

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 up Slightly to 6.5 Percent

The December 2015 seasonally adjusted unemployment rate for Alaska was 6.5 percent, up from 6.4 percent in November. The national rate for December was 5.0 percent, unchanged from the previous month. **Figure 1**

Rates under 5 percent (not seasonally adjusted) were reported in Anchorage, Juneau, and the North Slope Borough. Rates over 20 percent were reported in Skagway and Kasilvak (formerly Wade Hampton) Census Areas.

North Slope Oil Price Averages \$45 This Fiscal Year

The North Slope oil price has averaged \$45 per barrel this fiscal year starting in July. The Alaska Department of Revenue forecast is for a price averaging \$50 through the fiscal year. **Figure 2**

The price has been less than \$40 since early December, and in early January it fell below \$30. A continuing oversupply in world markets and a strong US dollar are combining to hold down the price.

North Slope Oil Production 5 Percent Higher This Year

North Slope oil production through mid-January of fiscal year 2016 has averaged 508,000 barrels per day. This is about 25,000 barrels per day (5 percent) higher than last year. This is also slightly higher than the 500,000 barrels per day forecast by the Alaska Department of Revenue. **Figure 3**

Employment Growth in 2015 Estimated to Have Been .5 Percent

Alaska is estimated to have added 1,700 jobs in 2015 for a growth rate of .5 percent according to the Alaska Department of Labor. The growth rate in jobs has now lagged behind the US for three years in spite of strong performance in both the oil and gas and construction sectors. **Figure 4**

Employment in Three Key Sectors Weakened Towards the End of 2015

Preliminary data from the Alaska Department of Labor shows a significant drop in jobs in three important sectors of the economy in the second half of 2015. State government employment fell throughout the year due to budget cuts. Professional and business services employment, a leading indicator of activity in construction and petroleum, has trended downward for more than a year. And mining and logging employment (primarily petroleum), started to decline during the second half of the year. **Figure 5**

Strength in Three Sectors Kept Employment Growth Positive in the Second Half of 2015

Growth in employment in three sectors kept the economy growing during the second half of 2015. Health care (the majority of health and education services) resumed its long run expansion after a pause in 2014. Retail trade continued to trend upward, perhaps buoyed up by the largest ever Permanent Fund Dividend in 2015. And construction employment was surprisingly strong throughout the year. Employment in both retail trade and construction will contract in 2016. **Figure 6**

Small Job Loss for Alaska Forecast for 2016

The Alaska Department of Labor forecasts a statewide job loss of 2,500 in 2016, about .7 percent. The loss is forecast to be concentrated in the oil and gas and construction industries as well as state government. The “ripple effect” of these losses is not likely to extend to other industries this year. Health care would be the only industry with significant growth. **Figure 7**

Most Job Losses Forecast to be Concentrated in Three Regions

Anchorage is forecast to lose 1,200 jobs, about .8 percent. Losses will be concentrated in the oil and gas, construction, and business services sectors, as well as in state government employment. Health care and tourism will be the strongest sectors. **Figure 8**

Fairbanks is forecast to lose 200 jobs, about .5 percent, because of weakness in state operating spending, including the University of Alaska, and contraction in active duty military. Construction spending will be one bright spot. **Figure 9**

Southeast Alaska is forecast to lose 500 jobs, about 1.4 percent as state government employment continues to contract. Tourism will be the only positive sector. **Figure 10**

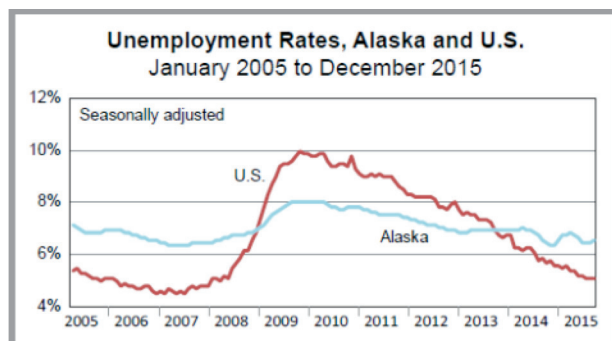


Figure 1

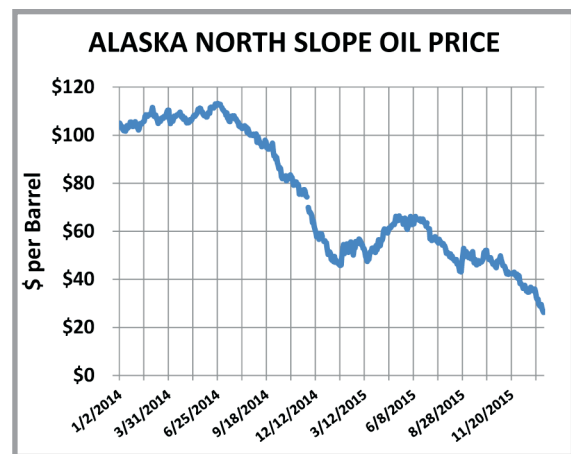


Figure 2

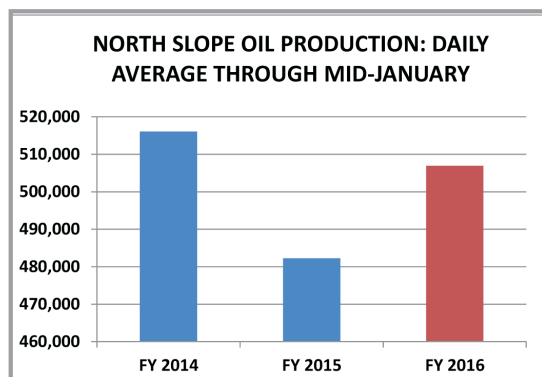


Figure 3

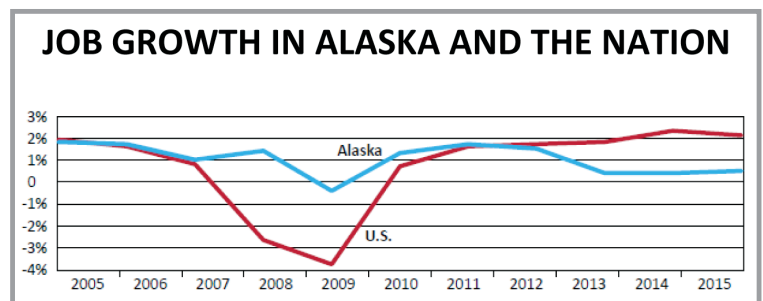


Figure 4

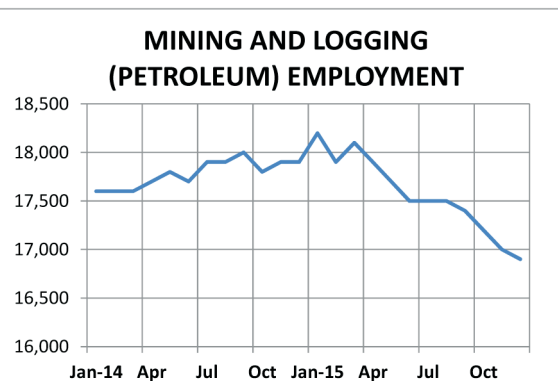
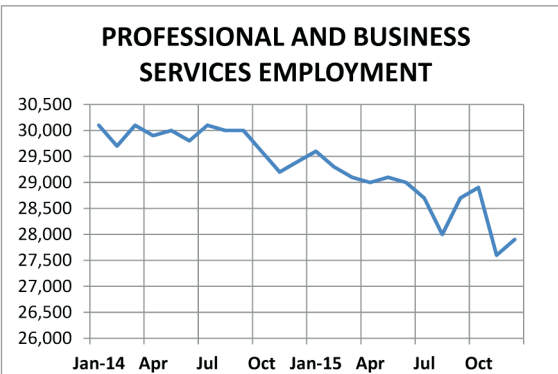
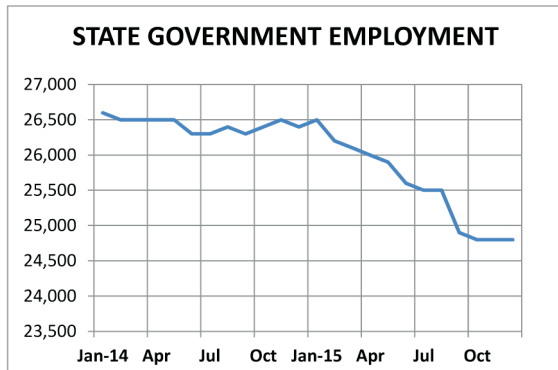


Figure 5

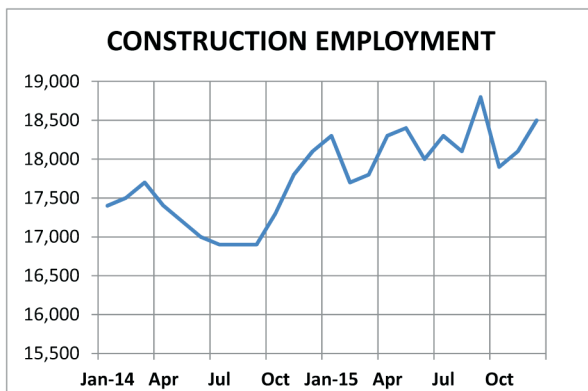
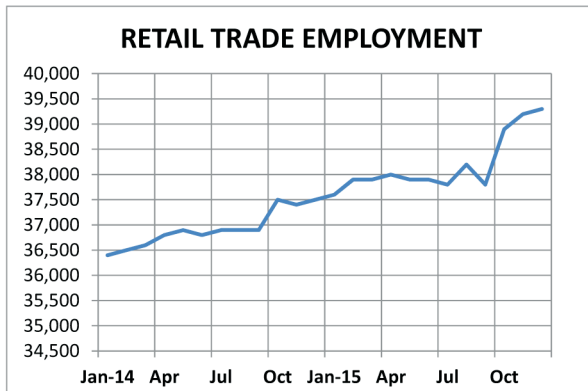
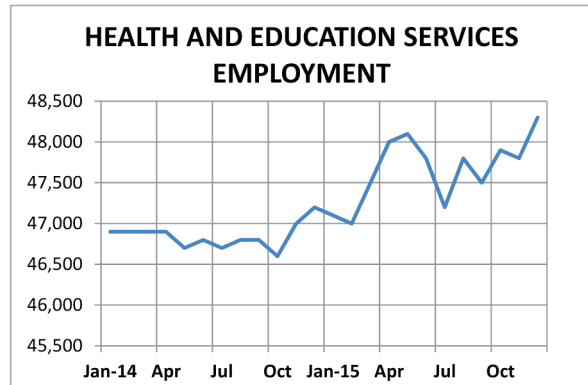


Figure 6

Minor Job Loss Likely Statewide

ALASKA EMPLOYMENT, 2005 TO 2016

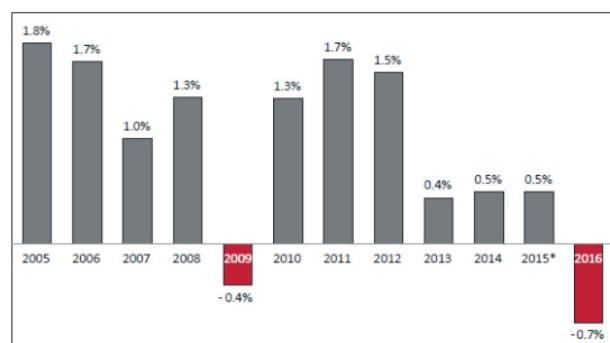


Figure 7

Anchorage Likely to Lose Some Jobs

ANCHORAGE EMPLOYMENT, 2005 TO 2016

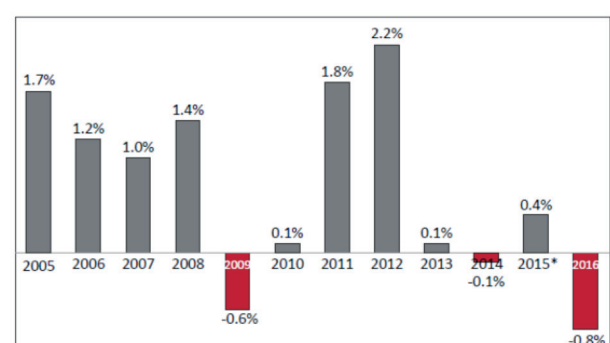
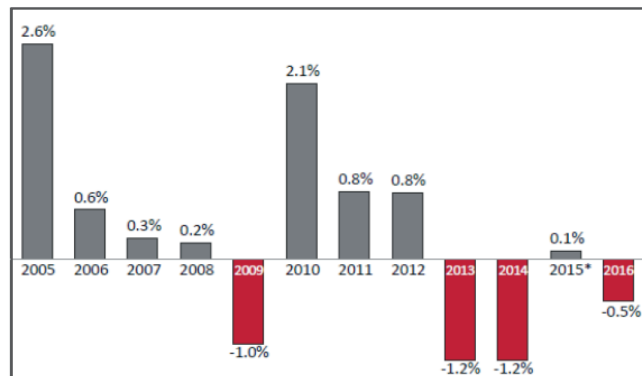


Figure 8

Small Loss to Follow Small Gain

FAIRBANKS EMPLOYMENT, 2005 TO 2016



FAIRBANKS MILITARY POPULATION, 2000 TO 2014

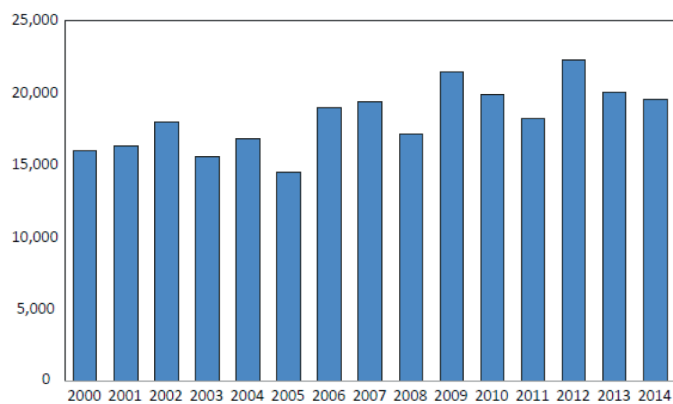


Figure 9

Southeast Faces Modest Job Loss

SOUTHEAST EMPLOYMENT, 2005 TO 2016

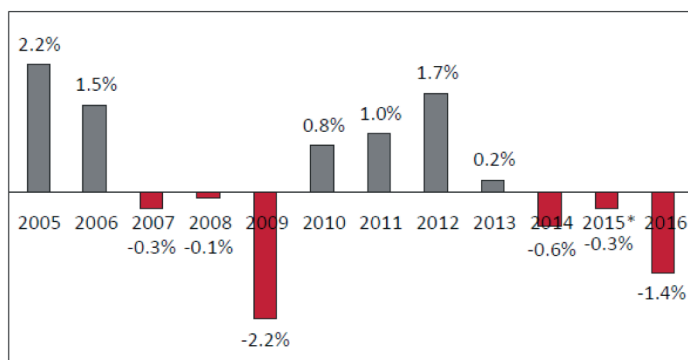


Figure 10