

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.

April Unemployment Rate of 6.6 Percent Up Slightly From March

The April 2017 seasonally adjusted unemployment rate for Alaska was 6.6 percent, slightly higher than the 6.4 percent rate in March. The Alaska rate has been the highest or second highest in the nation for the last year. **Figure 1**

The national rate fell to 4.4 percent. It is now at its lowest level since before 2005. This is one of the factors that led the Federal Reserve to raise the interest rate last week from 1 percent to 1.25 percent.

Job Count in April Continues to be 2 Percent Below Last Year

Preliminary estimates show employment in April to be 6,600, or 2 percent, lower than April of 2016. Substantial losses continued in oil, construction, state government, and professional and business services tied to the oil and construction industries. Retail trade also recorded significant losses, suggesting declining consumer spending. Health care, local government, and leisure and hospitality were the only industrial sectors experiencing growth. **Figure 2**

North Slope Oil Price Averaging \$50 This Fiscal Year

The West Coast price of North Slope crude oil dropped below \$50 last month in spite of the decision by OPEC to extend production cuts for an additional nine months. However, the average price for this fiscal year (2017), \$50, is \$3 higher than the December forecast by the Alaska Department of Revenue. For the last year the price has fluctuated in a range between \$40 and \$55 as the world oil market has struggled to reach a stable balance. **Figure 3**

North Slope Oil Production 4 Percent Higher Than Last Year

North Slope oil production through early June 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 4**

Production for the entire fiscal year will probably exceed the December Alaska Department of Revenue forecast of 490,000 barrels per day by 9 percent.

AEDC Consumer Confidence Index Stable

Although the first quarter AEDC (Anchorage Economic Development Corporation) consumer confidence index, prepared by Northern Economics based on a survey of 350 households, fell in the first quarter, the six-month moving average index was stable. (The index can take a value between 0 and 100. A value greater than 50 indicates relative confidence in the economy.) **Figure 5**

The index has three components and only one—personal financial confidence—has been strong. The other two components—local economic confidence and future expectations—have been trending downward for the last two years. The local economic confidence index fell to 50 for the first time and the future expectations index was at 42.6 in the first quarter of 2017. **Figures 6 & 7**

Alaska Gross State Product Fell 5 Percent in 2016

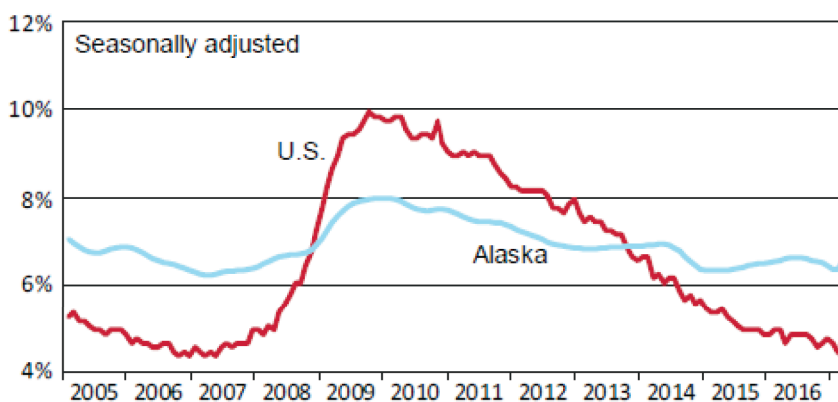
Alaska real gross domestic product declined 5 percent in 2016. The decline was primarily due to the drop in petroleum activity and was exceeded only by North Dakota where gross product fell by 6.5 percent. Wyoming also experienced a significant decline. **Figure 8**

However, Alaska GDP was unchanged between the third and last quarters of the year.

Total Alaska GDP has been trending downward since early in 2012. The decline is due to a drop in the value of petroleum production. Net of oil and gas, GSP has been relatively flat for the past five years. **Figure 9**

Unemployment Rates, Alaska and U.S.

January 2005 to April 2017



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Bureau of Labor Statistics

Figure 1

Wage and Salary Employment

Percent change from same month the previous year

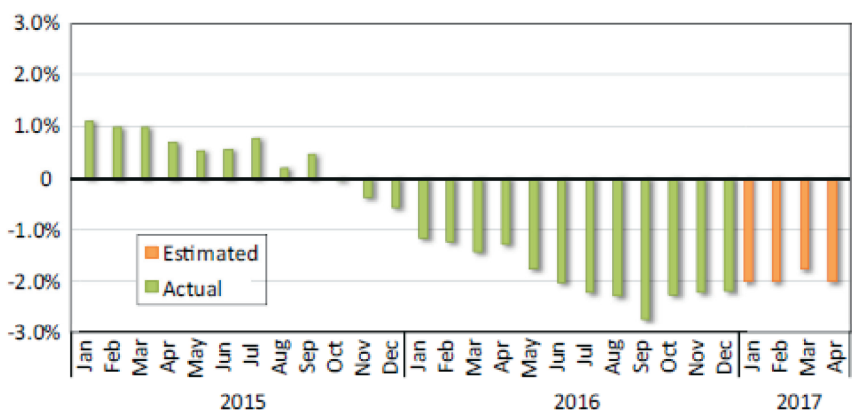


Figure 2

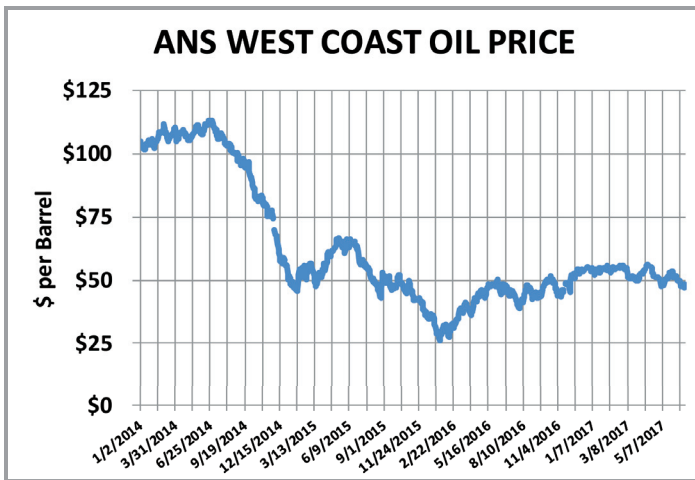


Figure 3

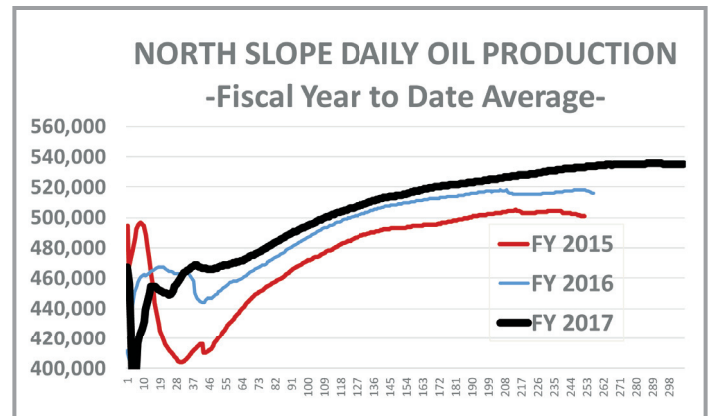


Figure 4

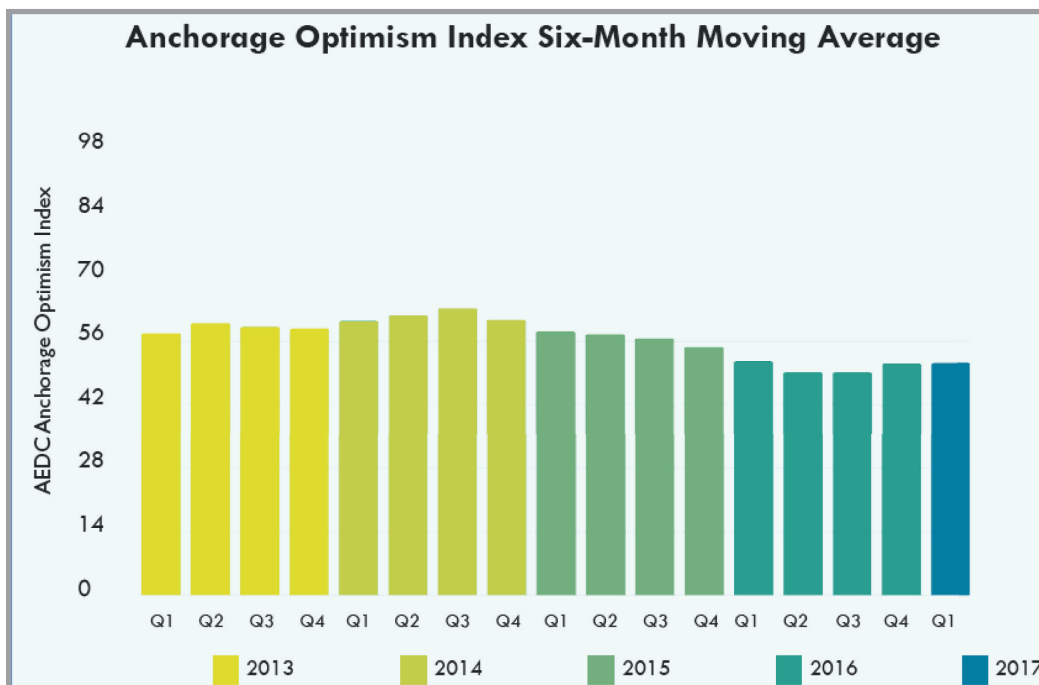


Figure 5

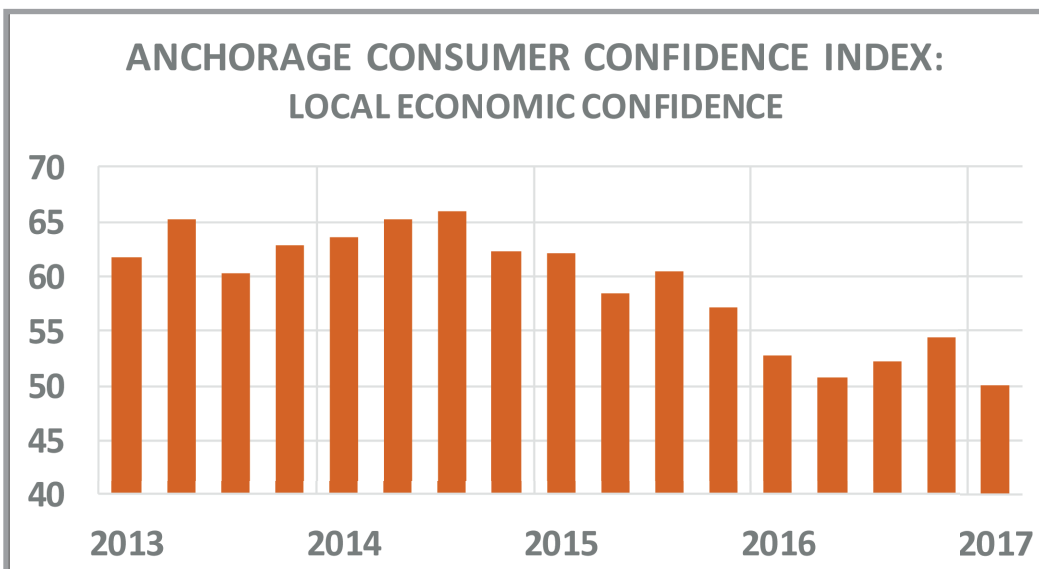


Figure 6

ANCHORAGE CONSUMER CONFIDENCE INDEX: FUTURE EXPECTATIONS

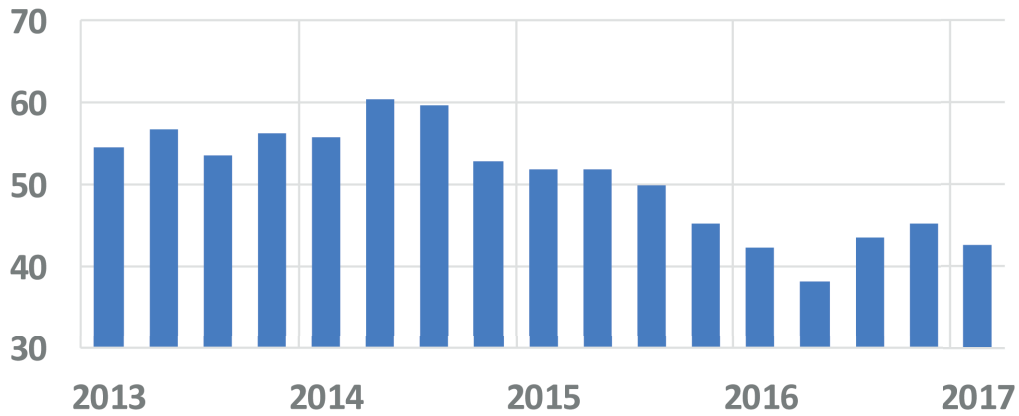


Figure 7

Chart 2. Percent Change in Real GDP by State, 2015–2016

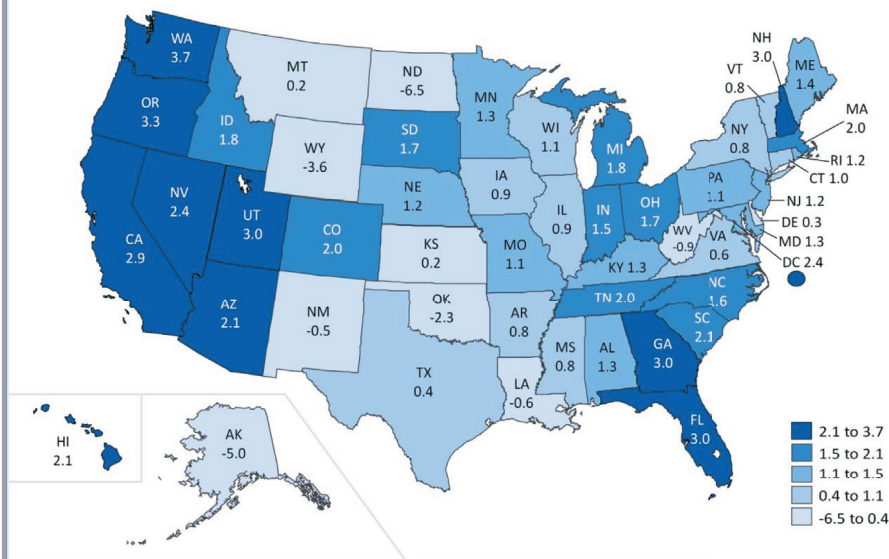


Figure 8

ALASKA GROSS DOMESTIC PRODUCT (GDP)

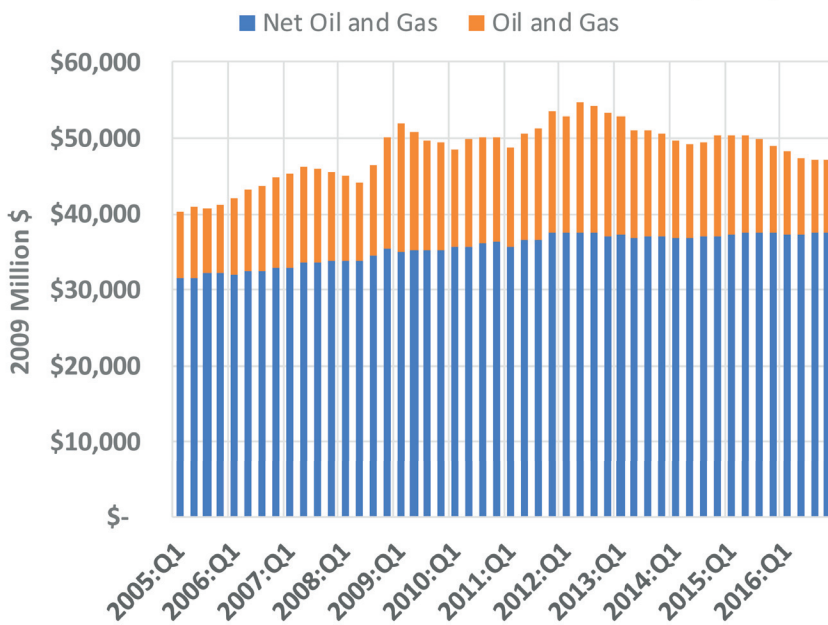


Figure 9