

# 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.*

## June Unemployment Rate Unchanged at 6.7 Percent

The June 2016 seasonally adjusted unemployment rate for Alaska was 6.7 percent, unchanged from the previous month. The national rate for June rose from 4.7 to 4.9 percent. **Figure 1**

The raw unemployment rate (not seasonally adjusted) was 6.8 percent compared to 6.5 percent in June of last year. The rate has been higher each month this year, suggesting a slowdown in the economy. **Figure 2**

## North Slope Oil Price Starts New Fiscal Year in Range Around \$45

The North Slope oil price started the new fiscal year averaging about \$45. This is below the Alaska Department of Revenue forecast of \$56 made last fall. The price has softened in recent weeks due to the continued high level of inventories worldwide. **Figure 3**

The average price for the fiscal year just concluded was \$43. This is below the Alaska Department of Revenue forecast of \$50 made late last year.

## North Slope Oil Production Up 3 Percent in Fiscal Year 2016

North Slope oil production for fiscal year 2016 averaged 516,000 barrels per day. This is about 15,000 barrels per day (3 percent) higher than the previous year. It is also slightly higher than the 500,000 barrels per day forecast by the Alaska Department of Revenue.

Production in the first few days of the new fiscal year has been lower (426,000 barrels per day) due to normal maintenance on the Trans-Alaska pipeline which occurs annually during the summer months. **Figure 4**

## Estimated 2016 State Employment Level Lower Than Last Year

Preliminary data from the Alaska Department of Labor shows seasonally adjusted May employment at 339,500, below last year at the same time. The decline in employment from last year was primarily due to sharp declines in petroleum (2,000), construction (900), professional services (2,200), and state government (1,300). **Figure 5**

The loss of nearly 7,000 high-paying jobs represents a significant negative blow to the economy. The big gainers were health care (1,800) and retail trade (900).

## Nonresident Employment Share Up in 2014

The share of nonresidents in the Alaska workforce increased in 2014 for the fifth consecutive year according to the Alaska Department of Labor. It now stands at 20.8 percent—nearly 88,000. Among private sector workers, 24 percent are nonresident. Nonresidents accounted for 15.6 percent of wages paid—\$2.6 billion. The nonresident share of wages has been increasing since at least 2004. **Figure 6**

The seafood processing industry is the largest employer of nonresidents, followed by leisure and hospitality (tourism) and trade, transportation, & utilities. Industries with a high percentage of nonresidents include oil and gas, construction, metal mining, and other visitor-related industries. These industries generally are either highly seasonal or require specialized skills. **Figure 7**

The nonresident share of workers increased in almost all industries except for metal mining where it fell from 37 percent to 34 percent.

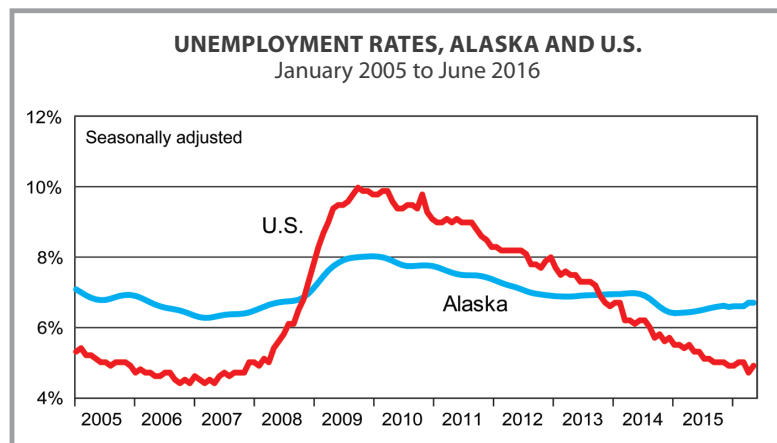
### Personal Income Growth Below US Average in First Quarter Of 2016

Personal income in Alaska grew .6 percent in the first quarter of 2016, compared to 1 percent for the US as a whole. Slow growth in other states was mostly due to declines in farm and mining earnings. **Figure 8**

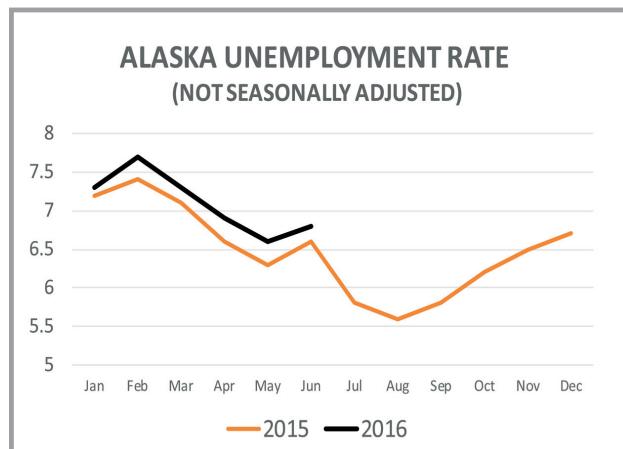
### Alaska Cities Among Most Expensive in “Quarter Pounder Index”

The price of a Quarter Pounder at McDonalds averages about \$4.00 in the U.S. but is considerably higher in most Alaska cities. Juneau, Anchorage, Fairbanks, and Kodiak are consistently among the most expensive cities. **Figure 9**

Although not representative of all consumer goods, the high price of this popular food item can cause people to overestimate the cost of living in Alaska compared to other places.



**Figure 1**



**Figure 2**

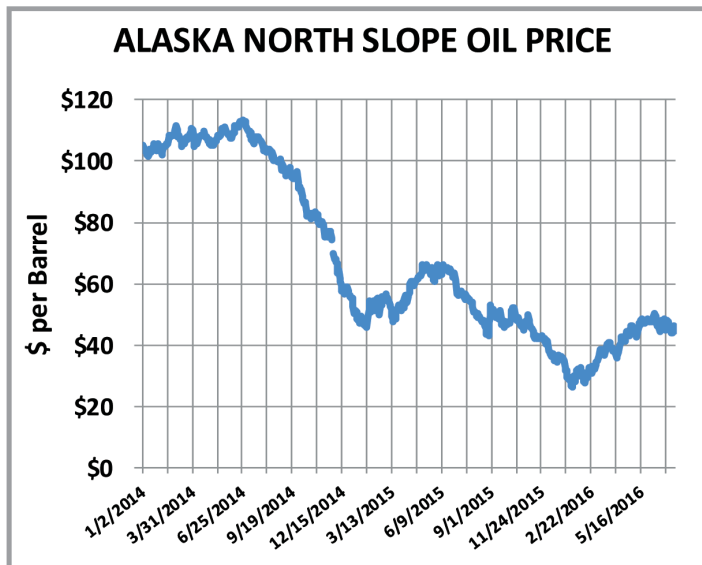


Figure 3

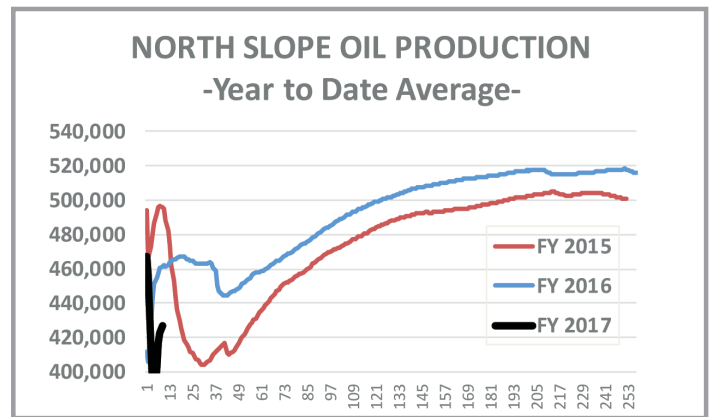


Figure 4

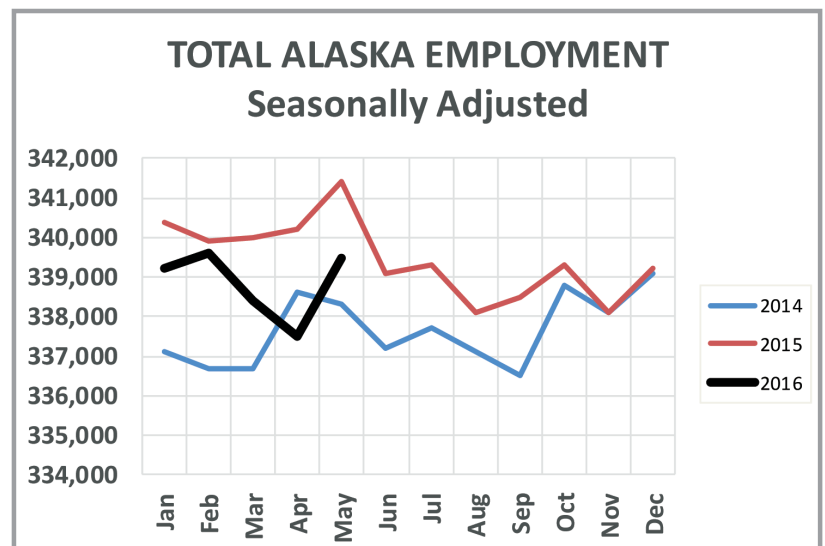


Figure 5

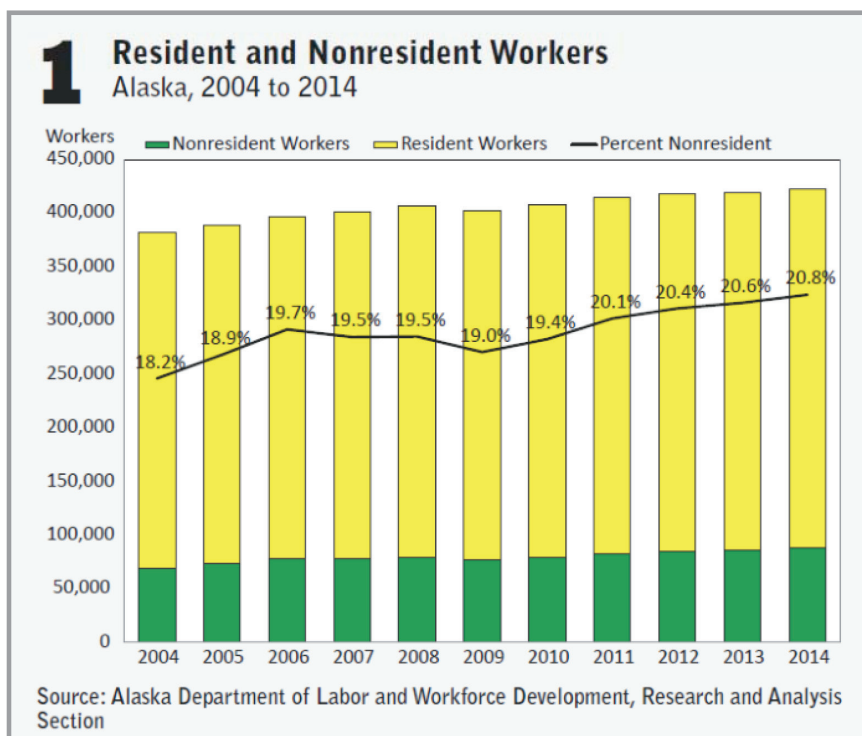
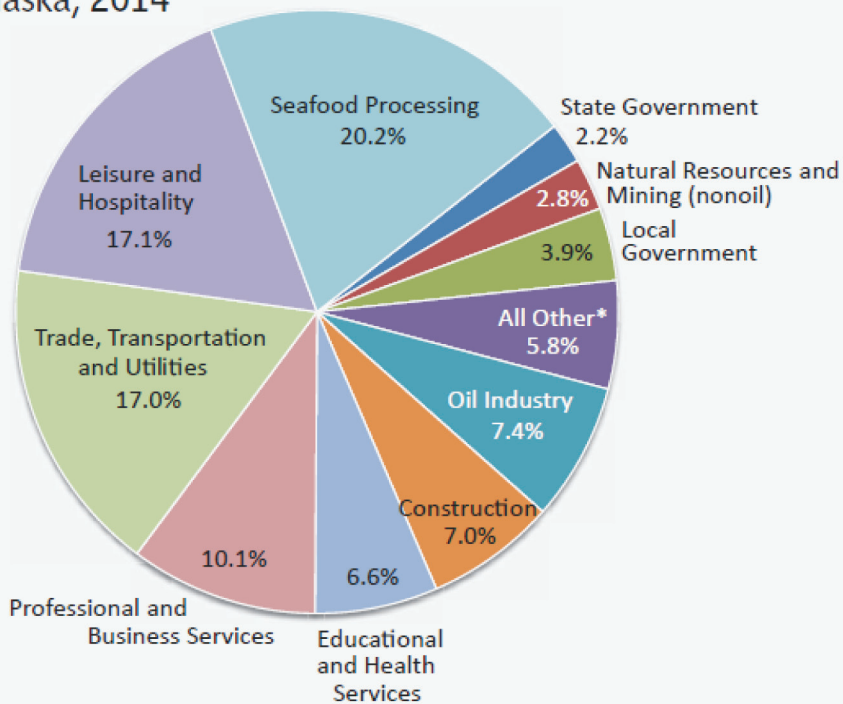


Figure 6

## 4 Nonresident Workers, Industry Distribution Alaska, 2014



Note: Percentages may not add to 100 due to rounding.

\*All other includes nonseafood manufacturing, information, financial activities, public administration, other services, and unclassified industries.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Figure 7

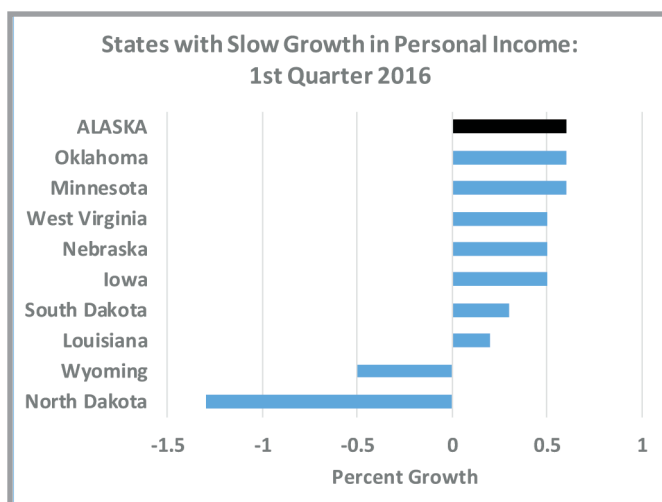


Figure 8

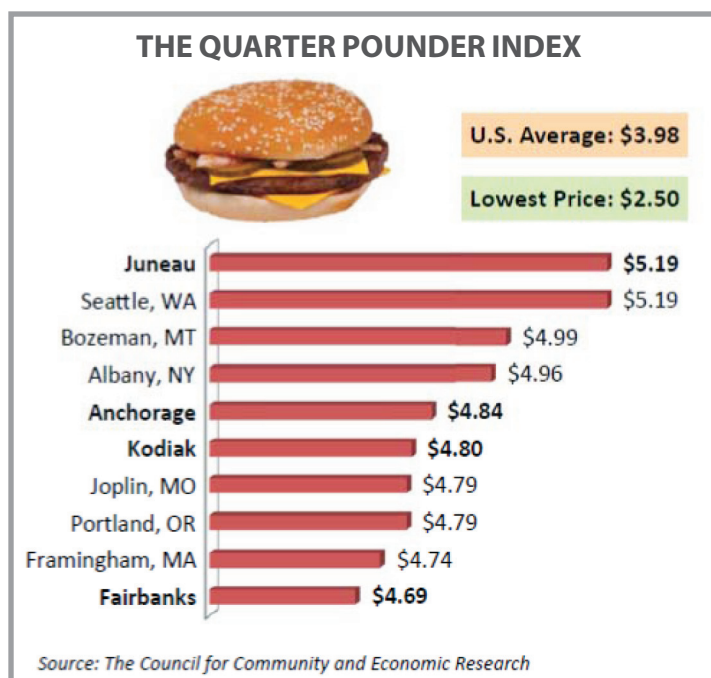


Figure 9