

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.

August Unemployment Rate up Slightly to 6.8 Percent

The August 2016 seasonally adjusted unemployment rate for Alaska was 6.8 percent, up slightly from 6.7 percent in July. This was the highest rate among all the states. The national rate was unchanged from July at 4.9 percent. **Figure 1**

The raw unemployment rate (not seasonally adjusted) was 5.9 percent compared to 5.6 percent in August of last year. The rate has been consistently higher this year than in 2015, an indication of a slight weakening of the labor market. **Figure 2**

North Slope Oil Price Trading in a Range Around \$43

The North Slope oil price weakened slightly in September, trading in a range around \$43 per barrel. The average price for the fiscal year is now \$44. This continues to be below the Alaska Department of Revenue forecast of \$50 made late last year. **Figure 3**

North Slope Oil Production Rate Continues Above Last Two Years

North Slope annual average oil production through mid-September of this fiscal year (2017) has averaged 468,000 barrels per day. This is about 5,000 barrels per day higher than last year at this time. (Average annual production tends to start low and increase during the year due to planned summer maintenance of facilities.) Production is on track to exceed the annual average of 505,000 barrels per day forecast by the Alaska Department of Revenue. **Figure 4**

Preliminary August State Employment Level Continues Above Last Year

Preliminary data from the Alaska Department of Labor shows seasonally adjusted August employment at 339,100, compared to 338,100 for the corresponding month last year. The figure is down slightly from 340,000 recorded in July due to declines in employment in petroleum, construction, and government. Health care, manufacturing, and leisure-hospitality had employment growth. **Figure 5**

Louisiana, Oklahoma, Kansas, Wyoming, Montana, New Mexico, and West Virginia were the only states that experienced slower (or negative) growth in employment in August compared to last year.

Michigan, Maine, Montana, and Louisiana were the only states with more negative growth than Alaska between July and August of this year.

Alaska Permanent Fund Income Lower in 2016

Alaska Permanent Fund statutory net income for 2016 was \$2.198 billion, down from \$2.907 billion in 2015. After subtracting reductions in the value of assets held by the fund, accounting income was \$399 million, down from \$2.384 billion in 2015. Accounting net income tends to be more volatile than statutory income (the measure used to calculate the Permanent Fund dividend amount) because it takes into account changes in the value of assets held by the fund. Statutory net income only includes interest income and gains from the sale of assets. **Figure 6**

After a withdrawal of \$696 million to pay the 2016 dividend (assumed to be around \$1,000 per qualified applicant), the Permanent Fund had a value on June 30, 2016 of \$52.769 billion, down slightly from its value of \$52.8 billion a year earlier. **Figure 7**

Anchorage Price Level Unchanged From Last Year at This Time

Prices in the Anchorage area, as measured by the Consumer Price Index for All Urban Consumers, were virtually unchanged from one year ago according to the Bureau of Labor Statistics. They increased by 0.1 percent in the first half of this year, but fell 0.1 percent from a year ago at this time. Higher prices for medical care were offset by lower costs for energy.

Inflation has been slowing in Anchorage for the last 3 years. **Figure 8**

Value of Anchorage Building Permits Slightly Less Than 2015 Through June

The cumulative value of Anchorage building permits through June was \$291 million, down from \$316 million last year at this time. A drop in residential permit value accounted for the reduction. **Figure 9**

Ten Percent of Alaska Households Receive Food Stamps (SNAP)

The share of Alaska households enrolled in the Supplemental Nutrition Assistance Program (SNAP) increased after the Great Recession but now seems to have stabilized or declined somewhat. In 2013 it was 10 percent. Nationally the share of households enrolled in 2013 was 13.5 percent. Oregon had the highest share at 19.8 percent and Wyoming had the lowest at 5.9 percent. **Figure 10**

The average monthly benefit per household was about \$400.

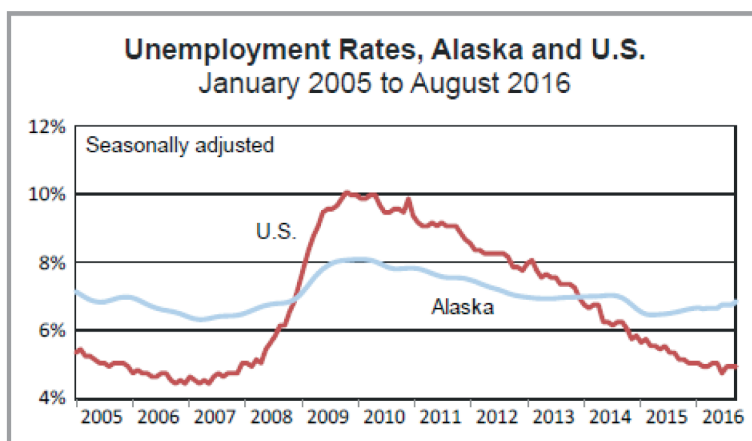


Figure 1

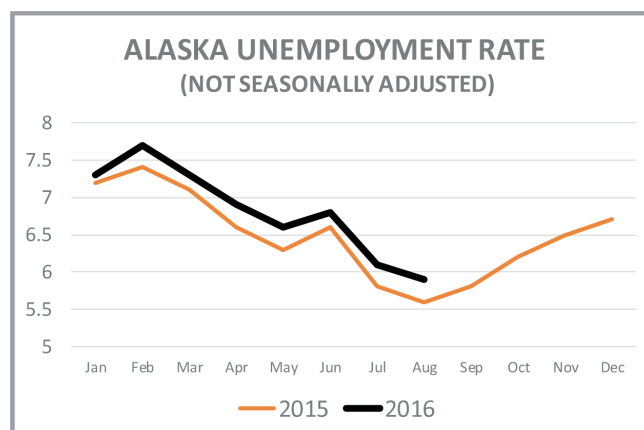


Figure 2

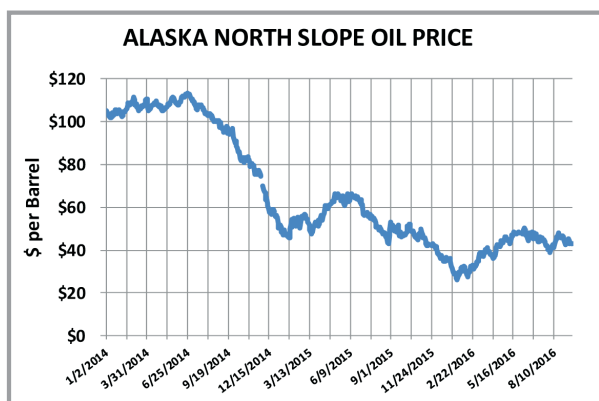


Figure 3

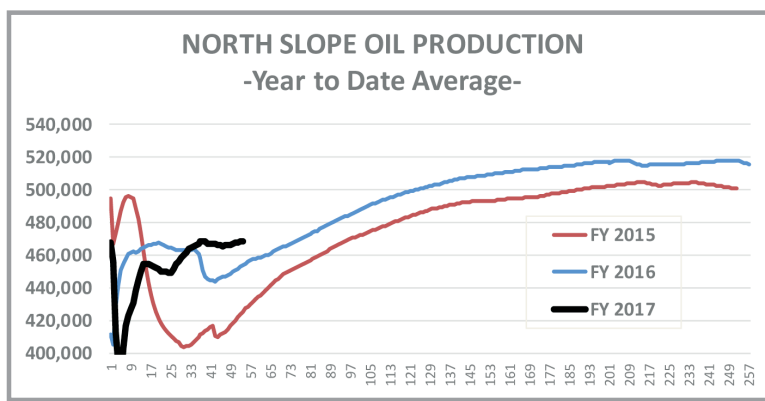


Figure 4

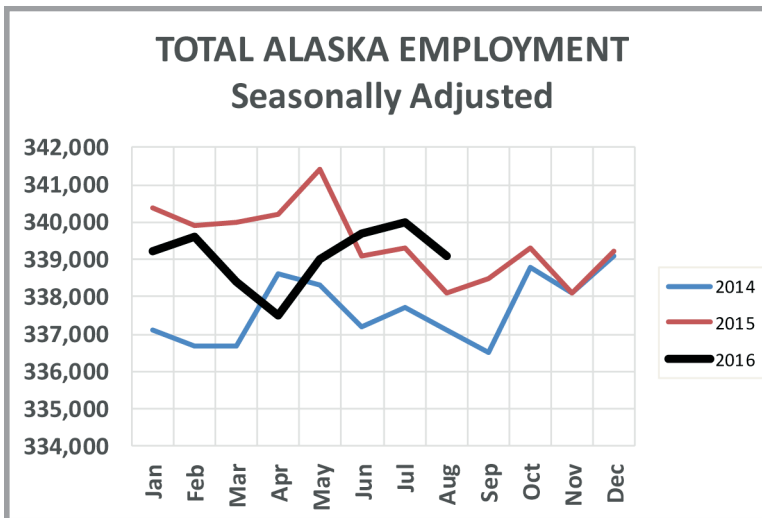


Figure 5

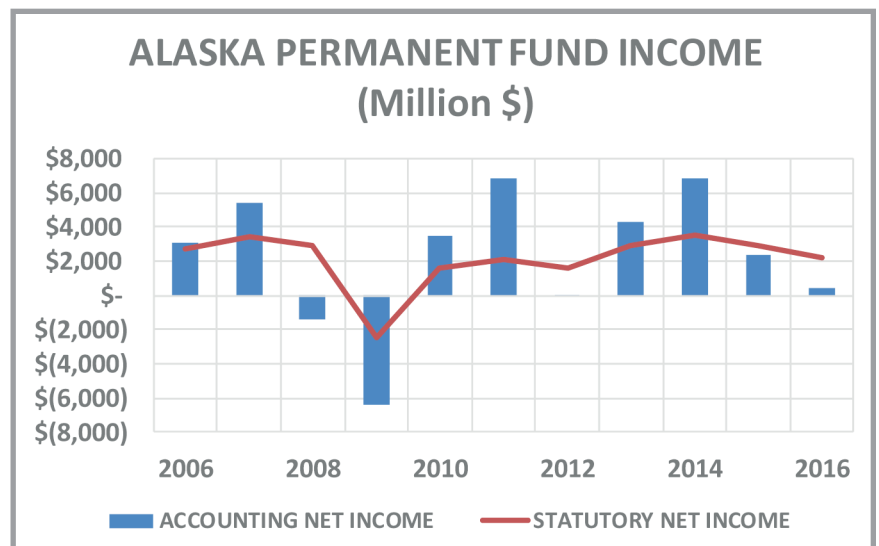


Figure 6

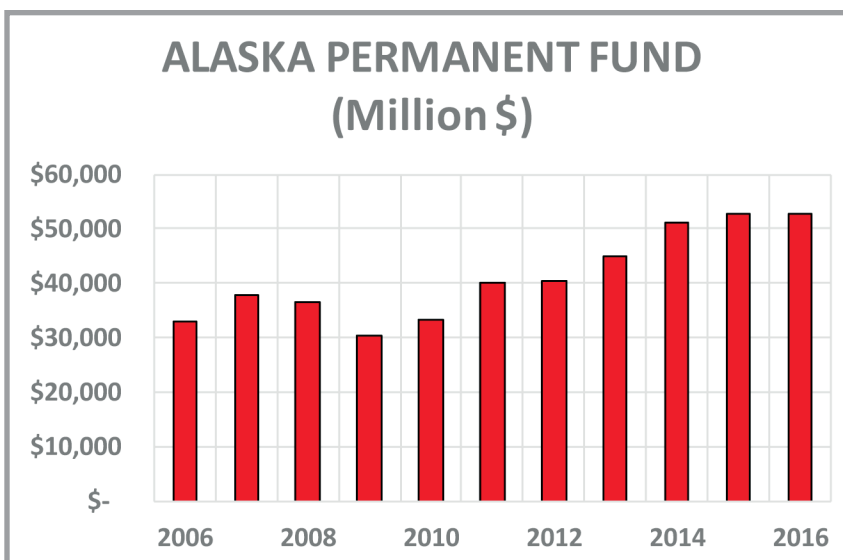


Figure 7

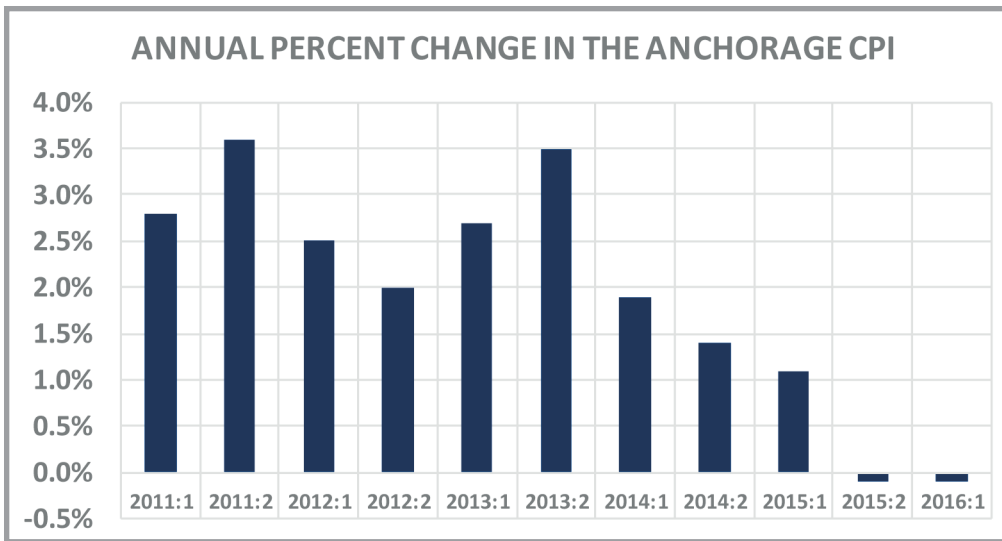


Figure 8

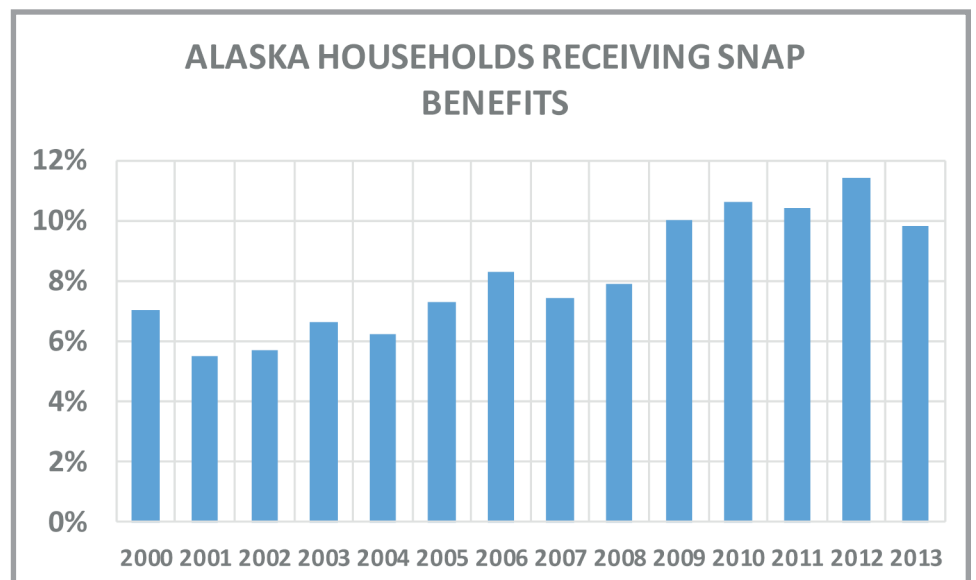


Figure 9

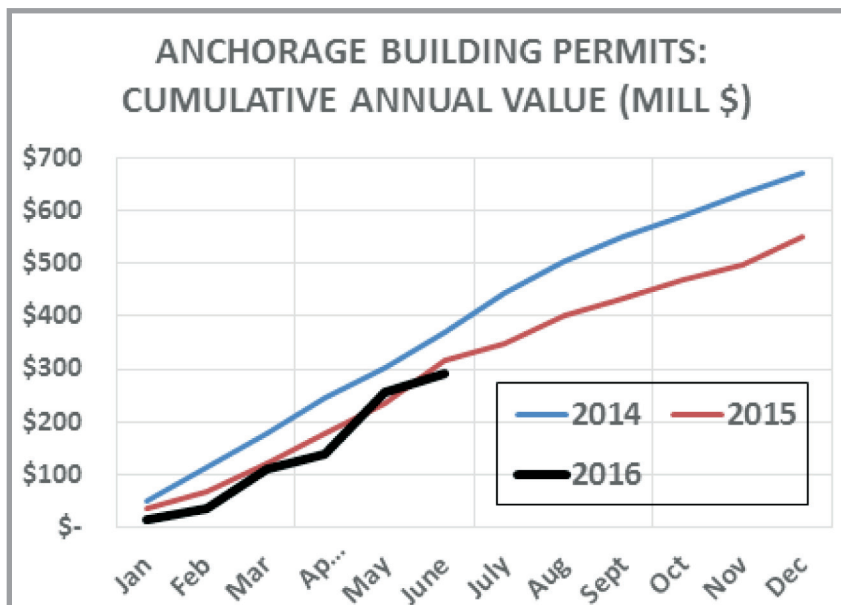


Figure 10