



*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.*

### **March Unemployment Rate Unchanged From February at 6.4 Percent**

The March 2017 seasonally adjusted unemployment rate for Alaska was 6.4 percent, unchanged from the previous month. The comparable national rate continued to fall. It was 4.5 percent in March, a drop of 0.2 percent from February. **Figure 1**

The Alaska rate remained relatively steady last year despite falling employment because the labor force declined, at least partially due to retirements and outmigration.

Only New Mexico had a higher unemployment rate in March than Alaska's 6.7 percent. The lowest rate, 2.6 percent, was reported in Colorado.

### **Job Count in March Down 7,100 From a Year Earlier**

Preliminary estimates show employment in March to be 7,100, or 2.1 percent, lower than March of 2016. This drop is marginally higher than February which was 6,500 lower than a year earlier. **Figure 2**

Although substantial losses continued in oil, construction, state government, and professional and business services tied to the oil and construction industries, the decline in employment has now spilled over into the retail trade and consumer service sectors.

The 2 percent drop in retail employment was 47th worst in the nation. Retail employment increased 4.5 percent in Washington, the best performance among the states. In contrast, Wyoming retail employment fell by 3 percent.

Health care and local government were the only industries continuing to experience growth.

Economic performance in Alaska, as measured by job growth, has lagged the nation since 2013. **Figure 3**

### **North Slope Oil Price Averaging \$49 This Fiscal Year**

The West Coast price of North Slope crude oil dropped below \$50 per barrel in early May but is still averaging \$49 for the 2017 fiscal year. The drop in the price is due to supply strength. Production from shale oil in the US continues to expand and offset the OPEC supply reduction. OPEC will meet in late May and may decide to extend the supply reduction beyond the originally agreed upon six-month time period. **Figure 4**

### **North Slope Oil Production 4 Percent Above Last Year**

North Slope oil production through April of this fiscal year (2017) has averaged 535,000 barrels per day, about 4 percent higher than last year, and 7 percent higher than 2015. **Figure 5**

If this production trend continues, production will exceed the December Alaska Department of Revenue forecast of 490,000 barrels per day by 9 percent.

## Residential Construction Lower but Market Stable

New housing construction fell for the second year in 2016 to 2,120 units, a decline of 12.5 percent. Anchorage experienced the most significant decline, from 850 to 423 units. The Mat-Su Borough added 929 units, about the same number as in 2015. Construction also declined in Fairbanks from 250 to 177 units. **Figure 6**

The average single-family house increased in price by 2.6 percent in 2016 to \$324,000, indicating that the market remains in balance. Sales declined about 11 percent, down to about 6,500. Prices were higher in most markets across the state. **Figure 7**

## Anchorage Hotel Revenues Down 4 Percent in 2016

Hotel gross revenues in Anchorage were down 4 percent in 2016 to \$242 million, following several years of strong growth. The decline is probably attributable to the slowdown in activity in the petroleum and business services sectors of the economy because the count of tourist visitors to the state increased in 2016. **Figure 8**

## Low Wages Dominate Recent Year-Round Job Growth

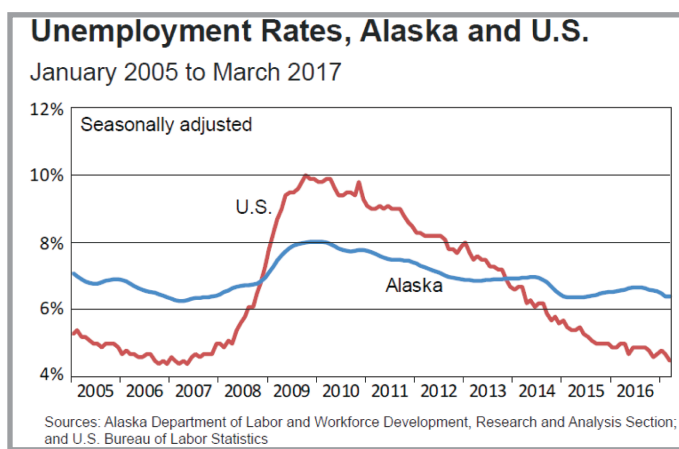
Year-round job growth has been concentrated in lower wage occupations since 1989 according to the Alaska Department of Labor. **Figure 9**

As a consequence, the share of year-round workers making relatively low wages of between \$20,000 and \$40,000 increased from 28 percent in 1989 to 34 percent in 2014. Those earning higher wages of between \$70,000 and \$150,000 fell from 34 percent to 26 percent. **Figure 10**

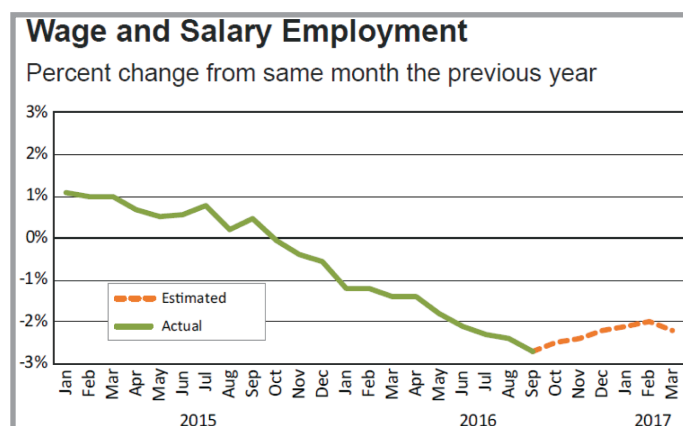
However, the share of workers making more than \$200,000, mostly in petroleum-related occupations, more than doubled from 0.8 percent to 1.7 percent.

Thus the overall wage distribution has become somewhat more unequal.

In spite of this, Alaska is the state with the lowest share of income captured by the richest 1 percent of the population.



**Figure 1**



**Figure 2**

## Job Growth in Alaska and the Nation

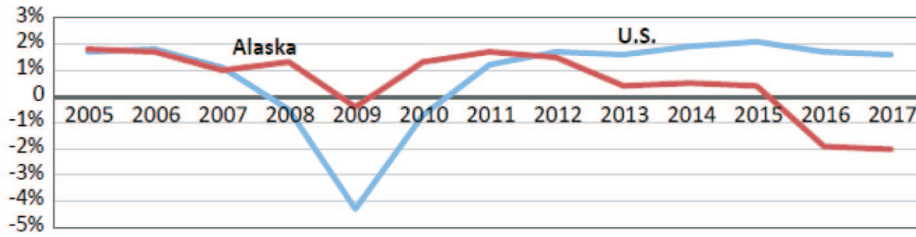


Figure 3

## ANS WEST COAST OIL PRICE

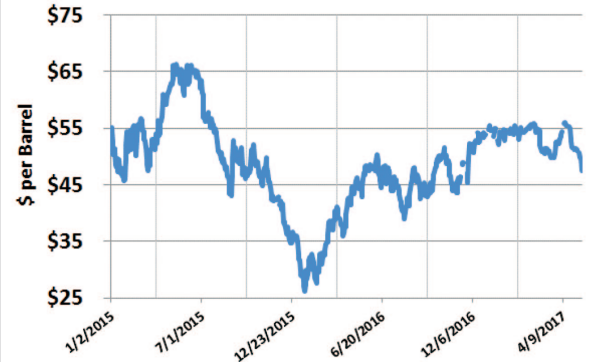


Figure 4

## NORTH SLOPE DAILY OIL PRODUCTION -Fiscal Year to Date Average-

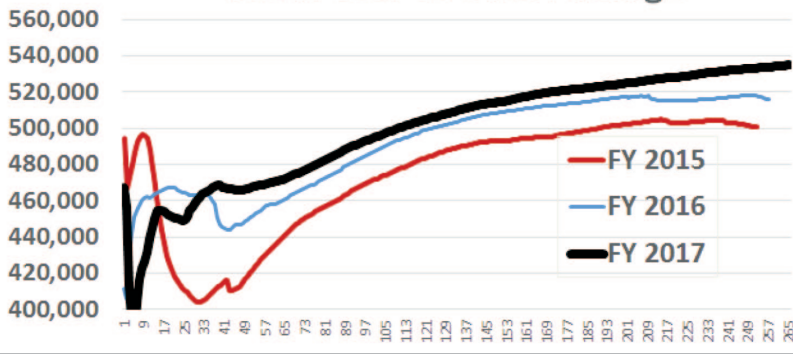


Figure 5

## Fewer New Homes Built in 2016

NEW RESIDENTIAL UNITS, ALASKA, 1993 TO 2016

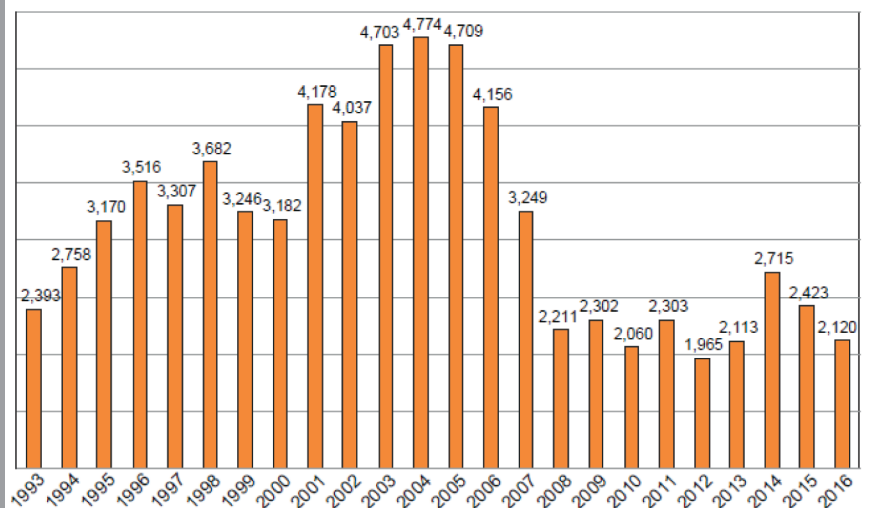


Figure 6

# 1

## Alaska's House Prices Mostly Steady

ALASKA AND U.S., AVERAGE SINGLE-FAMILY HOME, 2016

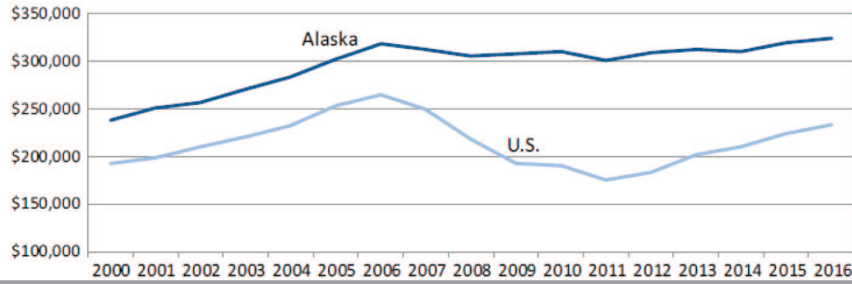


Figure 7

### ANCHORAGE GROSS ROOM RENTALS: PERCENT CHANGE FROM PRIOR YEAR

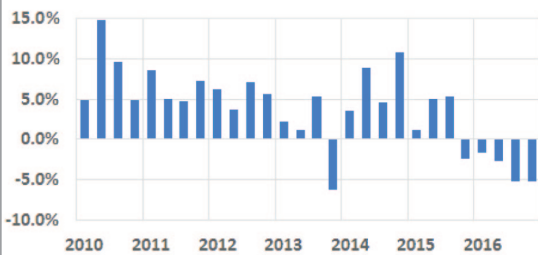
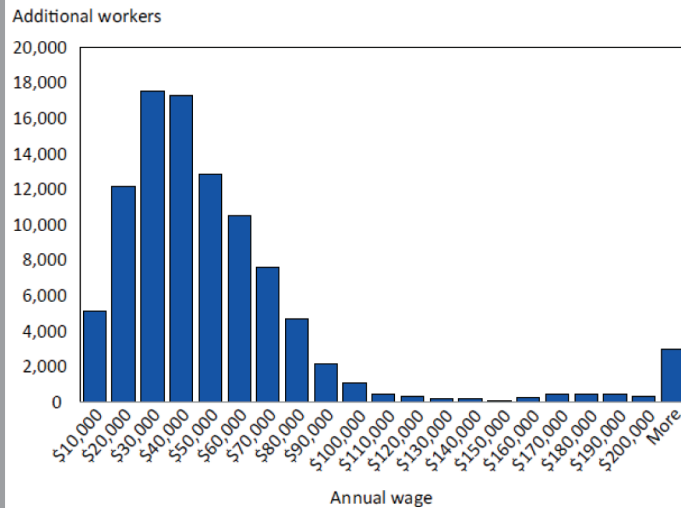


Figure 8

### ANNUAL WAGE OF YEAR-ROUND JOBS ADDED SINCE 1989

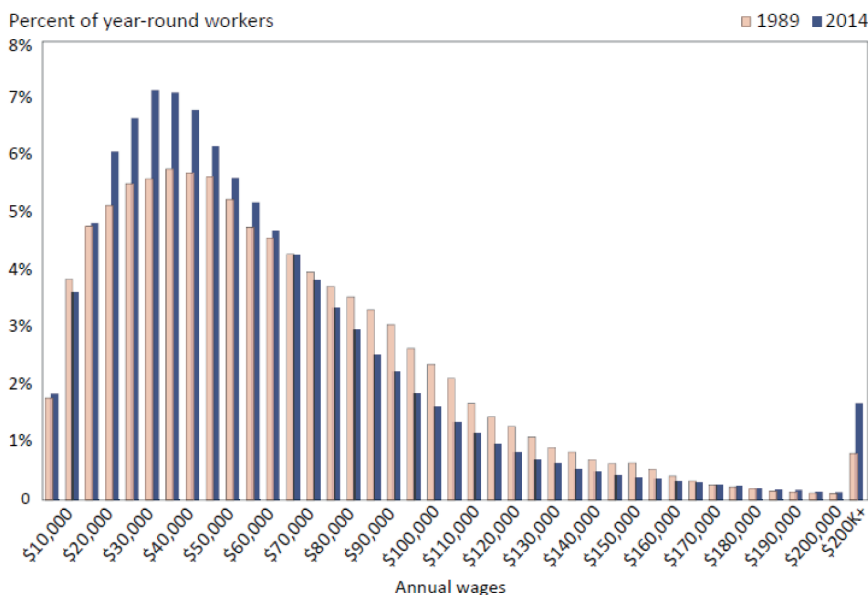


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Figure 9

### SHARE OF ALASKA YEAR-ROUND WORKERS BY WAGE LEVEL

ALASKA, 2014 VERSUS 1989



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Figure 10