

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.

November Unemployment Rate and Job Count to publish in January Edition

The November 2017 seasonally adjusted unemployment rate and job count for Alaska will be available in the January edition as the data will not be available until late December.

Second Quarter Employment Loss Hits All Regions of State

Final data on employment through the second quarter of 2017 from the Alaska Department of Labor shows that all regions of the state lost jobs in the second quarter compared to a year earlier. The statewide rate of decline was 1.7 percent this year compared to 1.4 percent last year.

The performance of Anchorage, the largest labor market, followed that of the state. Fairbanks and Kenai had larger percentage declines last year, likely due to the large loss of petroleum-related jobs. MatSu and Juneau are experiencing more rapid rates of decline this year than last year. Significantly, employment growth in the MatSu turned negative for the first time this quarter. The rest of the state has seen a more rapid rate of job loss both years than any of the larger labor markets in the state. **Figure 1**

North Slope Oil Price Averages \$63 During Most Recent Month

The West Coast price of North Slope crude oil has averaged \$63 during the most recent month. The strength of the price is largely due to the announcement that OPEC (and Russia) will be extending their agreement to restrict supply through the end of 2018. Political unrest in the Middle East is also a contributing factor. **Figure 2**

The price this fiscal year (2018) has averaged \$56 which is \$2 above the latest (Spring) Alaska Department of Revenue forecast.

North Slope Oil Production Averages 547,000 Barrels Per Day

After low production levels in late summer and fall, North Slope oil production in the past month has averaged 547,000 barrels per day. Since the start of the fiscal year (2018) production has averaged 502,000 barrels per day, about 3 percent (14,000 barrels) lower than last year at this time. **Figure 3**

If the current production trend continues, production will exceed the most recent (Spring) Alaska Department of Revenue forecast of 470,000 barrels per day by between 40,000 and 50,000 barrels per day.

Personal Consumption Expenditure Growth Slows in 2016

Growth in Alaska personal consumption expenditures in 2016 was 2.3 percent according to the U.S. Department of Commerce. Only North Dakota, Wyoming, and Oklahoma had slower growth rates. The national average was 4.0 percent.

However per capita personal consumption expenditures in Alaska are the second highest in the nation at \$49,547, exceeded only by Massachusetts. They are 25 percent above the national average of \$39,664. **Figure 4**

Healthcare is the largest expenditure item in the budget of Alaska households, followed by housing and other services, and food purchased for home consumption. **Figure 5**

Alaskans spend relatively more in five categories. Heading the list is expenditures by non-profits in support of households. This is followed by healthcare, food for home consumption, other services, and food services and accommodations. **Figure 6**

Alaska Tied With Minnesota for Third Lowest Poverty Rate

The 2016 Alaska poverty rate, according to the U.S. Department of Commerce, was 9.9 percent compared to the national average of 14.0 percent. Only New Hampshire and Hawaii had lower poverty rates. The poverty rate among children (aged 0-17) was 13.6 percent compared to the national average of 19.5 percent. Ten states had lower poverty rates for children than Alaska.

The poverty rate is based on the share of the population with income below the “poverty threshold” which varies by household size, but not by location. The threshold for a four-person family is \$24,563. The measure does not include subsistence activities.

Because it does not take into account the higher cost of living in Alaska, or the value of subsistence activities, the poverty measure is of limited value for comparing Alaska with other states. However, it is more useful in comparing the incidence of poverty across Alaska census areas. The lowest poverty rate in Alaska is 4.0 percent in Skagway. The highest is 38.0 percent in Kusiivak (formerly Wade Hampton). **Figure 7**

The Department of Commerce study also reports median household income—that income level lower than half of Alaska households and higher than half. The median household income in Alaska was \$76,144, compared to the national level of \$57,617. Only Maryland and New Jersey reported higher median household income.

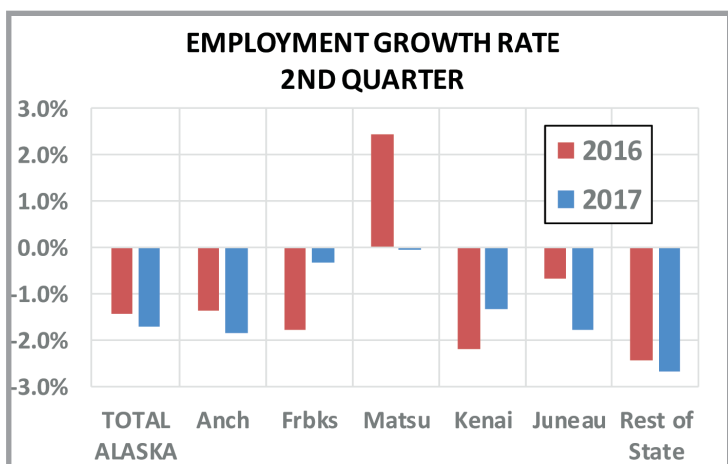


Figure 1

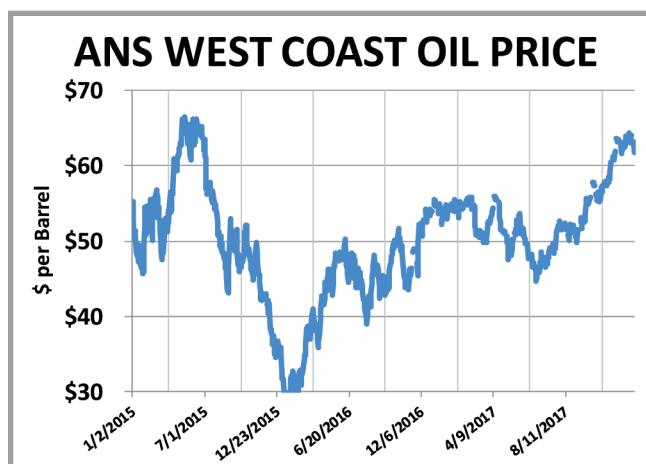


Figure 2

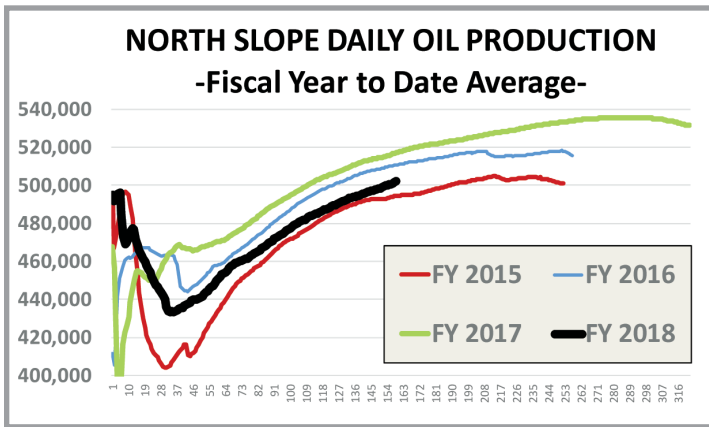


Figure 3

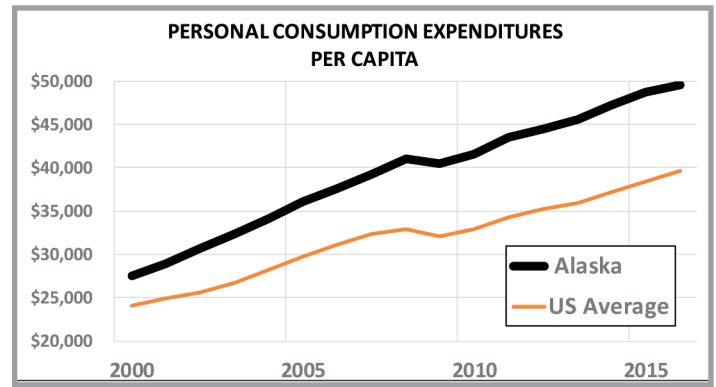


Figure 4

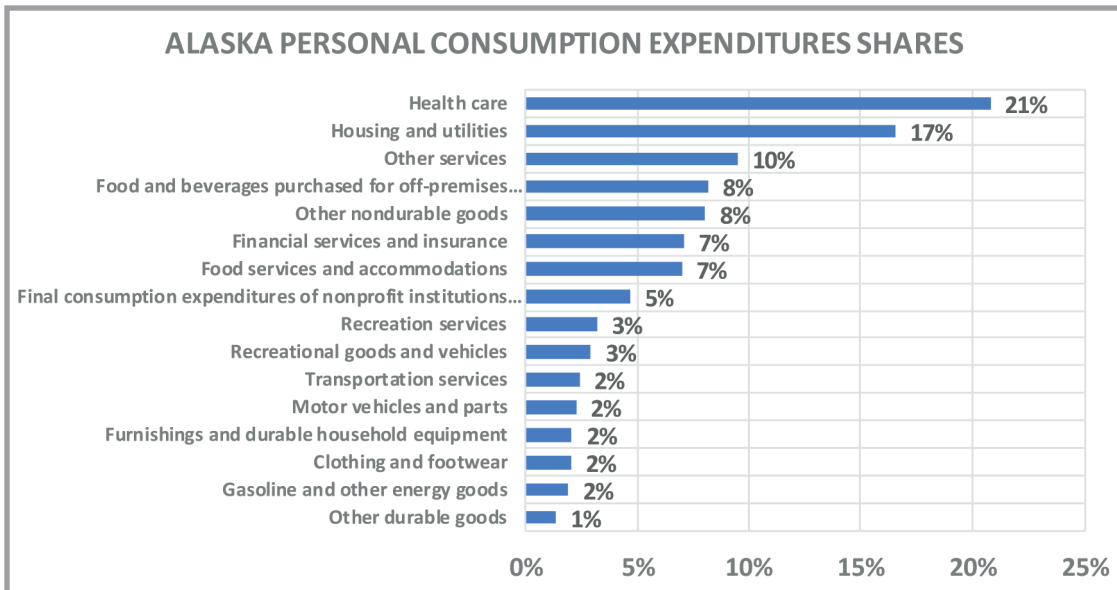


Figure 5

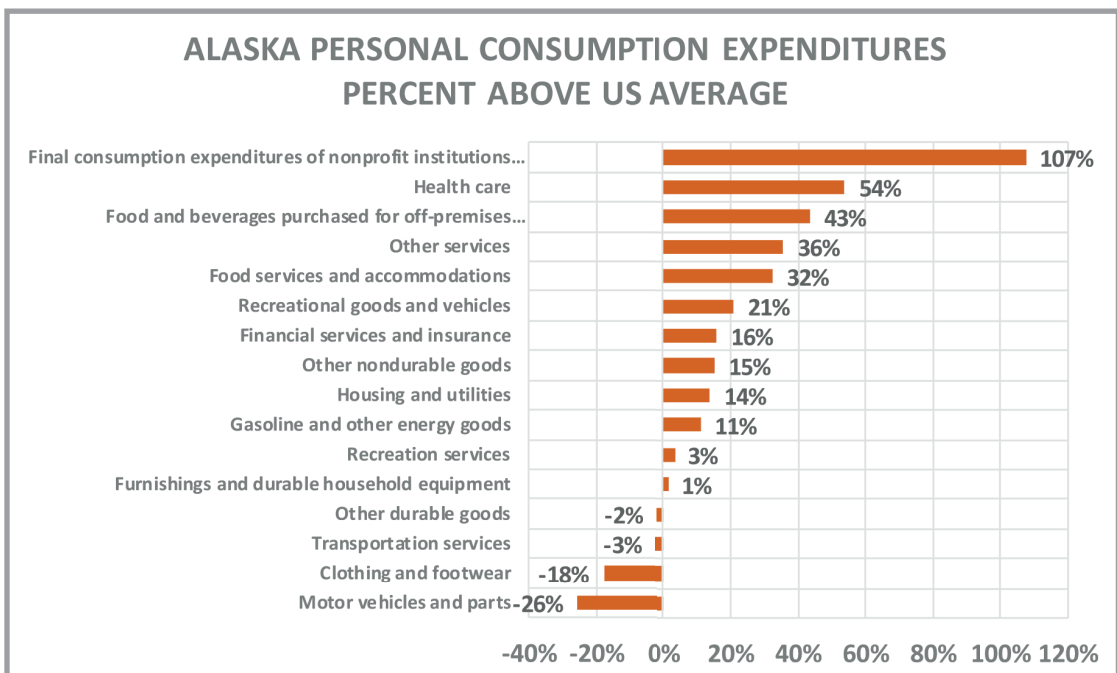


Figure 6

POVERTY RATE BY CENSUS AREA

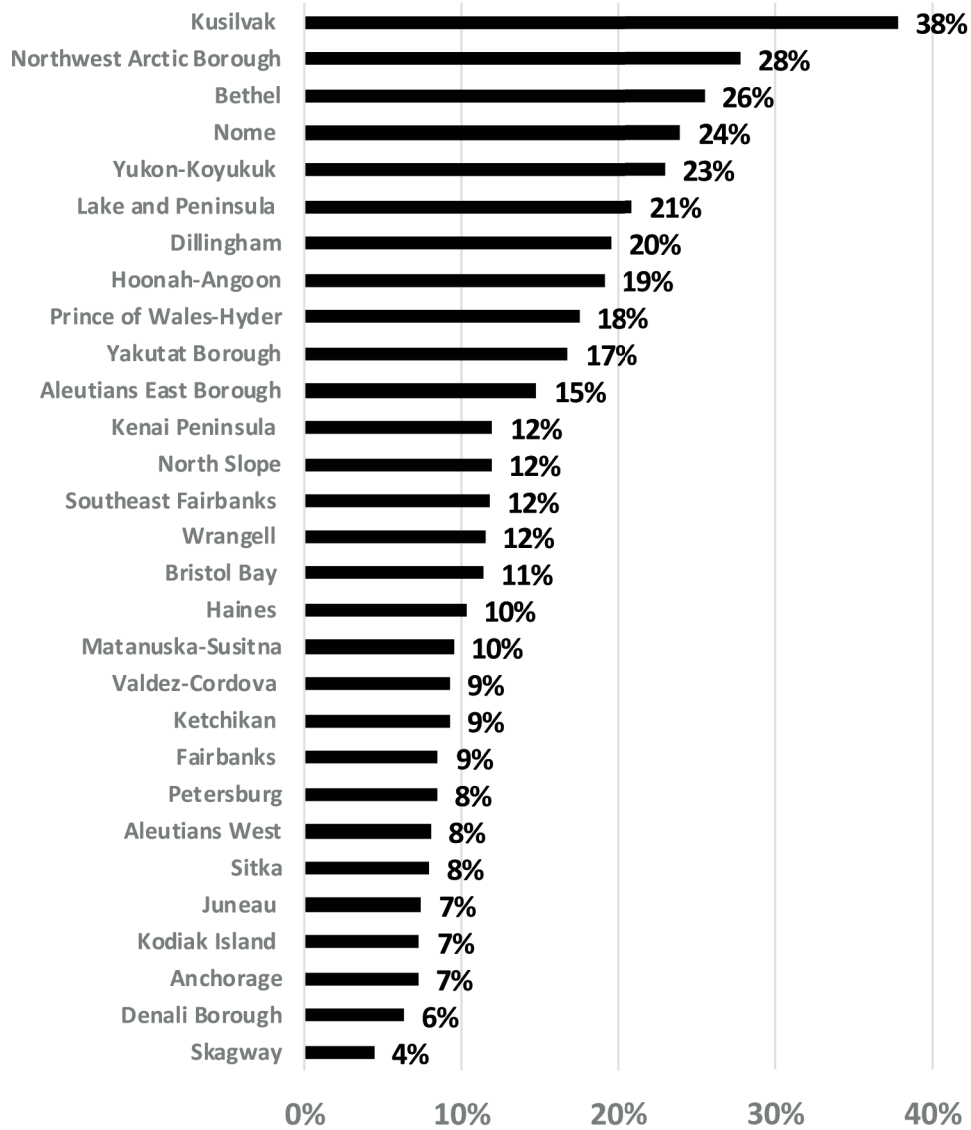


Figure 7