

# ALASKA'S ECONOMY

## It's everyone's business.

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Dear reader:

Alaska's economy is experiencing multiple ripple effects due to the COVID-19 pandemic, putting immense strain on households, businesses, the state and local governments. The federal government continues to provide assistance to households and businesses to deal with these disruptions.

As the economy reopens, we will continue to follow the ripple effects as they impact different sectors across the state.



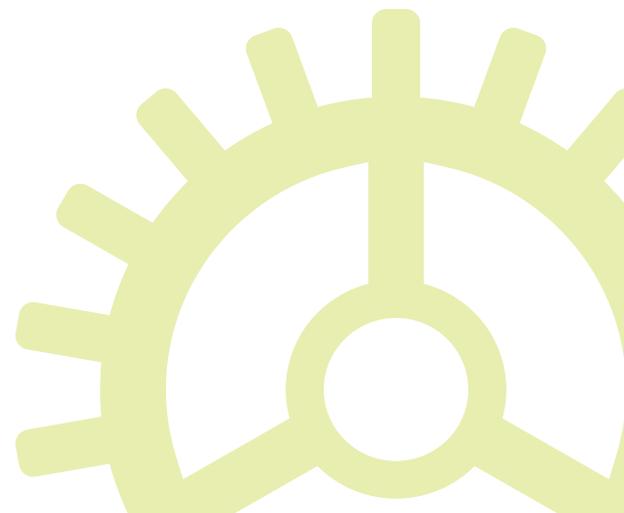
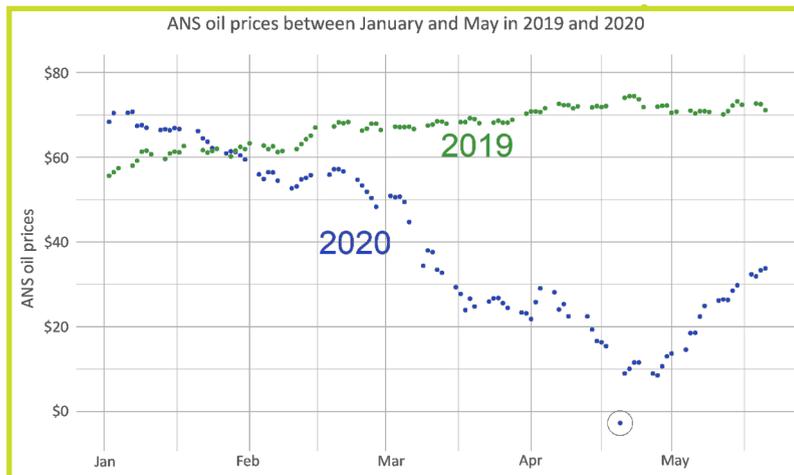
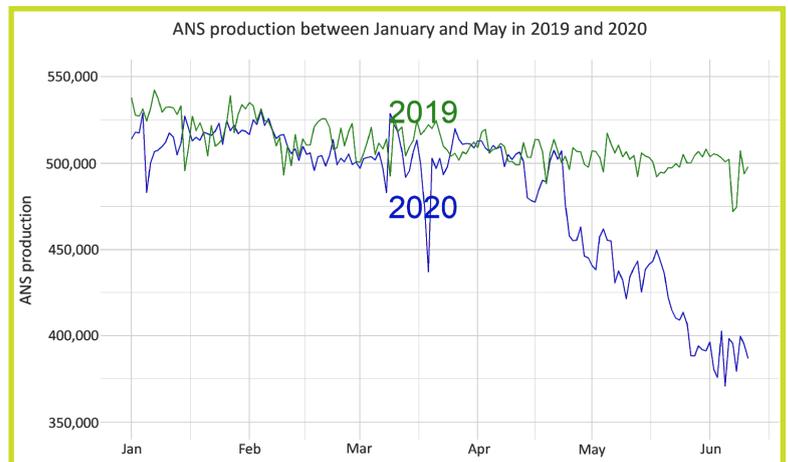
### Alaska North Slope (ANS) oil prices continue a slow climb after hitting negative prices on April 20

In the first five months of 2020 oil prices are averaging \$28 less than the same period in 2019. Prices have somewhat rebounded after reaching negative numbers on April 20. May 2020 prices averaged \$42 less than in 2019. For the first two weeks of June, prices are averaging \$22 below the same period last year. As economies continue their reopening, prices should continue a slow climb. ▼



### Daily production in May averaged 75,039 fewer barrels per day than in 2019

ConocoPhillips announced in April that it would cut oil production in Alaska by about 100,000 barrels per day for the month of June in response to low oil prices. May 2020 production levels were 75,000 fewer barrels per day than May 2019. For the first two weeks of June, daily production averaged 107,778 fewer barrels per day than the same period last year. ▼

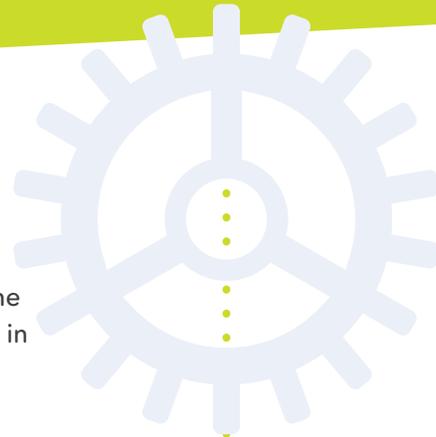


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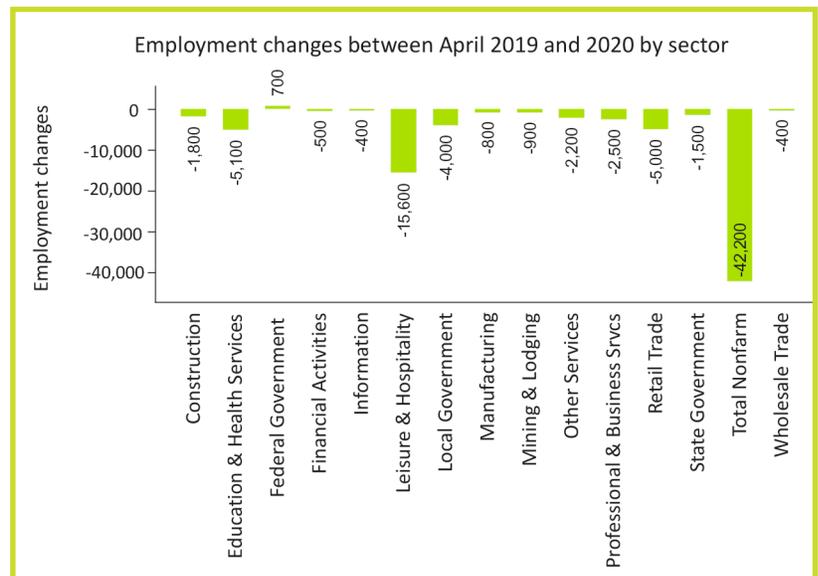
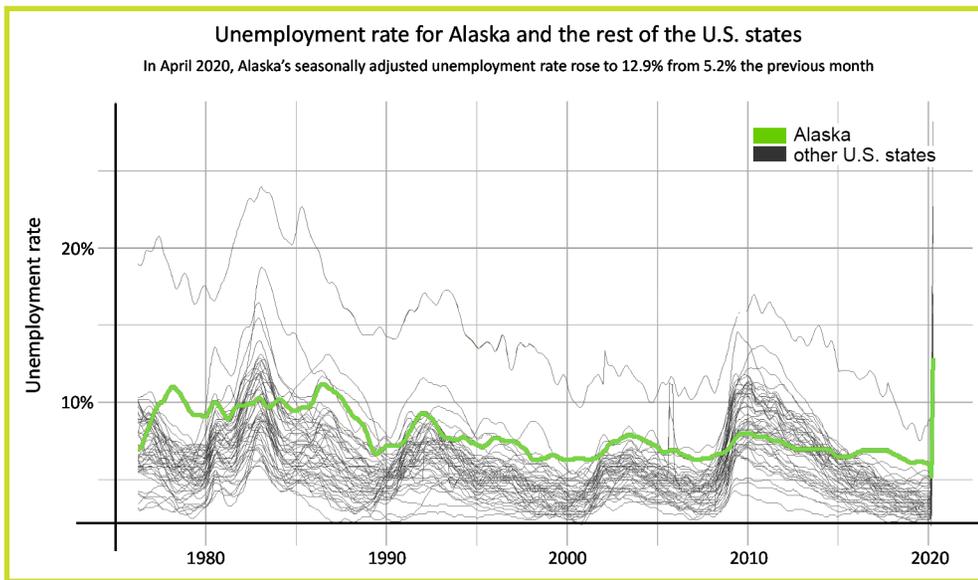
## Unemployment spikes from 5.2% to 12.9%

Alaska's unemployment rate is typically fairly high due to seasonality. Business closures and general decline of economic activity resulted in very significant increases in the unemployment rate around the country, with Alaska's rate increasing from 5.2% in March 2020 to 12.9% in April 2020. It is unknown how many unemployed individuals will be called back to work as businesses continue to reopen. ▼



## Employment in leisure and hospitality declined by 48% in April 2020 relative to April 2019

The sector with the most significant decline in percentage terms was the leisure and hospitality sector which lost 48% or 15,600 of its jobs. Unsurprisingly, the pandemic resulted in declines across the economy with the federal government being the only sector to gain jobs between April 2019 and 2020. Large losses also occurred in retail (5,000 jobs) and education and healthcare services (5,100 jobs). ▼





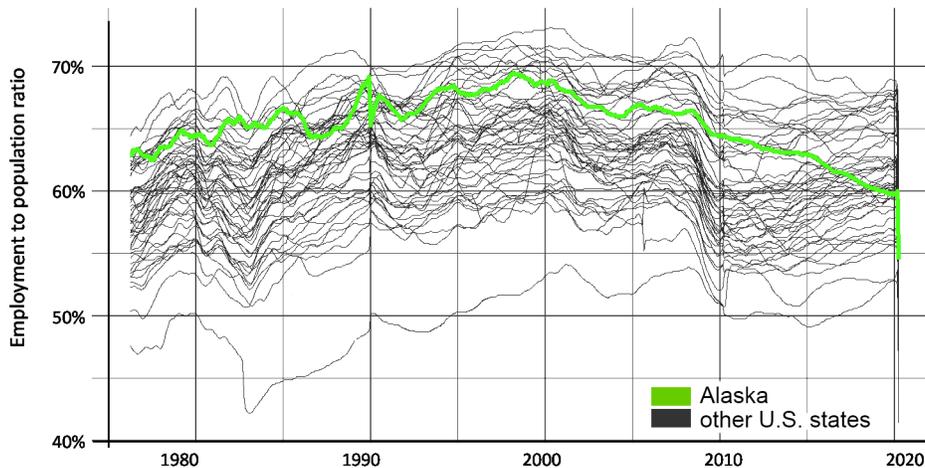
**The share of the Alaska population that is employed dropped from 60% to 54.5% between March and April 2020**

An alternative view of the current market labor situation is the employment-to-population ratio which captures the number of people employed against the total working-age population. Unlike the unemployment rate, the employment-to-population ratio includes unemployed people not looking for jobs. ▼



**Employment-to-population ratio for Alaska and the rest of the U.S.**

In April 2020, Alaska's employment-to-population ratio dropped to 54.5% from 60% the previous month



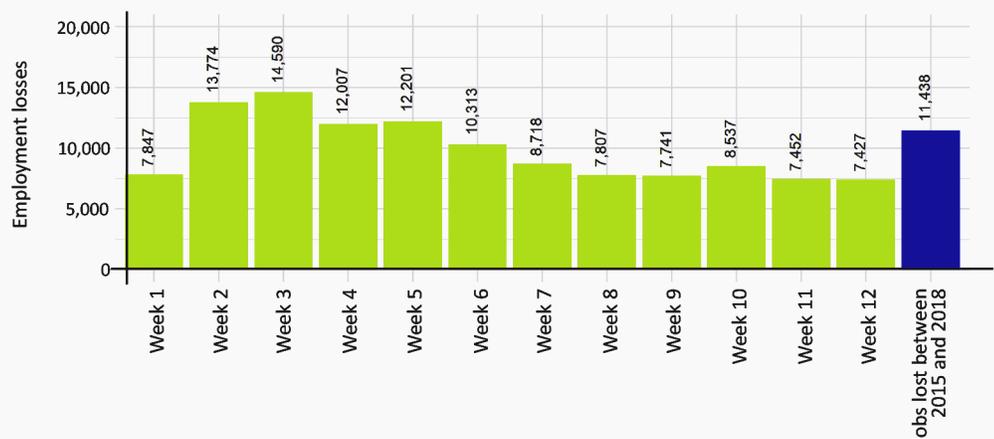
**Initial unemployment claims remain high**

The week ending June 5 – week 12 of the pandemic-related high claims – had 7,427 initial claims which is only 25 claims below the previous week.

Initial claims since the start of the pandemic now total 118,000. Continuing claims remain elevated as the week ending June 6 had 46,569 total claims which is 775 below the previous week. This number should decrease as more employees are called back to work. ▼

**In 12 weeks, the number of initial unemployment claims is more than 10 times the number of jobs lost between 2015 and 2018**

In the first week, the Anchorage/Matanuska-Susitna share of claims was 62%

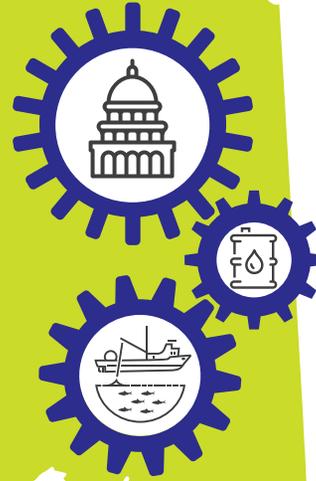


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## Did you know...

Oil prices are slowly beginning to climb again since April 2020?

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



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