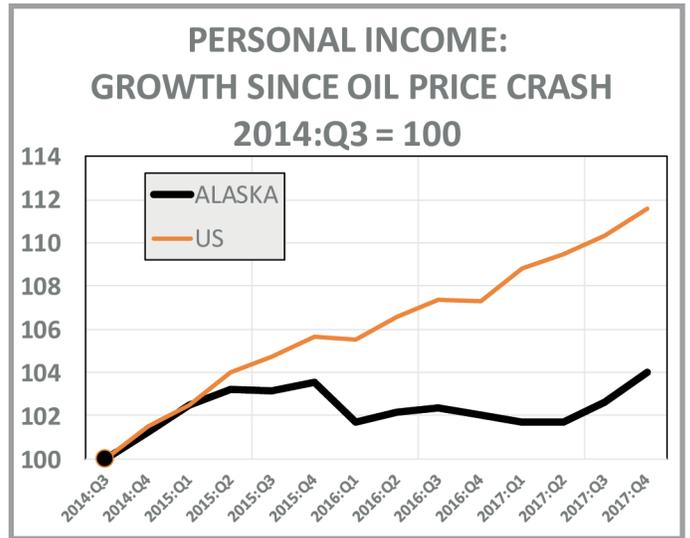


Figure 8

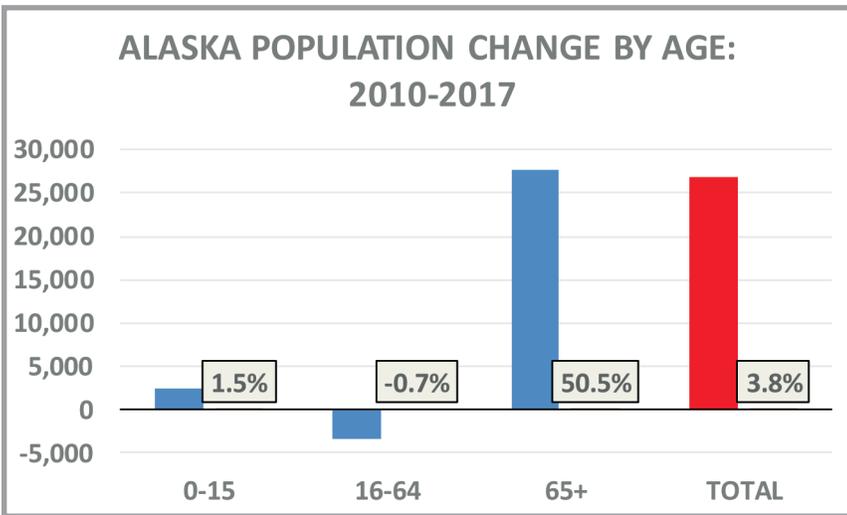


Figure 9

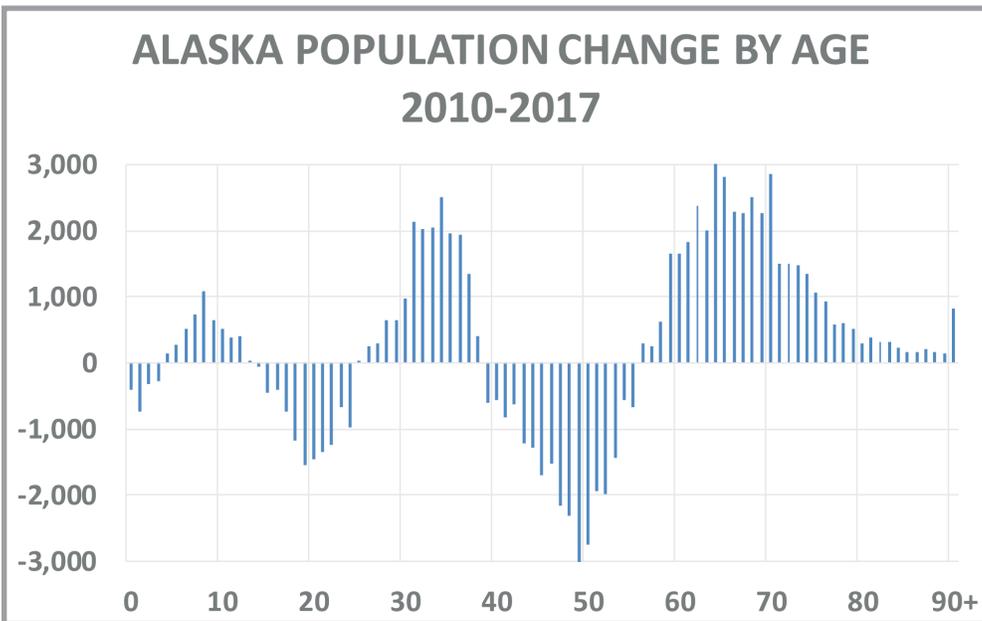


Figure 10