



*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.*

## **May Unemployment Rate of 6.7 Percent Highest in the Nation**

The May 2017 seasonally adjusted unemployment rate for Alaska was 6.7 percent, slightly higher than the 6.6 percent rate in April. The comparable national rate was 4.3 percent. The Alaska rate has changed little in the last year as the national rate has continued to fall. Stability of the Alaska rate is due to a drop in the labor force as employment has fallen. (This is reflected in a sharp rise in the share of interstate (non-Alaska) unemployment insurance claimants in 2016.) **Figure 1**

Alaska had the highest unemployment rate in the nation in May. The lowest rate was 2.3 percent reported in Colorado.

## **May Job Loss Worst in the Nation**

Preliminary estimates show employment in May to be 335,000 – 1.8 percent or 6,000, lower than May of 2016. Substantial losses were reported 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, leisure and hospitality, as well as local and federal government were the only sectors recording job growth. (The May 2017 employment estimate is below the 2012 level.)

Job growth in May in Alaska was the worst in the nation. Utah had the best performance, recording 3.3 percent growth over the year. **Figure 2**

All regions of the state reported declines in employment. The Northern Region, which includes the North Slope, experienced the largest percentage decline. Most of the petroleum workers on the North Slope who lost their jobs live in the other parts of the state. Consequently the job loss by place of residence would be higher for the greater Anchorage, Gulf Coast, and Interior regions than depicted in this graphic. **Figure 3**

## **North Slope Oil Price Averaged \$49 in Fiscal Year (FY) 2017**

The West Coast price of North Slope crude oil averaged \$49 per barrel in the fiscal year ending in June 2017. This was \$1 below the Alaska Department of Revenue spring forecast of \$50. The forecast for the next fiscal year is \$54 per barrel.

The price in early July has averaged \$48 as the world oil market continues to experience both supply and demand uncertainty in light of the OPEC decision to extend production cuts for an additional nine months. **Figure 4**

## **North Slope Oil Production in FY 2017 Ended 3 Percent Above 2016**

North Slope oil production ended FY 2017 with average daily production of 531,000 barrels per day — 3 percent higher than last year and nearly 6 percent higher than the 501,000 barrels per day produced in FY 2015. Production was 5 percent higher than forecast last spring by the Alaska Department of Revenue. The spring forecast for next fiscal year of 470,000 barrels per day has recently been informally revised upward to about 503,000 barrels per day.

The ANS production decline rate has fluctuated significantly from year to year and averaged 4.4 percent since 1989. In only three years has the decline rate been negative (positive growth in production). **Figure 5**

### Continued Strong Performance by Alaska Native Corporations

The 12 ANCSA Regional Corporations accounted for 57 percent of the gross revenue of the “Top 49” Alaskan-owned companies in 2016. Including the nine largest Native Village Corporations, the share was 74.5 percent. The Regional and Village ANCSA corporations on the “Top 49” list also accounted for 86 percent of all “Top 49” jobs and 68.8 percent of jobs created within Alaska. **Figure 6**

ANCSA Regional Corporation total revenue increased modestly in 2015 to \$8.7 billion. The share attributable to 8(a) contracting continued to decline and now stands at only 25 percent, down from 43 percent in 2010. **Figure 7**

Net income fell to \$240 million, but total dividends paid increased to \$167 million. **Figure 8**

Total 7(i) distributions (sharing of income among Corporations) increased in 2015 to \$132 million.

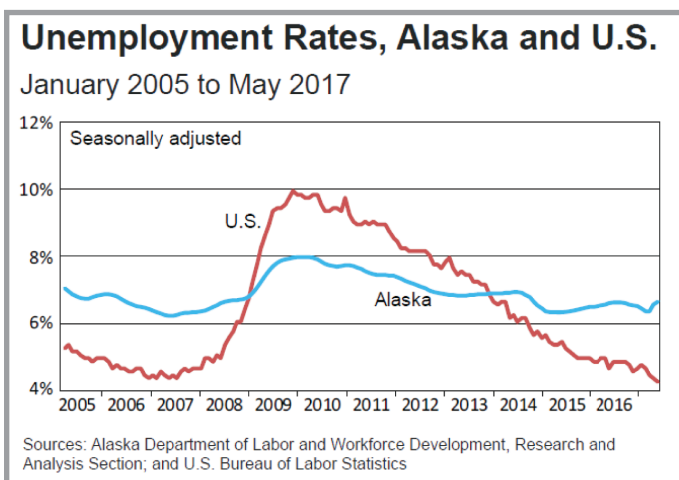
### Oil Industry Supports One in Three Wage and Salary Jobs

Primary companies in Alaska’s oil and gas industry (production, pipeline, and refining) reported about \$4.6 billion in Alaska vendor purchases in 2016 according to a new McDowell Group study. These purchases supported activity in industrial sectors as diverse as construction and food services. **Figure 9**

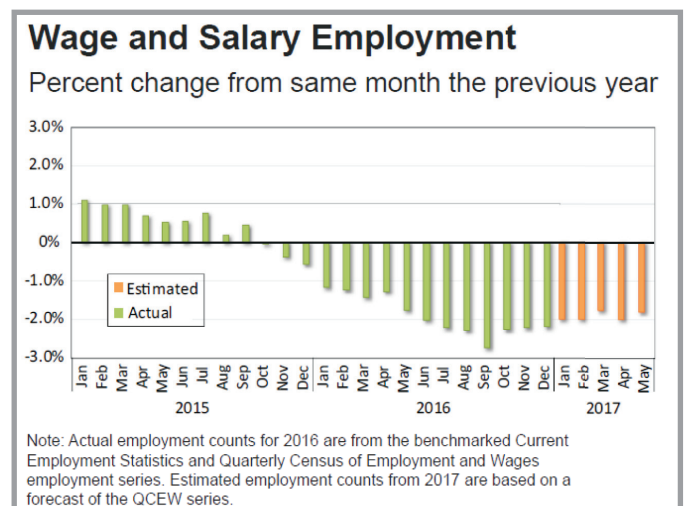
The employment and wage impacts of primary company spending in the private sector combined with funding support for Alaska’s state and local governments together accounted for about 104,000, or one third, of all wage and salary jobs in Alaska.

### US Oil Production Higher Last Year Than 2008 Except in Alaska and California

Alaska now accounts for only 6 percent of total US oil production and 0.6 percent of global supply. **Figure 10**



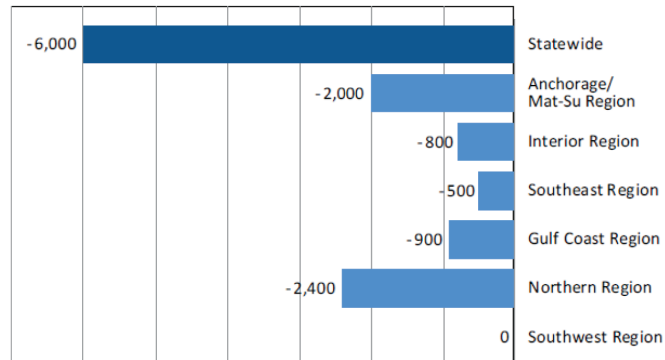
**Figure 1**



**Figure 2**

## Regional Employment

Change from May 2016 to May 2017



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

Figure 3

## ANS WEST COAST OIL PRICE

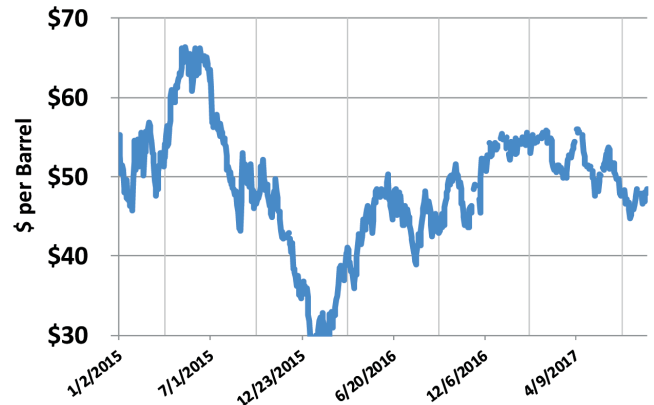


Figure 4

## ANS PRODUCTION DECLINE RATE

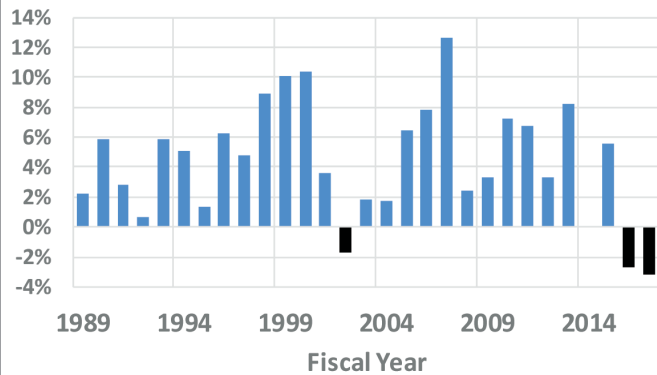


Figure 5

## IMPACT OF ANCSA CORPS

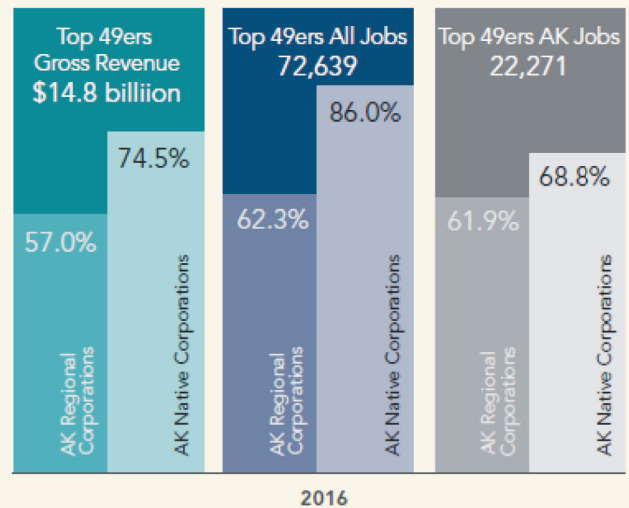


Figure 6

## ANCSA REGIONAL CORPORATIONS: TOTAL REVENUE (MILLION \$)

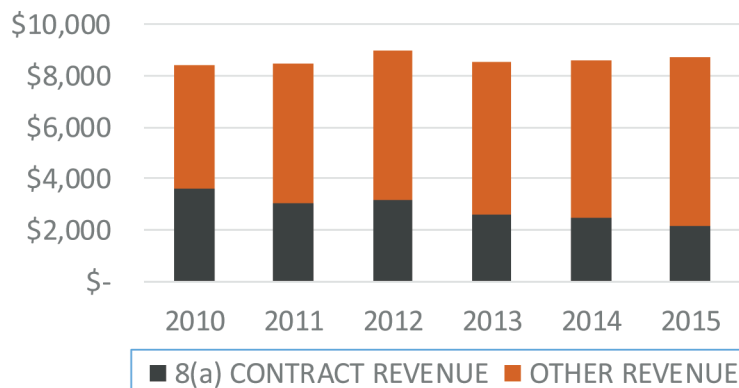
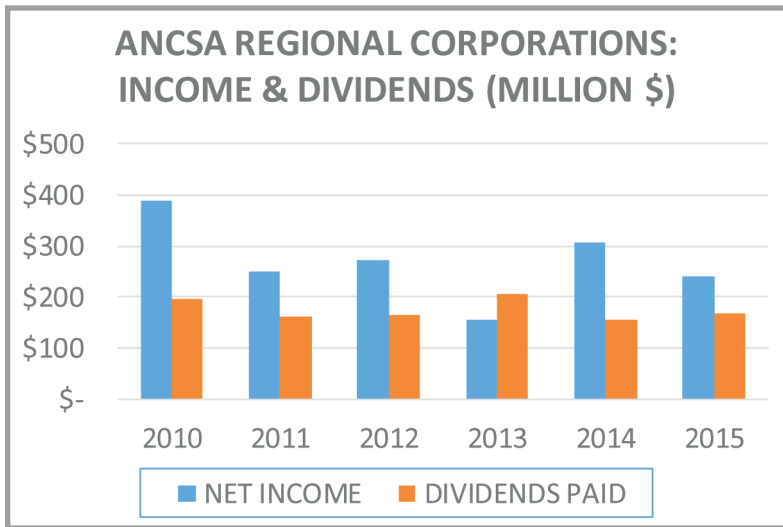
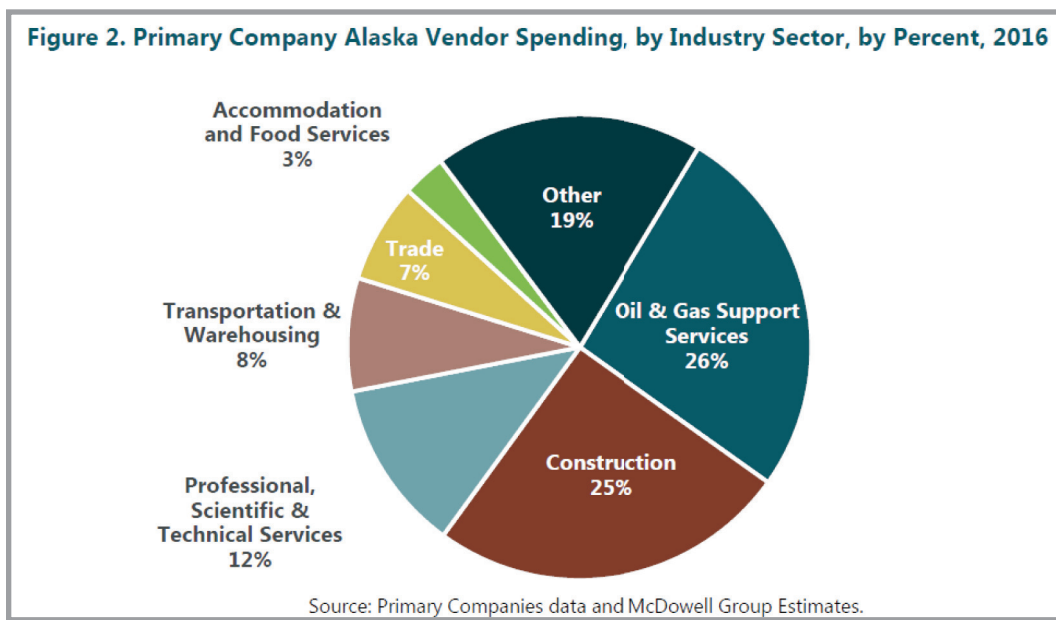


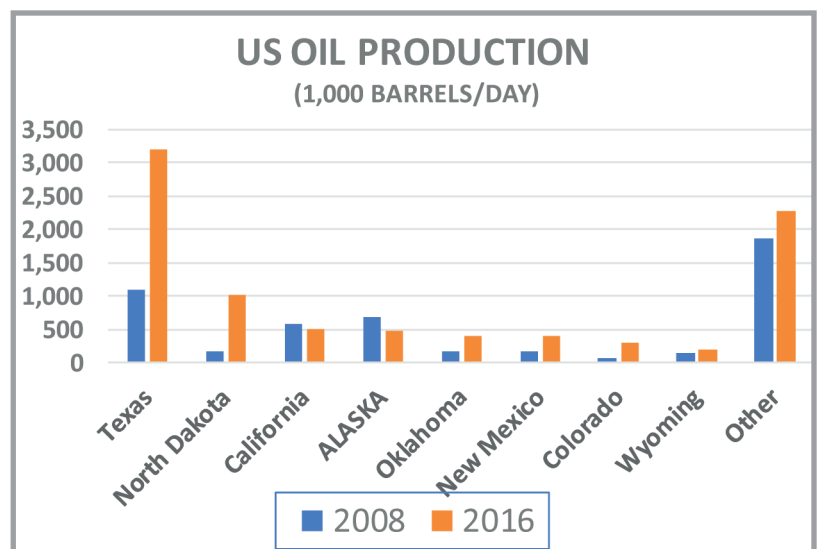
Figure 7



**Figure 8**



**Figure 9**



**Figure 10**