

# 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.*

## **December Unemployment Rate Essentially Unchanged From November**

The December 2016 seasonally adjusted unemployment rate for Alaska was 6.7 percent, slightly less than the 6.8 percent rate in November. The comparable national rate for December was 4.7 percent, up from 4.6 percent a month earlier. **Figure 1**

The Alaska raw unemployment rate (not seasonally adjusted) was 6.5 percent, slightly below a year earlier. **Figure 2**

## **Wage and Salary Employment Down From Last Year**

December wage and salary employment (excluding the self-employed and active duty military) was down 7,600 in December compared to December of last year according to preliminary data from the Alaska Department of Labor. Employment increased only in the health care sector. **Figure 3**

The unemployment rate did not increase much last year because about 7,000 Alaskans chose to drop out of the labor force rather than join the ranks of the unemployed. Of those dropping out, an unknown number retired or left the state.

The rate of job growth has now been below the national average since 2013. **Figure 4**

Through the middle of 2016, only North Dakota (-4.9 percent) and Wyoming (-2.9 percent) contracted at a faster rate than Alaska.

In all three of these states, as well as West Virginia, the average wage also fell.

## **North Slope Oil Price Averaging \$48 This Fiscal Year**

The North Slope oil price has fluctuated in a range between \$50 and \$55 since the decision by OPEC to limit production was implemented at the start of January. **Figure 5**

This average is slightly higher than the \$47 December Alaska Department of Revenue forecast.

## **North Slope Oil Production at Same Level as Last Year**

North Slope oil production through mid-January of this fiscal year (2017) has averaged 517,000 barrels per day, about the same as last year but higher than the average of 501,000 for fiscal year 2015. **Figure 6**

If this production trend continues, production will exceed the December Alaska Department of Revenue forecast of 490,000 barrels per day by about 6 percent.

## **Broad-Based Payroll Employment Decline Forecast for 2017**

Wage and salary employment will decline 2.3 percent in 2017, about 7,500 jobs, according to the new Alaska Department of Labor statewide forecast. **Figure 7**

Declines for oil and gas, construction, and professional/business services are forecast to be less in 2017 than last year, but declines will be greater in 2017 in virtually all other sectors. **Figure 8**

## Forecasted Job Loss Will Hit Every Region of the State

The job loss has been forecast at 2.0 percent for Anchorage and Fairbanks and 1.7 percent for Southeast Alaska. The Alaska Department of Labor does not prepare a separate forecast for the Matanuska-Susitna Borough (Mat-Su), but employment continued to grow in the Mat-Su through 2016 so the economic slowdown there will likely be less than elsewhere. **Figure 9, 10, 11**

Employment has been falling in these markets since 2013.

## Modest Population Growth Resumed in 2016

The Alaska population increased 2,600, 0.36 percent, in 2016 according to the Alaska Department of Labor after 4 years of slowing growth. For the 4th year in a row net out-migration offset a large share of the natural increase (births minus deaths). **Figure 12**

Growth was concentrated in the Mat-Su Borough where population increased 2,600 — 2.6 percent. Smaller increases were reported for the Kenai Peninsula, Anchorage, Fairbanks and seven other census areas. Juneau and Kodiak reported the largest losses. Declines were also reported in 16 other census areas. **Figure 13**

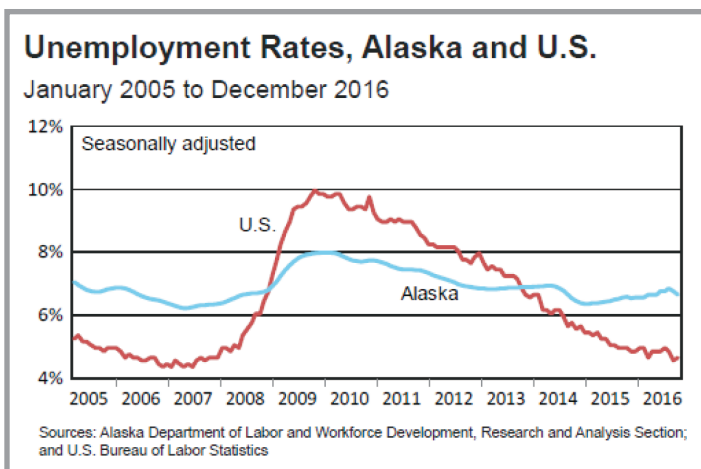


Figure 1

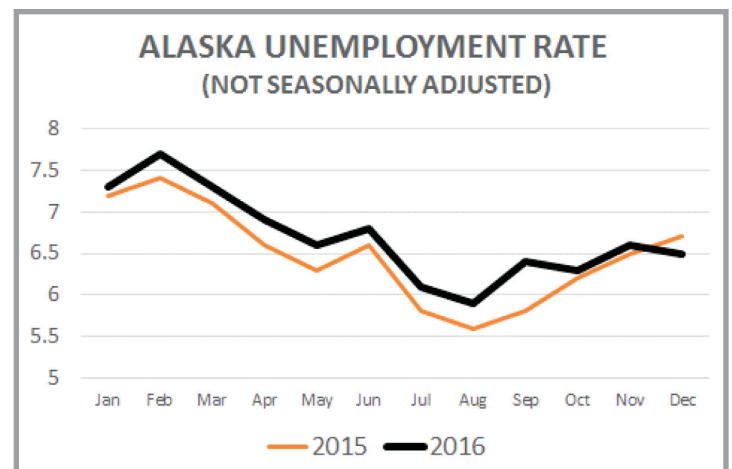


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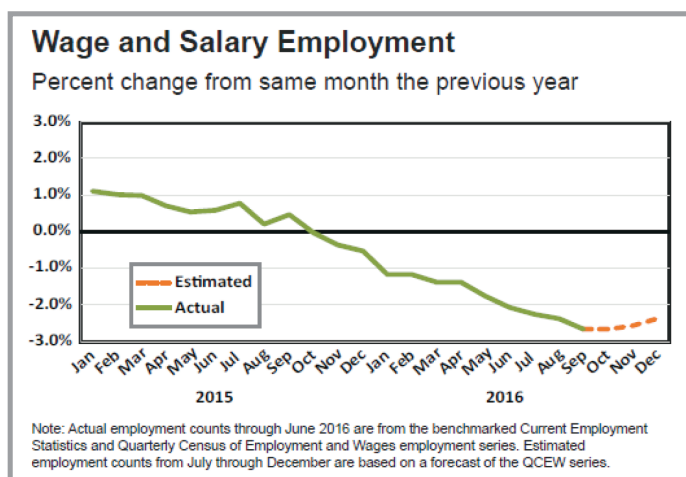


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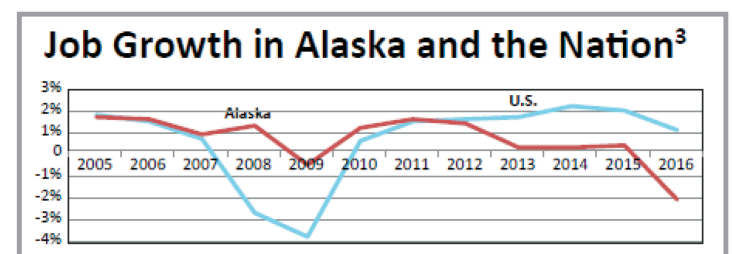


Figure 4

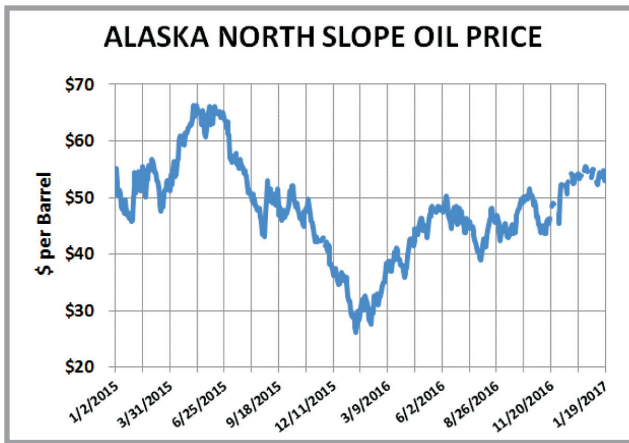


Figure 5

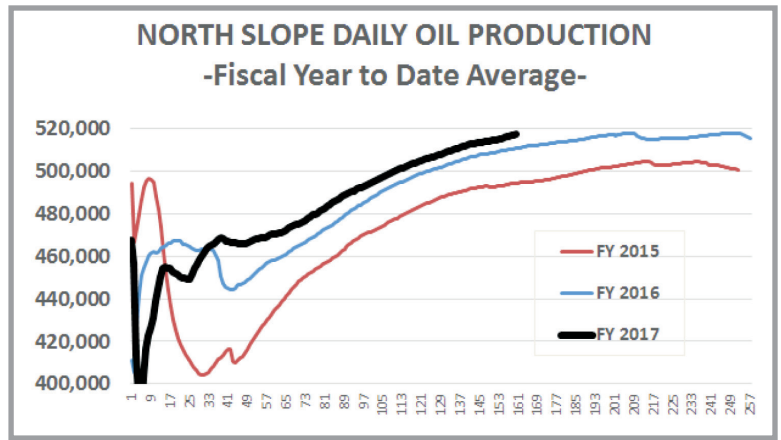


Figure 6

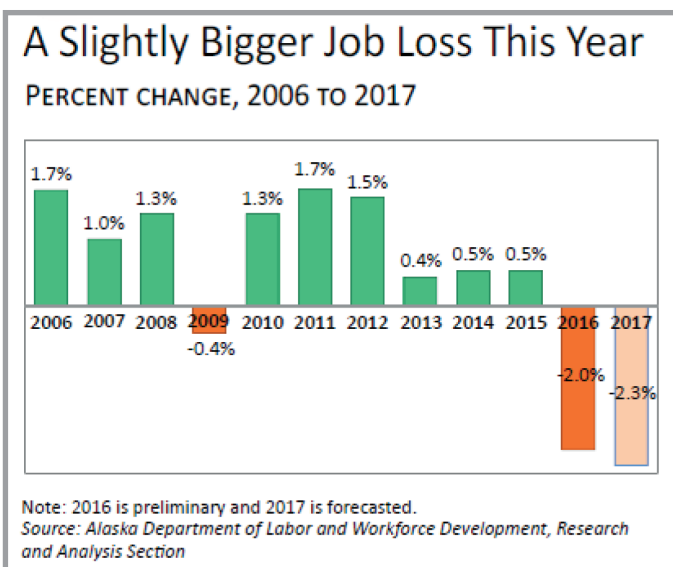


Figure 7

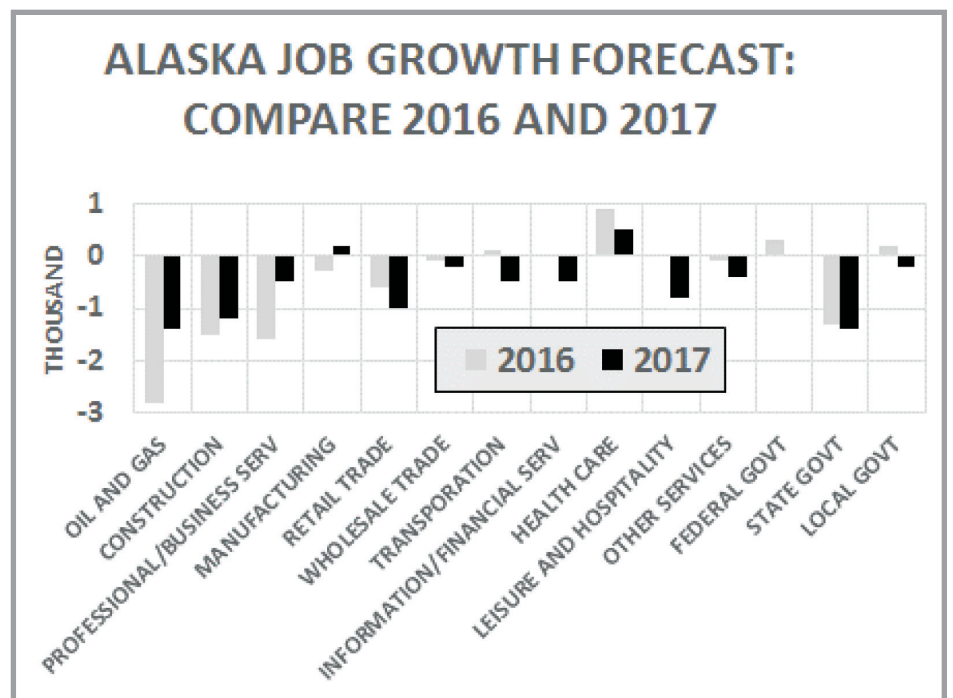
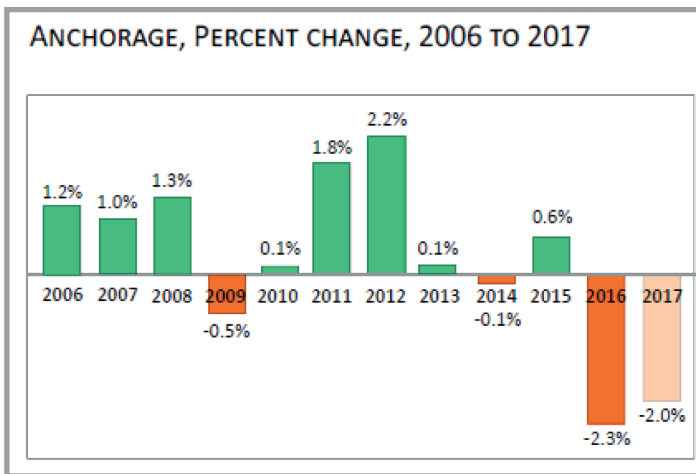
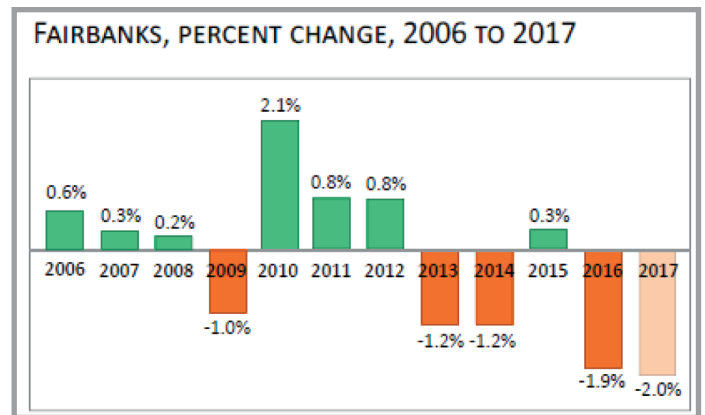


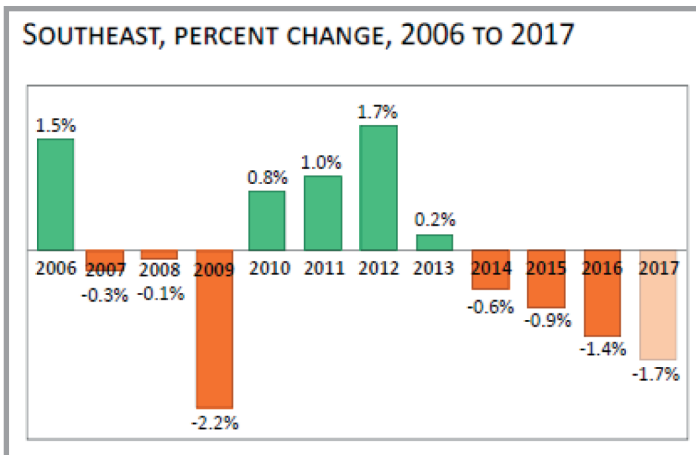
Figure 8



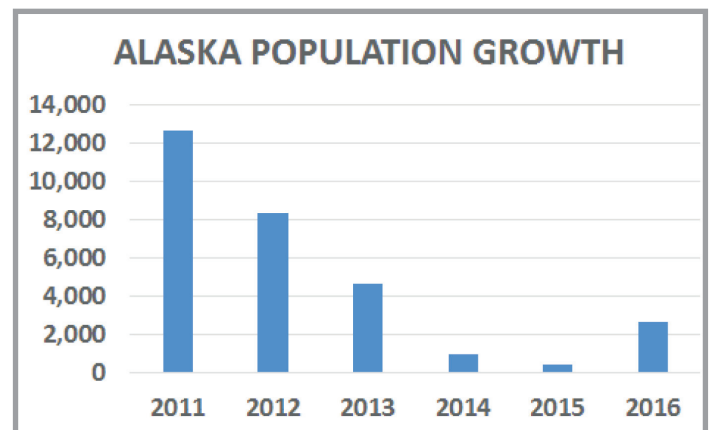
**Figure 9**



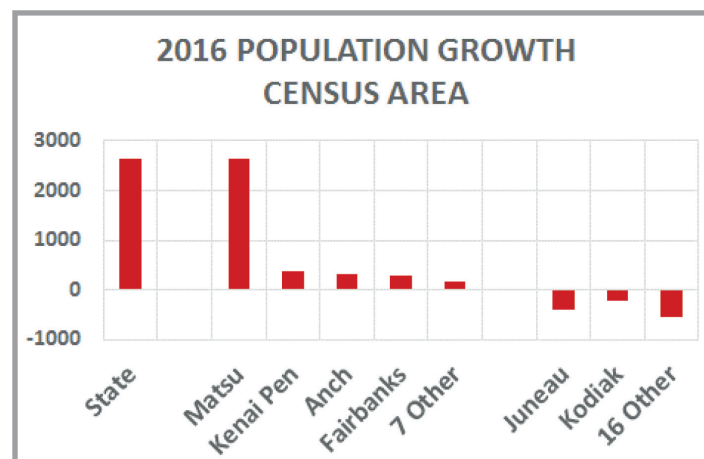
**Figure 10**



**Figure 11**



**Figure 12**



**Figure 13**