

# 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.*

## **July Unemployment Rate Unchanged From June at 6.7 Percent**

The July 2016 seasonally adjusted unemployment rate for Alaska was 6.7 percent, unchanged from June. The national rate for July was 4.9 percent, also unchanged from a month earlier. **Figure 1**

The raw unemployment rate (not seasonally adjusted) was 6.1 percent compared to 5.8 percent in July of last year. The rate continues to be higher each month than last year. **Figure 2**

## **Labor Force Participation Rate Continues Downward Trend**

The share of the adult population in the labor force in Alaska (working or looking for work) continued its downward trend in the first half of the year. In July 66.2 percent of the adult population was in the labor force compared to 67 percent last year at the same time. The national labor force participation rate in July was 62.8 percent. **Figure 3**

## **Preliminary July State Employment Level Slightly Above Last Year**

Preliminary data from the Alaska Department of Labor shows seasonally adjusted July employment at 340,100, increasing over a year earlier by 800. Declines in petroleum, construction, and professional services have moderated and been more than offset by strong growth in healthcare. **Figure 4**

## **North Slope Oil Price Moves Upward, Approaching \$50**

The North Slope oil price moved up sharply in recent weeks, nearing \$48 per barrel. **Figure 5**

The average for the fiscal year is \$43.60. This is below the Alaska Department of Revenue forecast of \$56 made late last year.

## **North Slope Oil Production Starts Year Marginally Higher**

North Slope oil production through mid-August of this fiscal year (2017) has averaged 465,000 barrels per day compared to 463,000 barrels through the same period last year. **Figure 6**

## **Anchorage Consumer Confidence Index Continues to Fall**

The AEDC (Anchorage Economic Development Corporation) consumer confidence index, prepared by Northern Economics based on a survey of 350 households, continues to fall. The most recent six-month moving average was lower for the seventh consecutive quarter and the lowest since the index was introduced in 2010. **Figure 7**

Two components of the index fell—local economic confidence and future expectations. Only one component, personal financial confidence, increased.

The index can take a value between 0 and 100. A value greater than 50 indicates relative confidence in the economy.

## Anchorage Jobs and Population Forecast to Fall Through 2017

The AEDC Three-Year Forecast shows Anchorage jobs and population falling through 2017, holding steady in 2018, and starting to slowly increase in 2019.

The forecast suggests that low oil prices, uncertainty about gas line development, limited capital spending, smaller Permanent Fund dividends, and potential losses from military base realignment are slowing the economy. Suggested economic strengths include the visitor, healthcare, and federal government sectors, core oil and gas activity, and a low unemployment rate. **Figures 8 and 9**

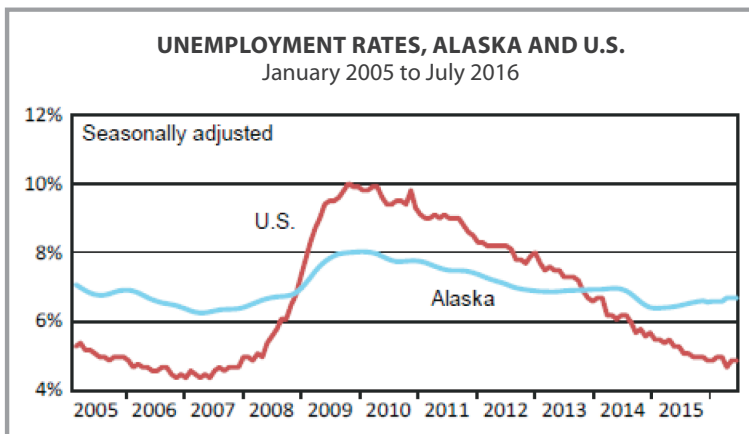
## Construction Spending Forecast to Decline 18 Percent in 2016

Construction spending is forecast to be \$7.3 billion in 2016, down 18 percent from a year earlier.

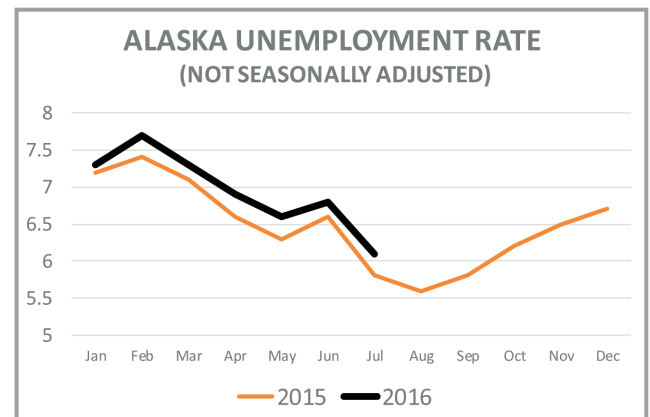
**Figure 10**

Oil and gas spending is forecast to fall 24 percent and other private spending to decline by 21 percent. Public spending will only fall 6 percent, buoyed up by an increase of 27 percent in spending for national defense.

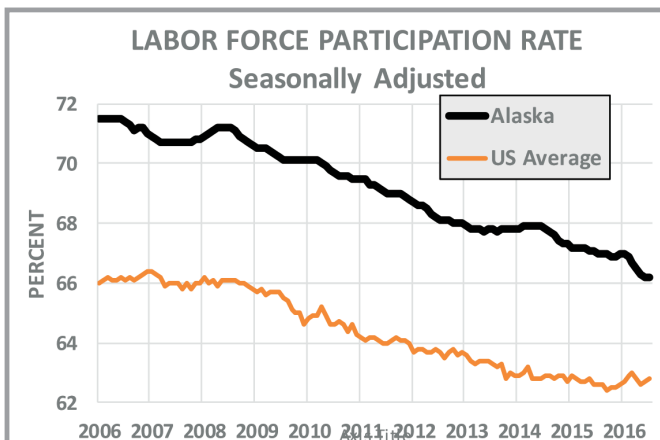
State government capital spending will continue to be strong this year because of all the funds appropriated in prior years but not yet spent. However next year almost all state government capital spending will be funded by federal grants, mostly for transportation. **Figure 11**



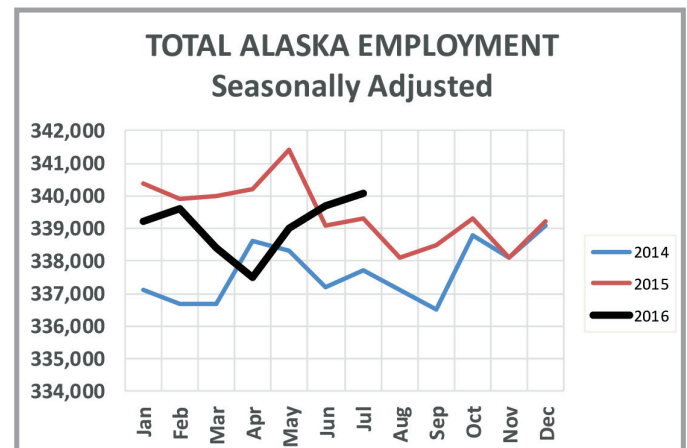
**Figure 1**



**Figure 2**



**Figure 3**



**Figure 4**

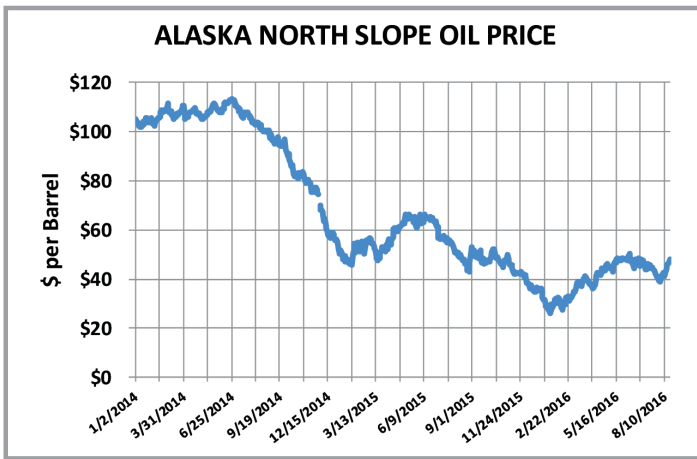


Figure 5

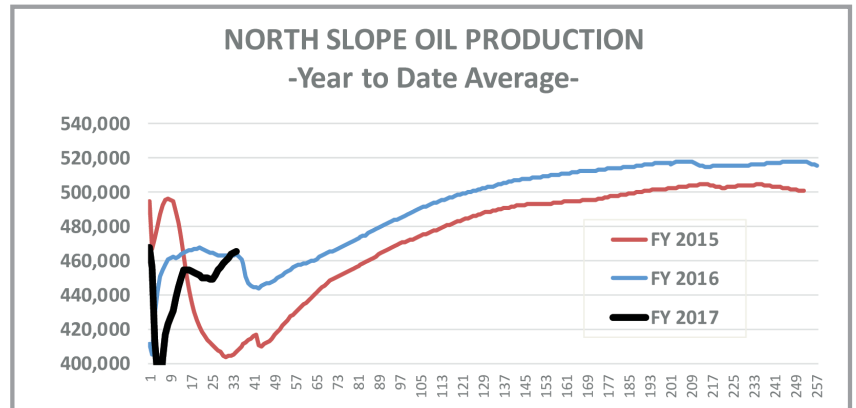


Figure 6

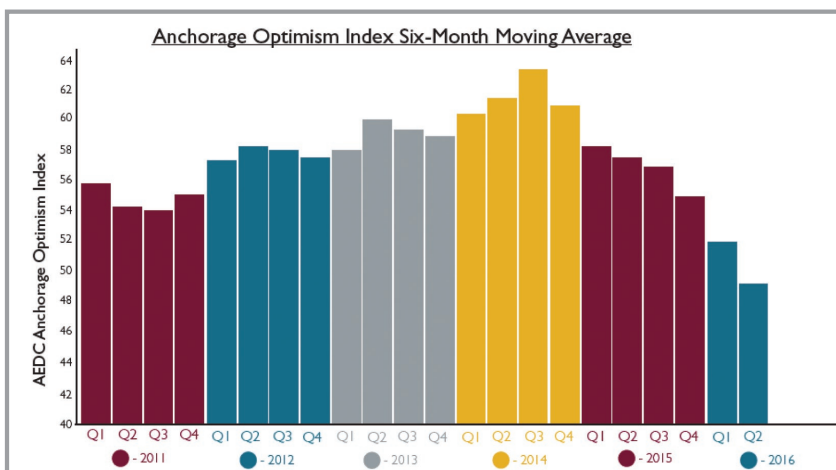


Figure 7

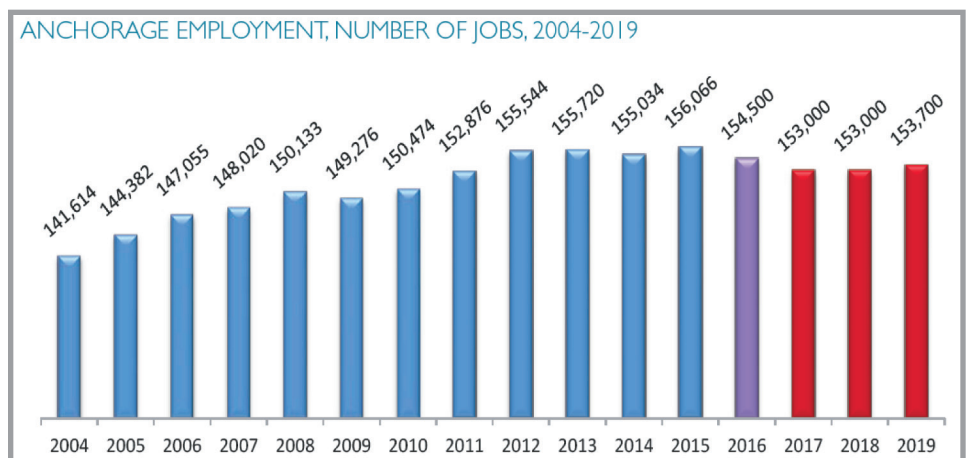


Figure 8

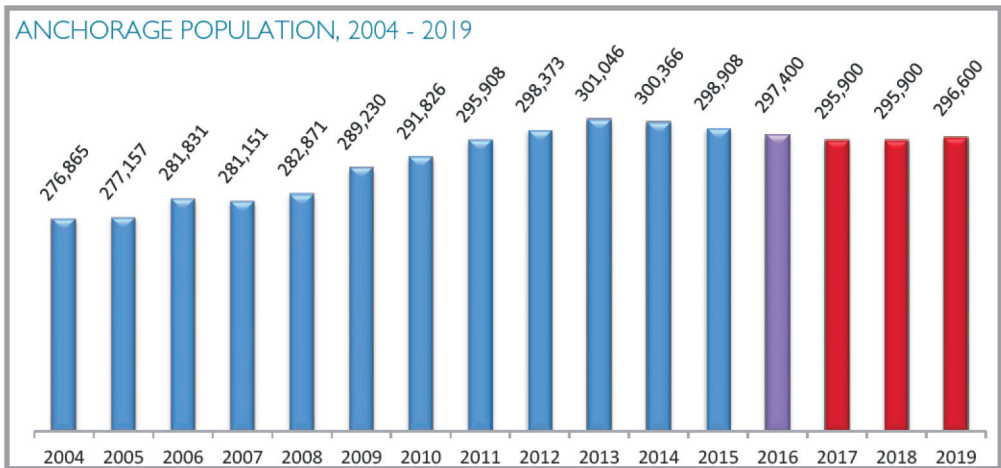


Figure 9

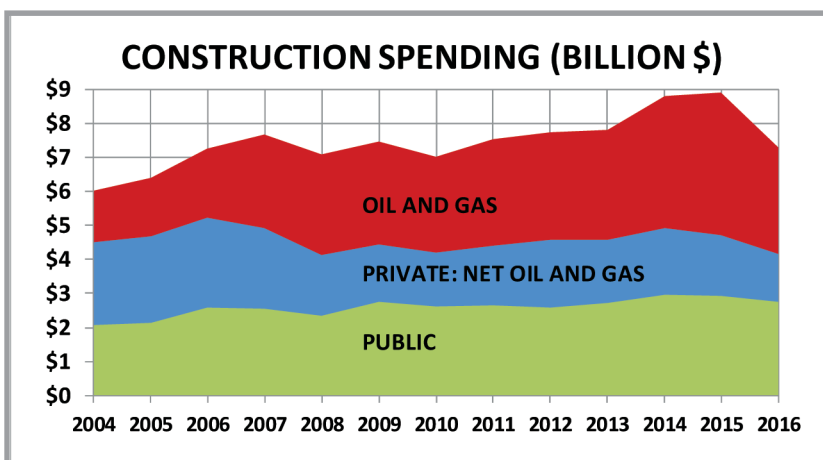


Figure 10

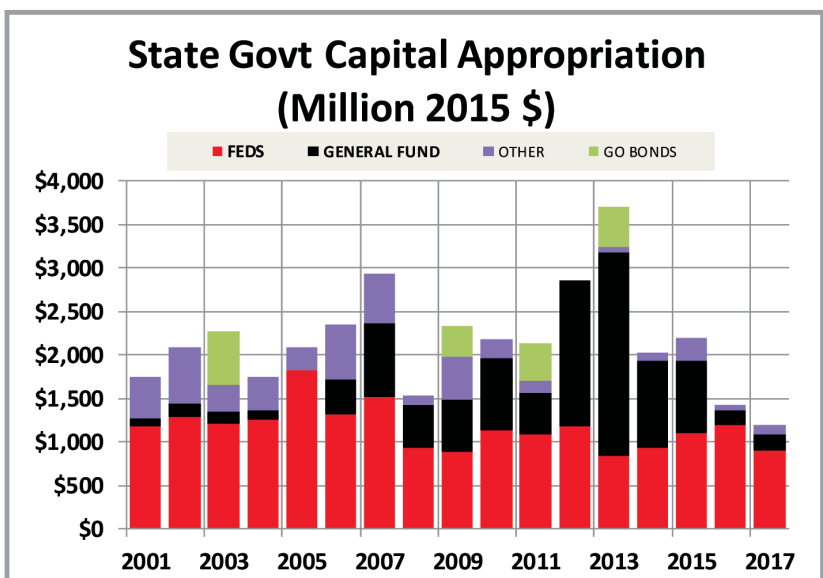


Figure 11