

ALASKA'S ECONOMY

It's everyone's business.

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.



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.

As the situation continues to unfold we will report the ripple effects as they impact different sectors across the state.



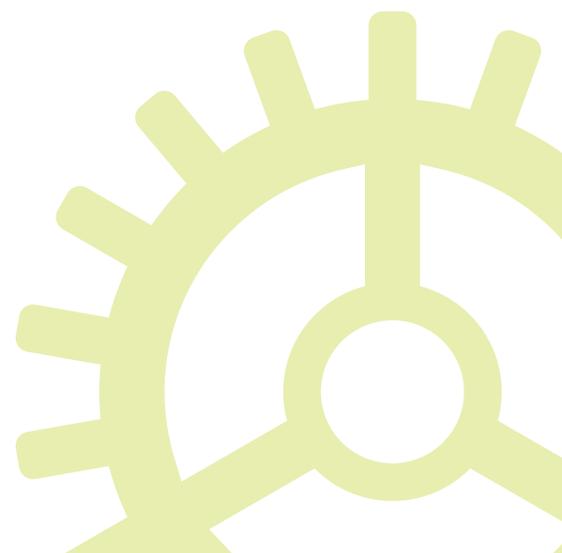
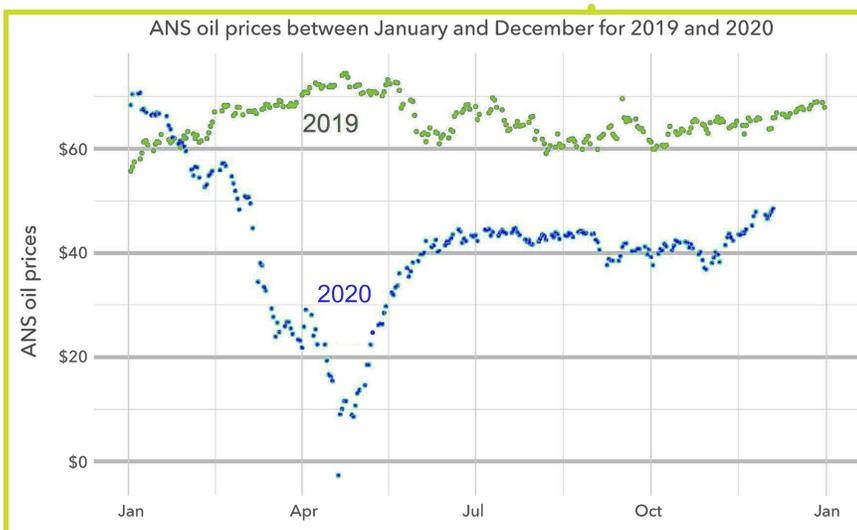
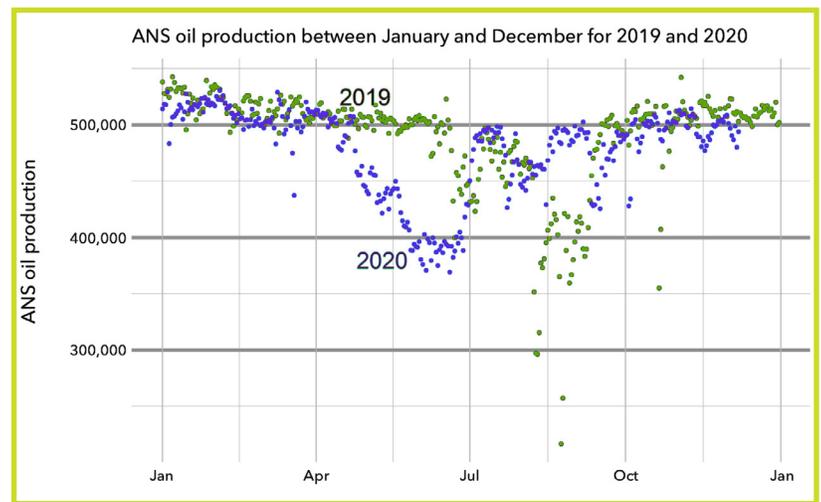
On December 4, Alaska North Slope (ANS) oil prices reached their highest levels since March 5

Improvement in global economic activity and news about the COVID-19 vaccine seem to have translated to a significant uptick in oil prices. On December 4, ANS oil prices were \$48.45 which is the highest level recorded since March 5. However, prices are still considerably lower than 2019 levels. In fact, prices for the month of November 2020 were about \$22 less than the same month last year. ▼



ANS oil production averaged almost 500,000 barrels per day in November 2020

Unlike oil prices, which are still significantly lagging behind 2019 levels, oil production has fully recovered and has been averaging close to last year's levels. In the month of November, production averaged 499,233 barrels per day, which is 12,315 fewer barrels per day than in 2019. ▼

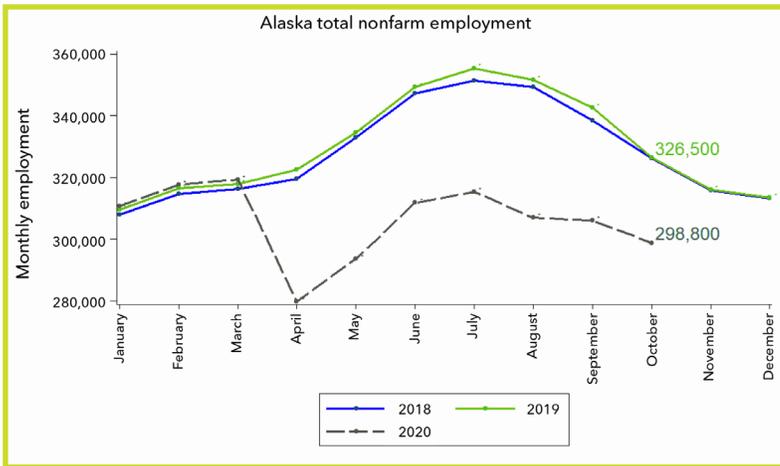


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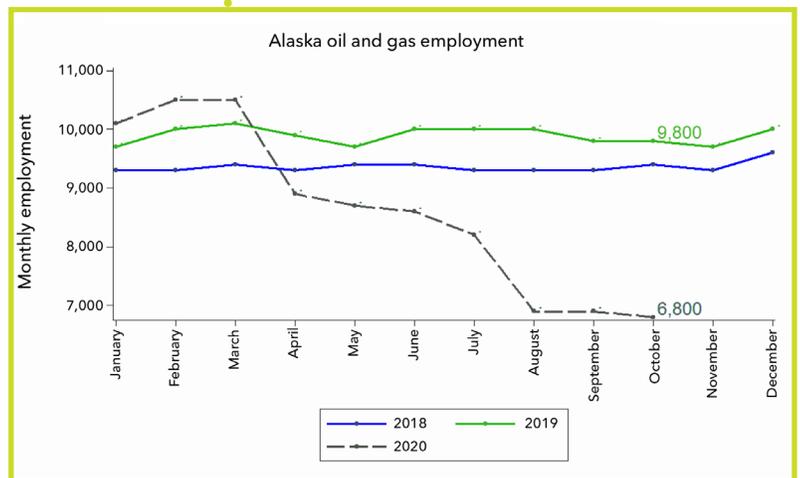
October wage and salary employment was down 27,700 jobs when compared to same month in 2019

There were 298,800 wage and salary jobs in Alaska in October 2020, 27,258 fewer jobs than in October 2019. The increase in COVID-19 cases and the subsequent hunker-down order in Anchorage are likely to push employment even lower over the next few months. ▼



Oil and gas employment in October was 3,000 jobs less than the same month last year

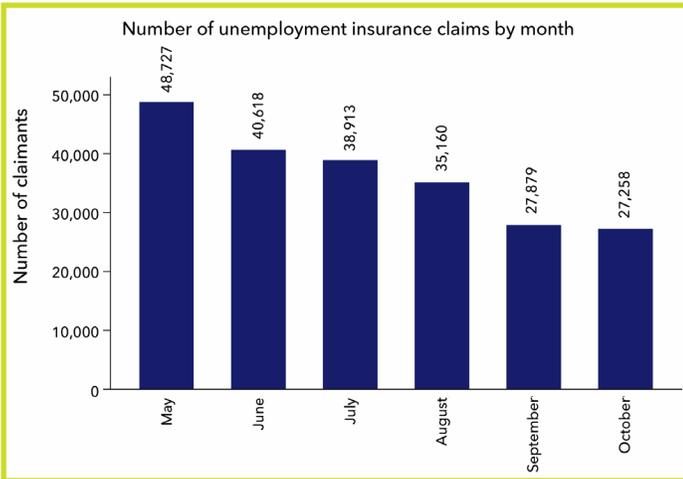
The increases in oil prices and production have not yet translated to job gains in the sector. As the rig count increases, we will likely see an uptick in employment but it is unlikely current prices are going to justify employment as high as last year's. ▼





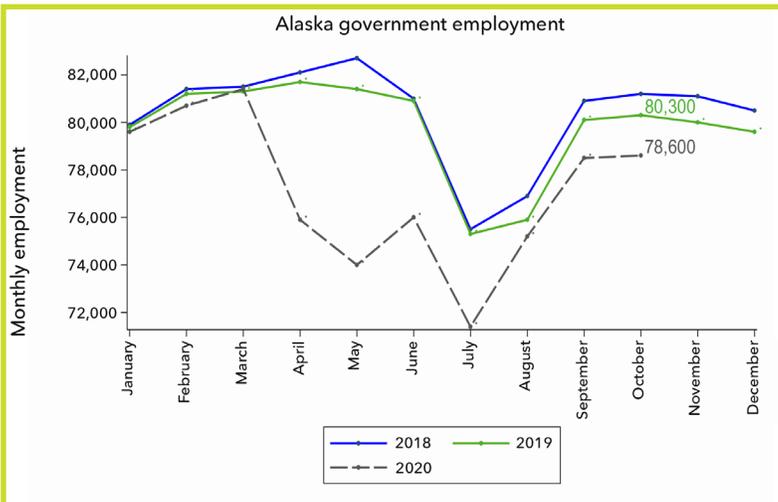
The number of people collecting unemployment insurance has decreased

In May, there were 48,727 claimants but that number has steadily declined to 27,258 in October. While the declines point to a slowly improving economy, the number of claimants is still very high compared to previous years, indicating the significant pandemic-related damage. ▼



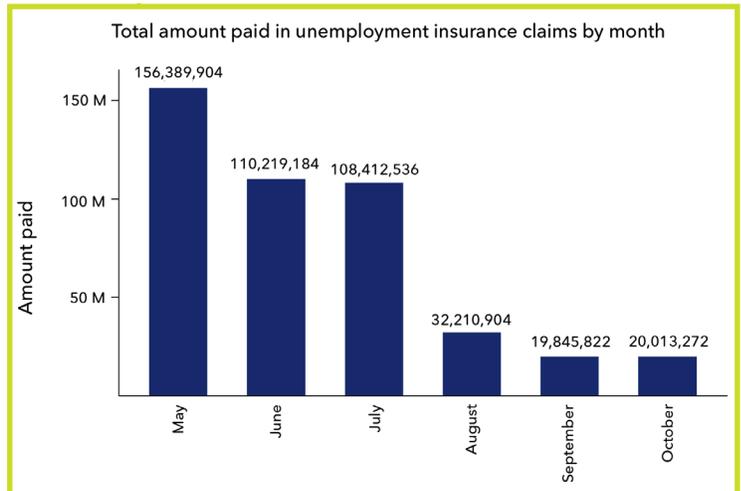
There were 1,700 fewer government jobs in October 2020 than in October 2019

Federal government employment grew for a number of months due to the census, which dampened the losses in state and local government; those two will continue to be under pressure. It is not clear yet whether the budget declines across many boroughs will force local government job cuts in the upcoming months. It is also not clear how the budget at the state level will affect employment, given the expected shortfall. ▼



In October, more than \$20 million was paid in unemployment insurance claims

Until July, Alaskans were not only receiving state unemployment insurance (UI) but also federal unemployment insurance, which amounted to an additional \$600 per week. In May, the average amount received was \$3,200 but in October, payments averaged only \$734. The average October payment is only 23% of the levels received when the federal UI was still being distributed. ▼



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Did you know

Oil production has fully recovered from the pandemic and has been averaging close to 2019's levels?

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



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