

ALASKA'S ECONOMY

Understand it. Support it. Grow it.



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Scott Goldsmith, Professor Emeritus of Economics, Institute of Social and Economic Research at the University of Alaska Anchorage, shares his views on the Alaska economy.

January Unemployment Rate to Publish in March Edition

The January 2017 seasonally adjusted unemployment rate for Alaska will be available in the March edition so that annual year-end revisions may be included.

Job Count 10,000 Lower in September Compared to Prior Year

September wage and salary employment (excluding the self-employed and active duty military) was 10,000 less than the same month in 2015 according to the final job count of the Alaska Department of Labor. The drop has increased each month since late in 2015, indicating a deepening recession (measured by employment). **Figure 1**

The decline in employment in Alaska for 2016 was most recently estimated to be -1.4 percent by the Bureau of Labor Statistics. This rate of decline was exceeded only by Wyoming (-2.8) and North Dakota (-1.8). The Alaska growth rate has been below the US average since 2013.

Mat-Su was the only region of the state where employment continued to increase in 2016, albeit at a slowing rate. Employment was about 250 higher in the third quarter of the year compared to 2015. Retail trade experienced the most significant decline. **Figure 2**

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 3**

This average is slightly higher than the December Alaska Department of Revenue \$47 forecast for fiscal year 2017.

North Slope Oil Production at Same Level as Last Year

North Slope oil production through the first two-thirds of this fiscal year (2017) has averaged 523,000 barrels per day, about 1 percent higher than last year at this time, and 5 percent higher than 2015. **Figure 4**

If this production trend continues, production will exceed the December Alaska Department of Revenue forecast of 490,000 barrels per day by 7 percent.

Alaska Forecasted to Lose 25 - 33,000 Jobs in Three Years

Northern Economics, a private Alaska consulting firm, has estimated Alaska will lose an additional 25 - 33,000 jobs over the next three years. (The higher figure assumes a significant cut in the state operating budget.) Employment, including the self-employed, would begin to recover by 2020 but growth would be slow through 2026. Slowing of the growth in health care spending, which has been an economic driver for several years, would be an important factor contributing to the weak performance of the economy. **Figure 5**

Population is also forecast to decline by 32 - 34,000 through 2026. **Figure 6**

Anchorage Employment Projected to Fall 1.4 Percent in 2017

Anchorage wage and salary employment is expected to fall by 1.4 percent, about 2,200 jobs, in 2017 according to the Anchorage Economic Development Corporation, based on a report prepared by the McDowell Group. This follows a loss of about 2,700 jobs in 2016 and would represent a seven-year low. **Figure 7**

Anchorage population is projected to decline about 1,500 in 2017, a loss of about 0.5 percent. **Figure 8**

Anchorage Business Confidence Index for 2017 Rises

The annual Anchorage Business Confidence Index, prepared by the McDowell Group for the Anchorage Economic Development Corporation, rose slightly at the start of 2017 from its low point last year. **Figure 9**

A slightly larger share of respondents this year expect their gross sales, net profits, and capital expenditures to increase, but a smaller share of respondents expects an increase in the number of workers they employ.

Business optimism about the overall Anchorage economy remains low for the coming year. **Figure 10**

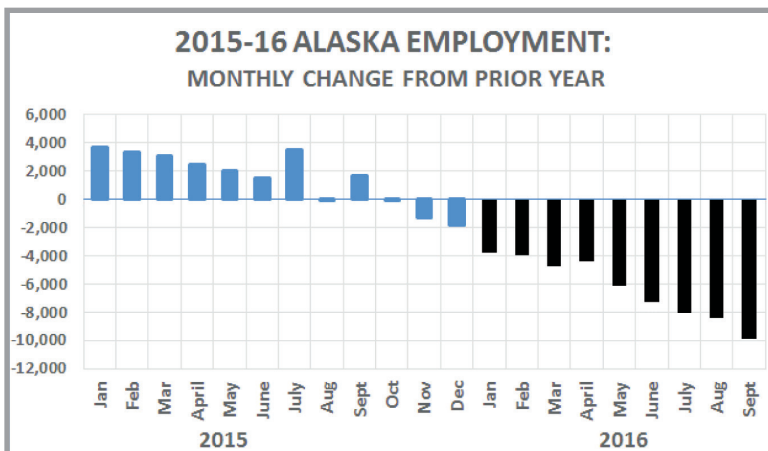


Figure 1

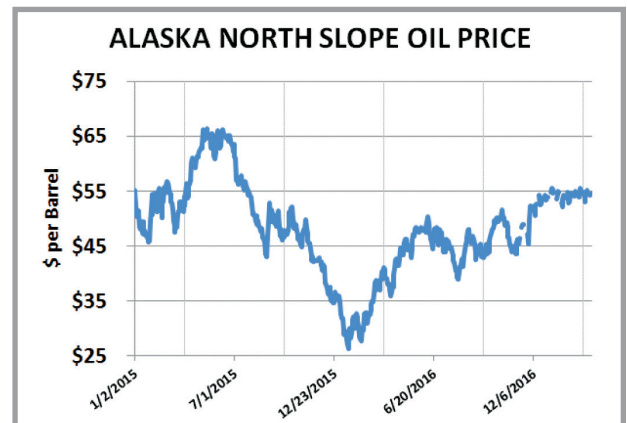


Figure 3

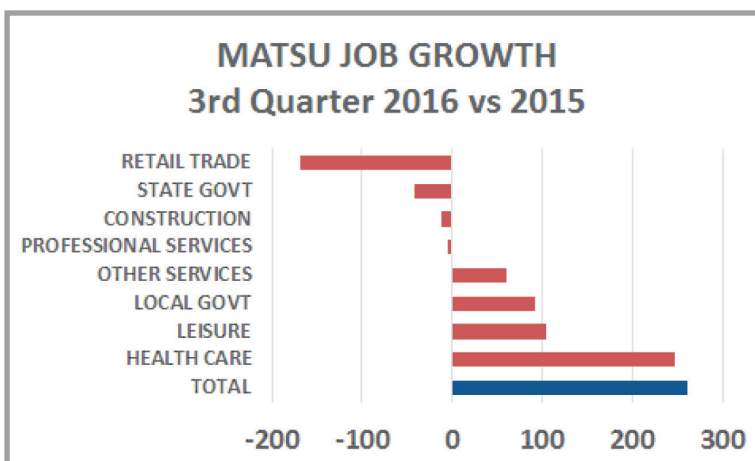


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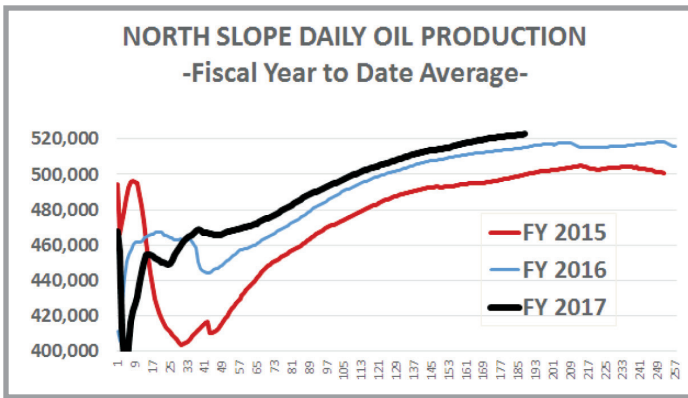


Figure 4

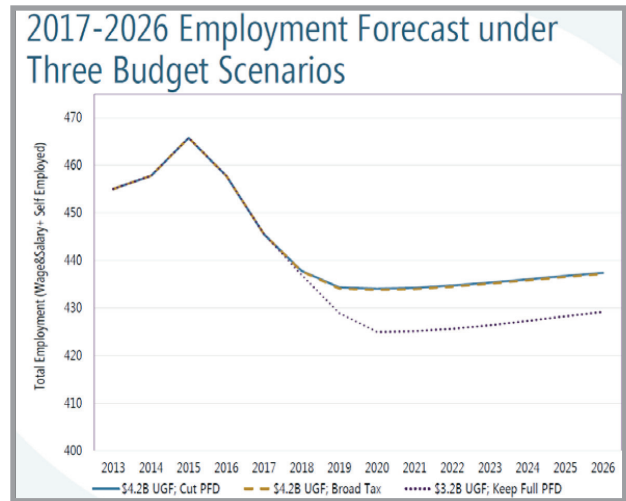


Figure 5

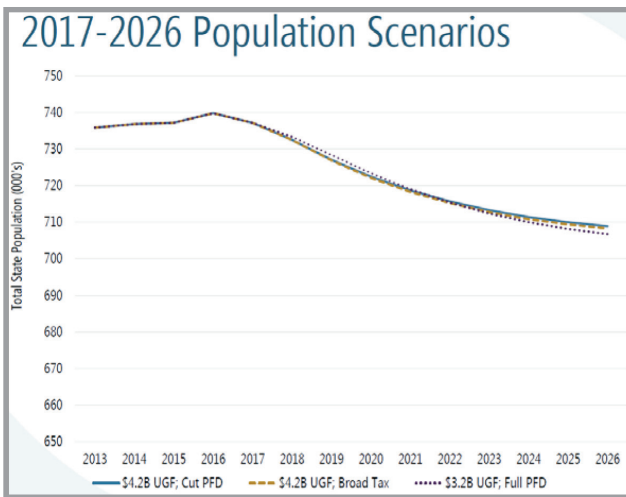


Figure 6

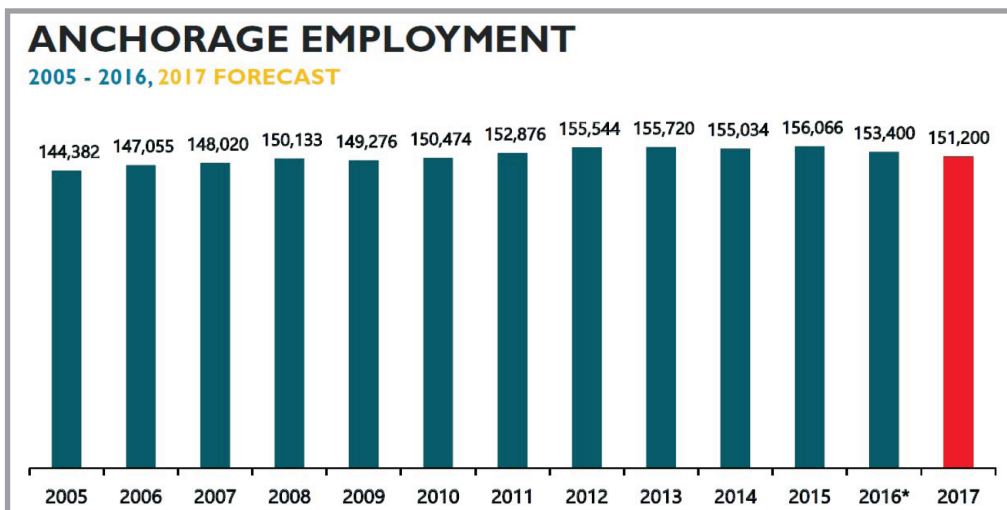


Figure 7

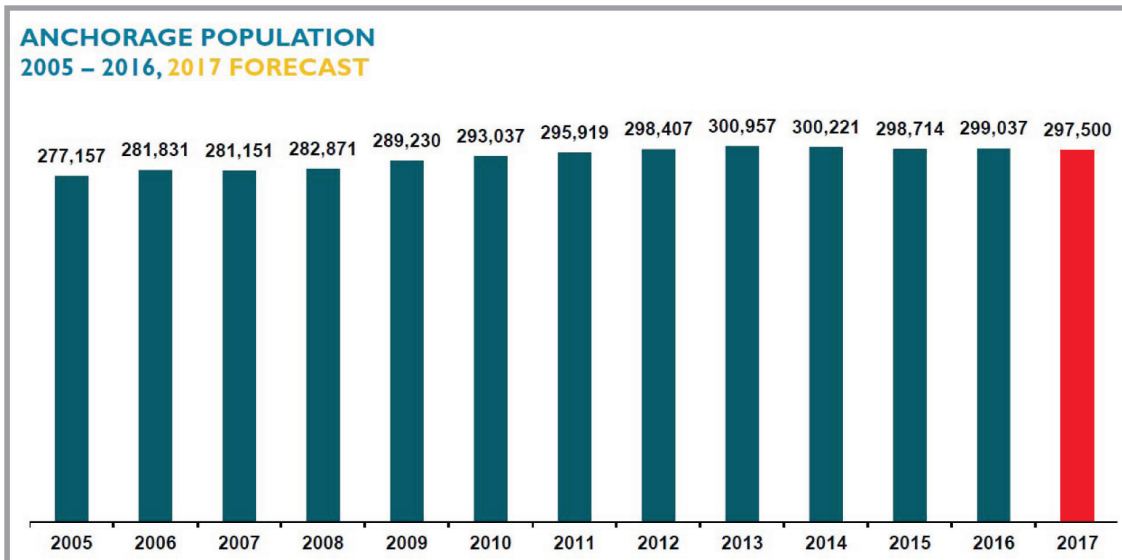


Figure 8

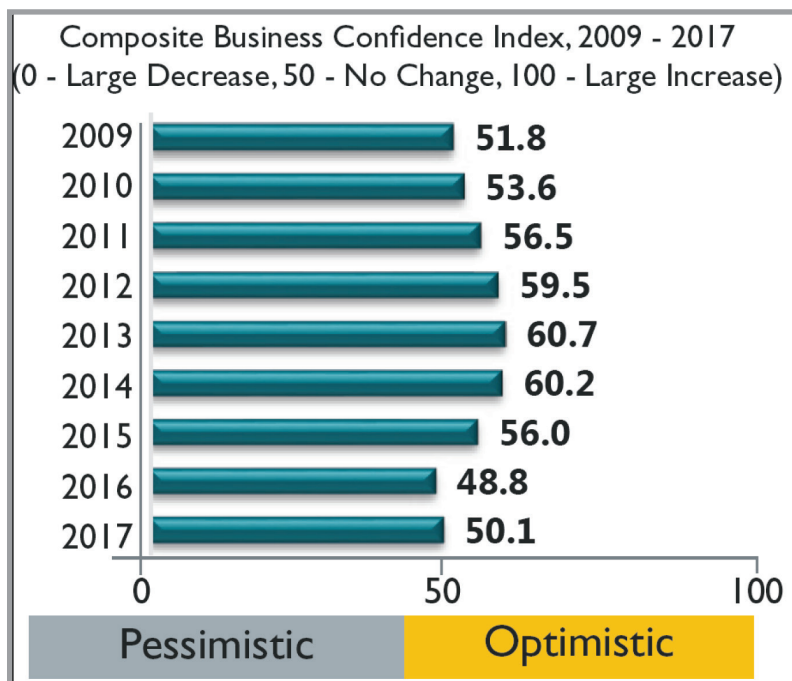


Figure 9

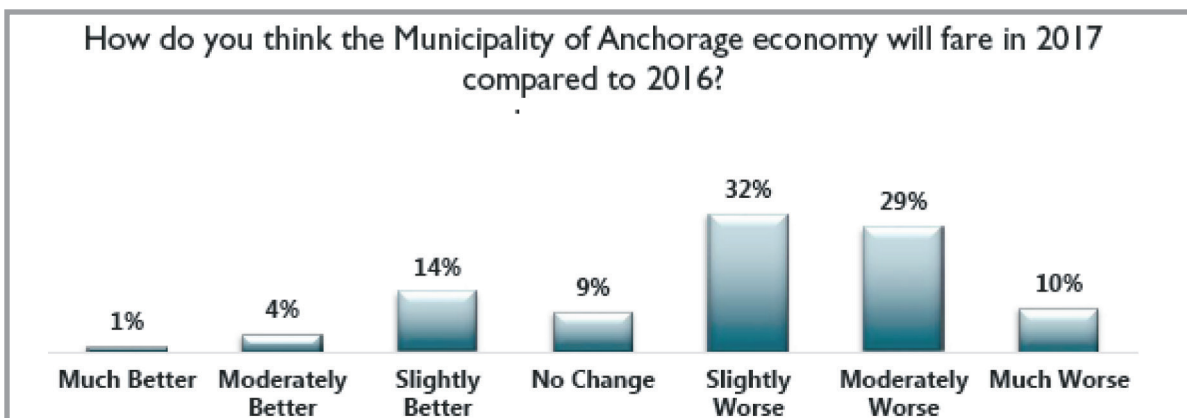


Figure 10