

# ALASKA'S ECONOMY

Understand it. Support it. Grow it.



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*Scott Goldsmith, Professor of Economics, Institute of Social and Economic Research at the University of Alaska Anchorage, shares his views on the Alaska economy.*

## **February Unemployment Rate Unchanged at 6.6 Percent**

The February 2016 seasonally adjusted unemployment rate for Alaska was 6.6 percent, unchanged from the previous month and up only slightly from the 6.4 percent rate in February of 2015. The national rate for February was 4.9 percent, also unchanged from the previous month. The national rate at this time last year was 5.5 percent. **Figure 1**

The lowest rates (not seasonally adjusted) were reported in the two Aleutian Regions. Rates over 20 percent were reported in the Denali, Yukon-Koyukuk, Hoonah-Angoon, Skagway, and Kusilvak (formerly Wade Hampton) Census Areas.

## **North Slope Oil Price Averages \$43 So Far This Fiscal Year**

The North Slope oil price has averaged \$43 per barrel this fiscal year starting in July. The Alaska Department of Revenue forecast is for a price averaging \$50 through the fiscal year. **Figure 2**

After falling to \$26 in late January, the price has moved upward and is now in the range of \$40. The increase is due to an expectation that the excess supply in the market is finally beginning to disappear and that the major producers, excluding Iran and the United States, may soon reach an agreement to put a ceiling on their production.

## **North Slope Oil Production 3 Percent Higher This Fiscal Year**

North Slope oil production through mid-March of fiscal year 2016 has averaged 514,000 barrels per day. This is about 15,000 barrels per day (3 percent) higher than last year. It is also slightly higher than the 500,000 barrels per day forecast by the Alaska Department of Revenue. **Figure 3**

## **Anchorage Consumer Optimism Index Continues Decline**

The Anchorage Consumer Optimism Index, prepared by Northern Economics based on a survey of 350 households in the Municipality of Anchorage, fell for the third quarter in a row, to 53.2, its lowest level in the 6-year history of the index. (The index can take values between 0 and 100. A value greater than 50 indicates relative confidence in the economy.) The six-month moving average, a more stable indicator, has now fallen for five quarters. **Figure 4**

All three components of the index—local economic confidence, personal financial confidence, and future expectations—fell this quarter.

## **Anchorage Business Confidence Index for 2016 Falls**

The Anchorage Business Confidence Index, prepared annually by the McDowell Group for the Anchorage Economic Development Corporation, fell to 48.8 at the start of 2016. This is the third year that the composite index has fallen, and the lowest in the eight-year history of the index. **Figure 5**

All five components of the index fell—Anchorage economy, capital expenditures, employment, net profits, and gross sales—with the greatest decline being in confidence in the Anchorage economy which fell from 46.9 to 32.8.

### **Anchorage Employment Projected to Fall 1 Percent in 2016**

Anchorage employment is expected to fall by 1 percent, about 1,500, in 2016 according to the Anchorage Economic Development Corporation, based on a report prepared by the McDowell Group. Oil and gas would lose 600 jobs, government would lose 500 jobs, while construction and business services would each lose 400 jobs. Health care and Leisure together would add 500 new jobs. **Figure 6**

Anchorage population is forecast to decline .8 percent, about 2,200. This would put the population at 296,700, down from a peak of 301,000 in 2013. **Figure 7**

### **Alaska Oil Production Less Than 4 Other Regions in US**

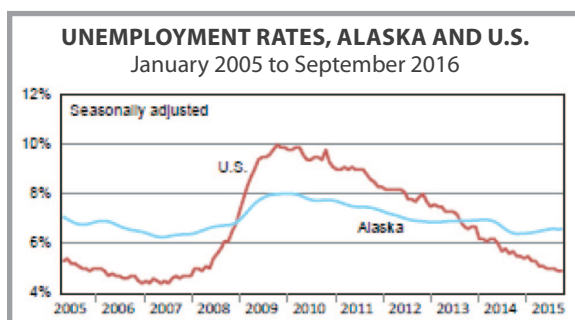
Although oil production in Alaska is about 522,000 barrels per day, it is exceeded by production in Texas, the Federal region of the Gulf of Mexico, North Dakota, and California (based on the US Energy Information Agency). A decade ago Alaska was exceeded only by Texas and the Federal region of the Gulf of Mexico. **Figure 8**

Compared to a year earlier, total US production in December 2015 had fallen by 166,000 barrels per day but Alaska production was 2,000 barrels per day higher. Production had fallen in North Dakota, Texas, California, and Wyoming. **Figure 9**

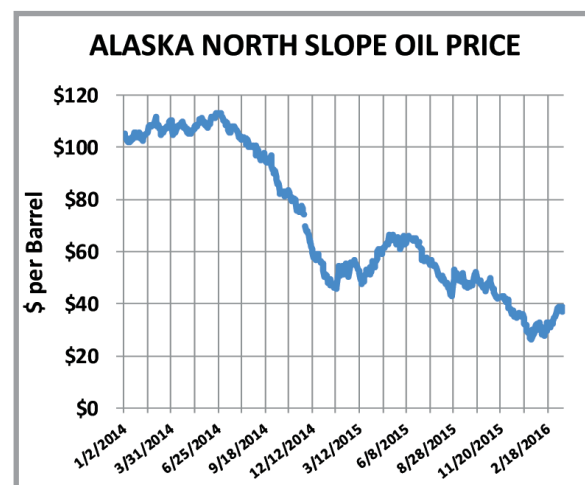
### **Record Number of Summer Visitors in 2015**

Alaska hosted 1.78 million out-of-state visitors during the 2015 summer season according to a reported prepared by the McDowell Group for the Alaska Division of Economic Development. This represents a 7 percent increase over the 2014 and the largest number since visitor tracking began in 1985.

Most of the increase was attributable to a 13 percent increase in air volume. Cruise volume increased by 3 percent. **Figure 10**



**Figure 1**



**Figure 2**

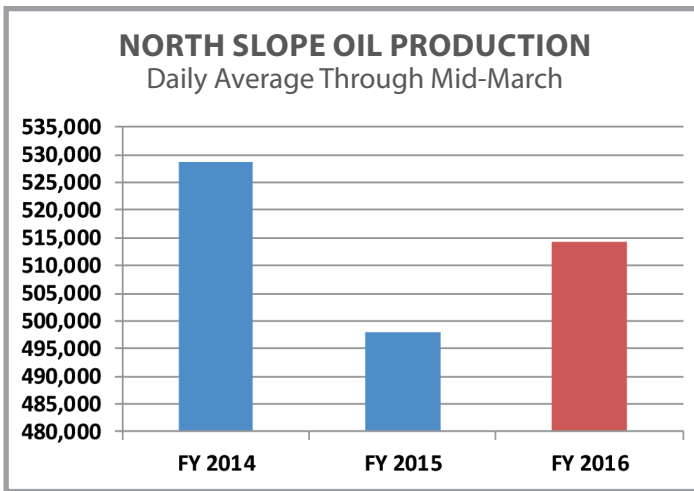


Figure 3

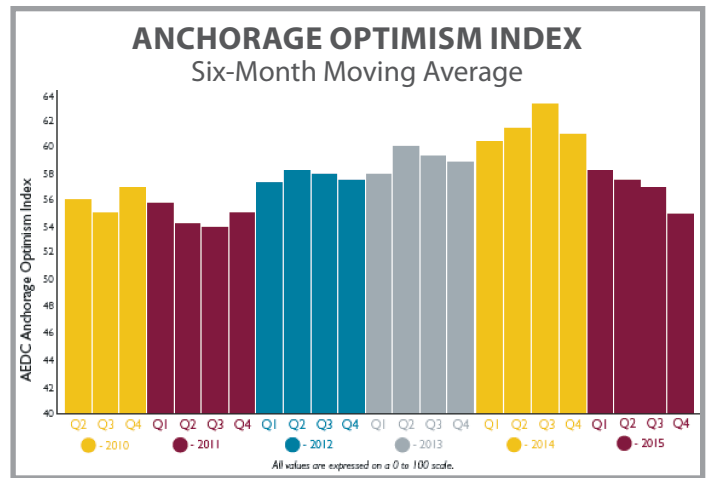


Figure 4

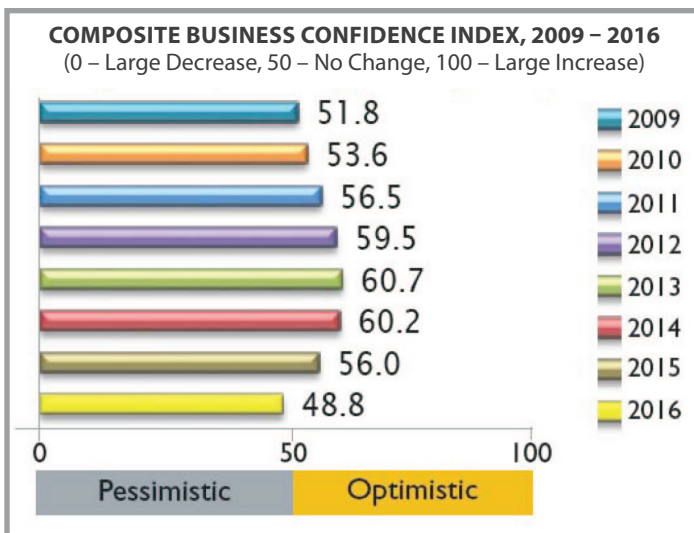


Figure 5

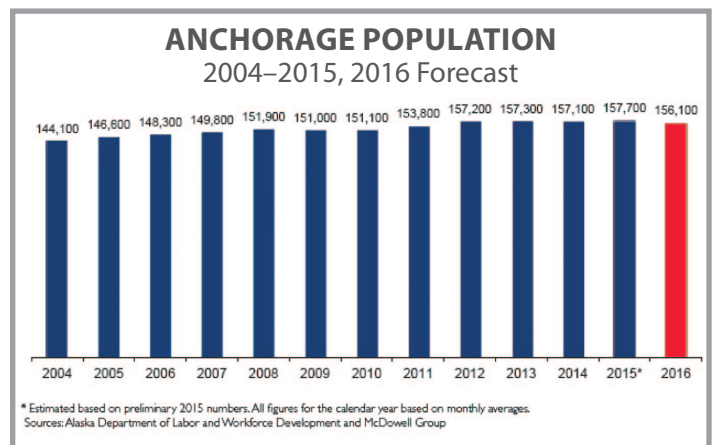


Figure 6

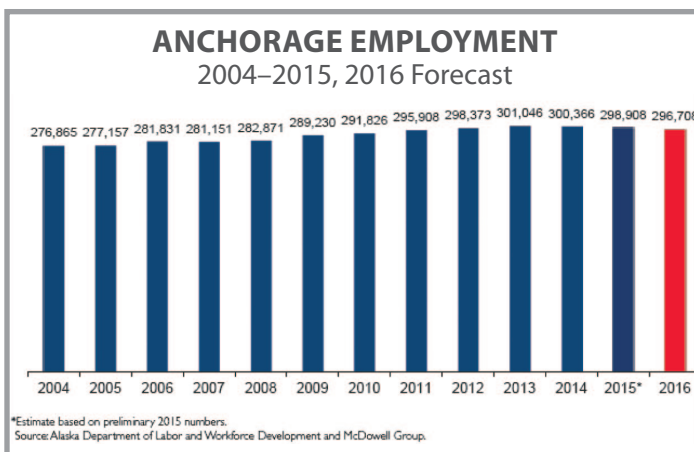


Figure 7

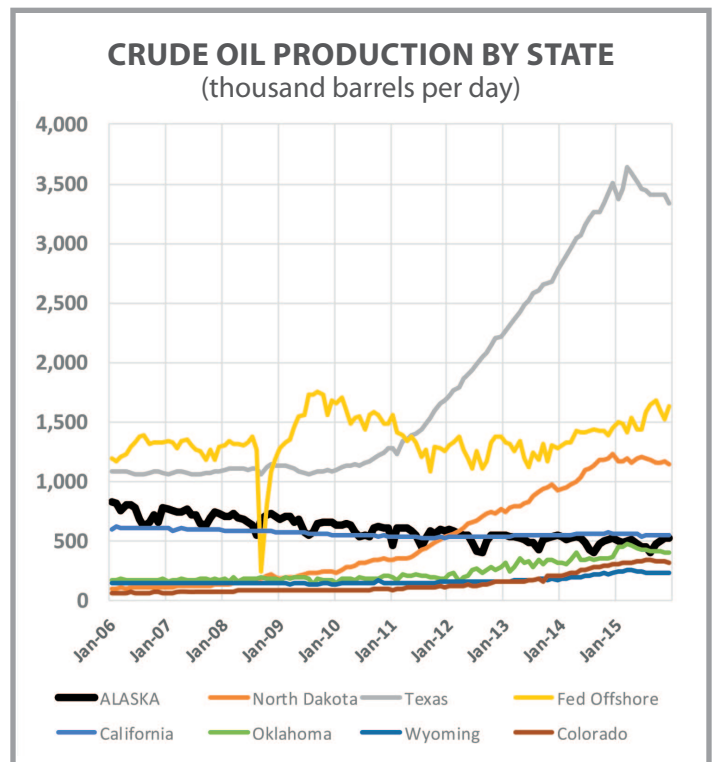
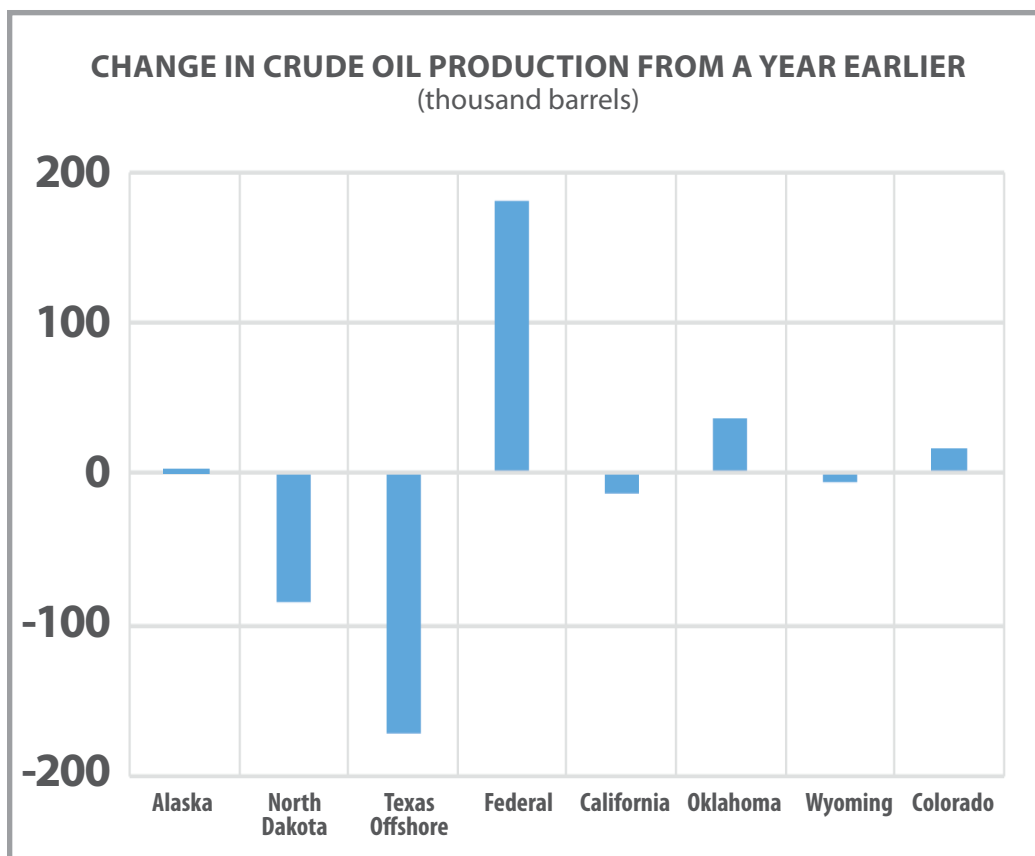
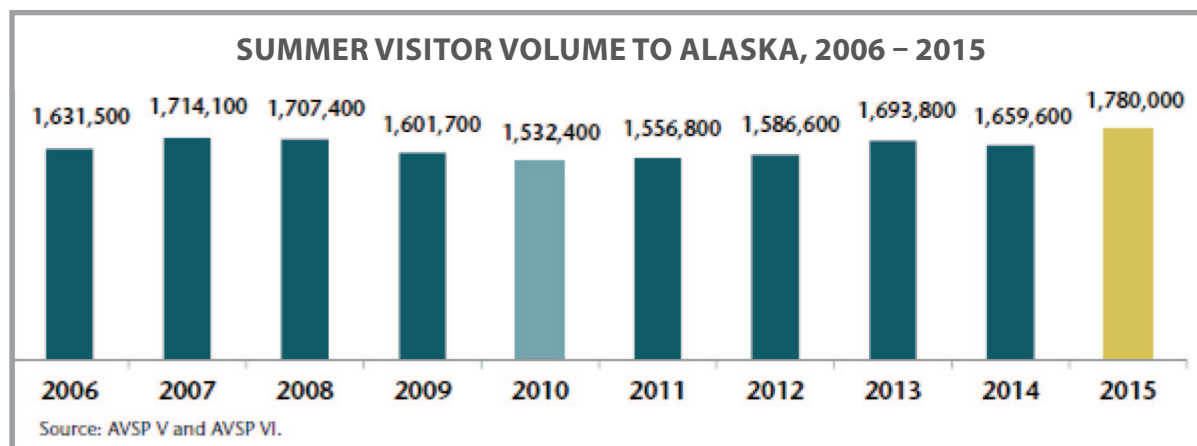


Figure 8



**Figure 9**



**Figure 10**