

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.

October Unemployment Rate of 6.8 Percent Unchanged From September

The October 2016 seasonally adjusted unemployment rate for Alaska was 6.8 percent, unchanged from the revised September rate. The national rate for October was 4.9 percent, down from 5.0 percent a month earlier. **Figure 1**

The Alaska raw unemployment rate (not seasonally adjusted) was 6.3 percent compared to 6.2 percent a year earlier. The rate continues to be higher each month than last year. **Figure 2**

North Slope Oil Price Averaging \$45 in Fiscal Year 2017

The North Slope oil price moved lower in the last month over fears that OPEC would not be able to reach agreement to limit production in support of a higher price. It is currently trading in a range around \$45 per barrel. This is equal to the average price since July 1, 2016, the start of the 2017 fiscal year. **Figure 3**

This average is below the Alaska Department of Revenue forecast of \$56 made late last year but higher than the forecast of \$39 in April of 2016.

North Slope Oil Production Continues Higher Than Last Year

North Slope oil production through mid-November of this fiscal year (2017) has averaged 492,000 barrels per day compared to 480,000 barrels through the same period last year. **Figure 4**

If this production trend continues, production will exceed the Alaska Department of Revenue forecast of 507,000 barrels per day.

Payroll Employment Down 2.7 Percent in October Compared to Same Month in 2015

Preliminary data from the Alaska Department of Labor shows seasonally adjusted October wage and salary employment down 2.7 percent (about 8,000) compared to October 2015. The petroleum, construction, professional services and state government sectors have shed the most jobs. Health care has reported the most growth. **Figure 5**

Actual employment growth has now been negative since the last quarter of 2015. Although there is no formal definition of a recession for a state economy, most economists would agree that several consecutive quarters of decline in employment is the best indicator of a recession.

Anchorage Consumer Confidence Index Marginally Higher in Third Quarter

The AEDC (Anchorage Economic Development Corporation) consumer confidence index, prepared by Northern Economics based on a survey of 350 households, moved marginally higher in November. It rebounded from 48.2 in the second quarter (the lowest level since the index was introduced in 2010) to 50.3.

The 6-month moving average was unchanged at 49.3. **Figure 6**

Three components are used to measure consumer confidence. Two of these increased in November — local economic confidence and future expectations. The personal financial confidence component decreased.

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

New Loan Activity Down in Second Quarter From Year Earlier

New single family (including condominium) loan activity in the second quarter of 2016 was \$578 million, down \$81 million from the same quarter last year based on data from the Alaska Housing Finance Corporation. Declines in single family loans were most significant in Anchorage (\$61 million), Mat-Su (\$8 million), Juneau (\$10 million), and Kodiak (\$5 million). Loans in Fairbanks increased by \$8 million and by \$5 million on the Kenai Peninsula. **Figure 7**

Housing Loan Defaults Steady

Housing loan defaults are marginally higher in 2016 compared to a year earlier based on information from the Alaska Housing Finance Corporation. However they remain below 2014. **Figure 8**

Base Metal Prices on the Rise

The zinc price has increased steadily from \$.70 a pound in early 2016 to \$1.13. The price of copper has also jumped higher in recent days and is now at \$2.46 per pound. Zinc is now the most valuable mineral produced in Alaska. **Figures 9 and 10**

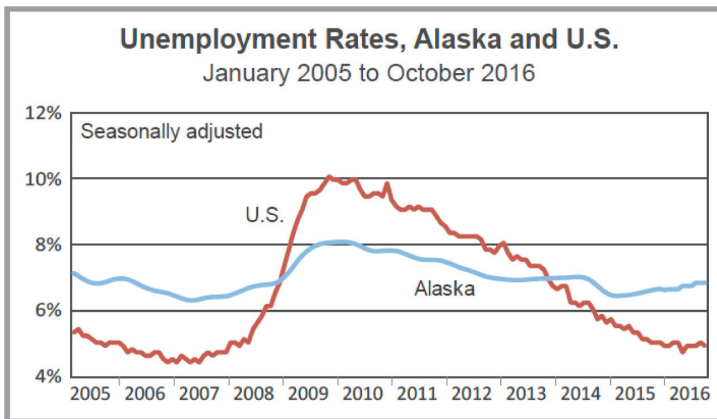


Figure 1

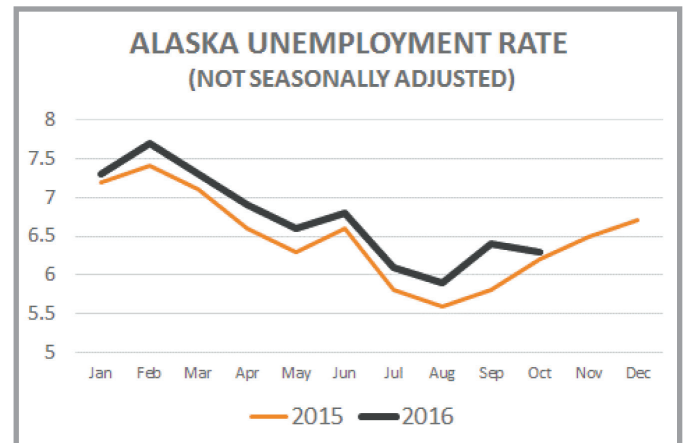


Figure 2

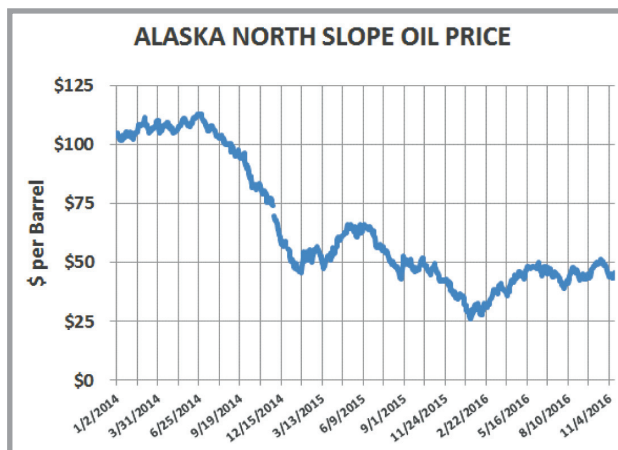


Figure 3

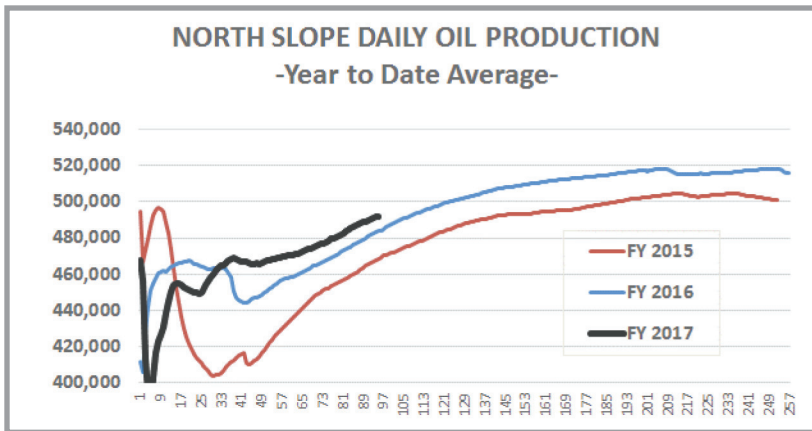


Figure 4

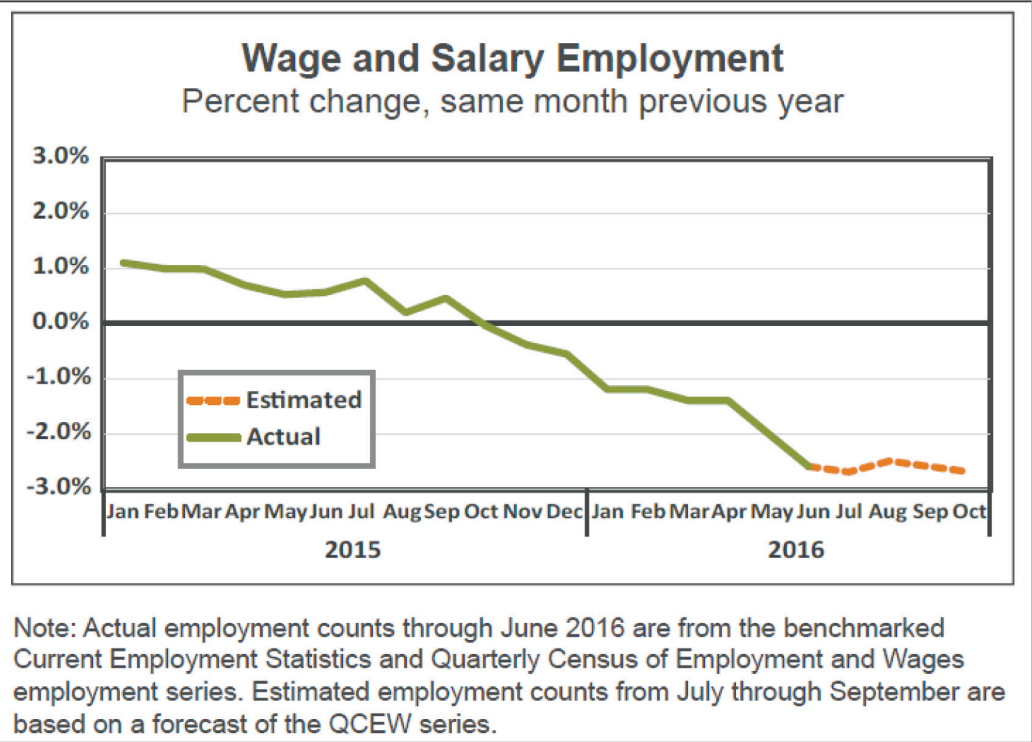


Figure 5

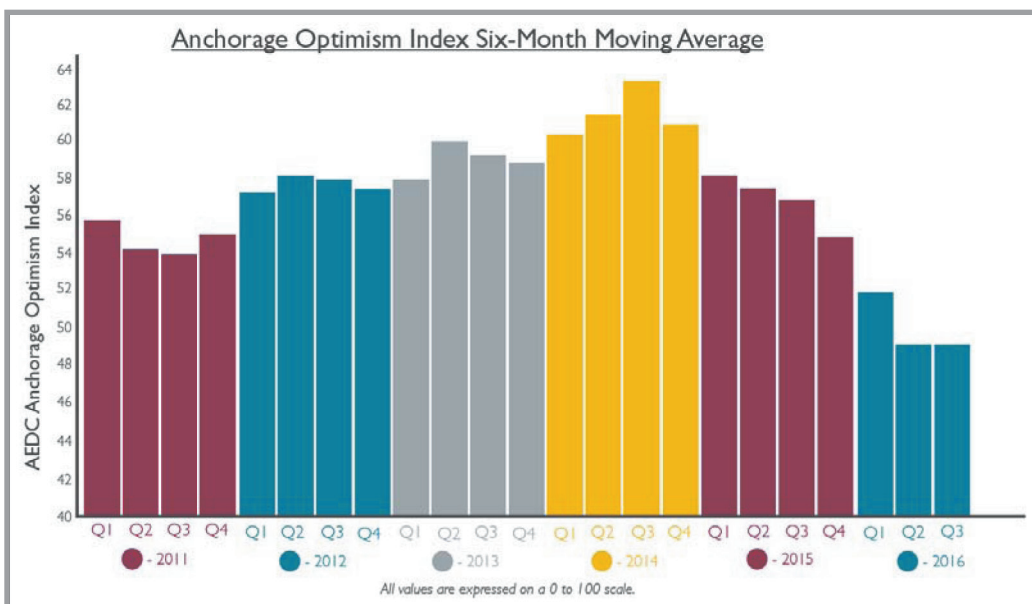


Figure 6

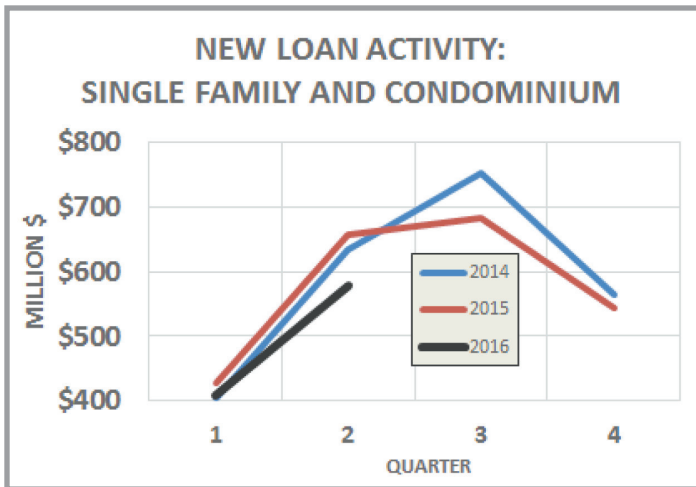


Figure 7

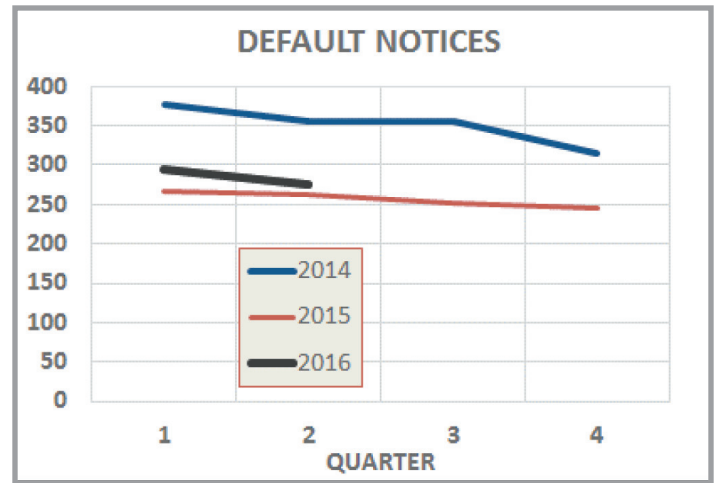


Figure 8



Figure 9



Figure 10