

ALASKA'S ECONOMY

It's everyone's business.

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Dear reader,

Since the writing of this report, production interruptions at West Coast oil refineries have pushed gasoline prices in the region (including Alaska) up nearly 90 cents, while crude prices remained stable.

In Alaska, month-over-month inflation data shows rent and housing are now key drivers of rising prices. Alaskans have some relief from these high prices as personal income remains well above its pre-pandemic trend. There are signs of job gains in the Alaska economy, but composition of this employment is different than it was before the pandemic.



Oil prices continue downward trend

Alaska's benchmark oil price, ANS West Coast (ANS), was \$98.04 on Sept. 14. In August, daily prices averaged \$102.96 per barrel. This compares to \$70.28 per barrel in August 2021, and \$43.39 per barrel in August 2020. ANS prices are now approaching pre-Russian-invasion-of-Ukraine levels. (the dashed vertical line).

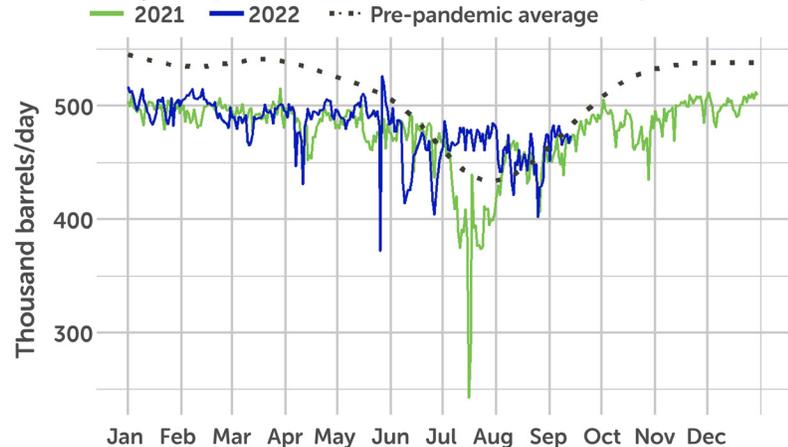
Daily oil prices, Jun 2, 2021 - Sep 14, 2022



Oil production continues current trend

Daily oil production in Alaska was 474,000 barrels on Sept. 14. In August, daily production averaged 451,000 barrels. This compares to 447,000 barrels in August 2021, and 472,000 barrels in August 2020.

Daily oil production, Jan 1, 2021 - Sep 14, 2022



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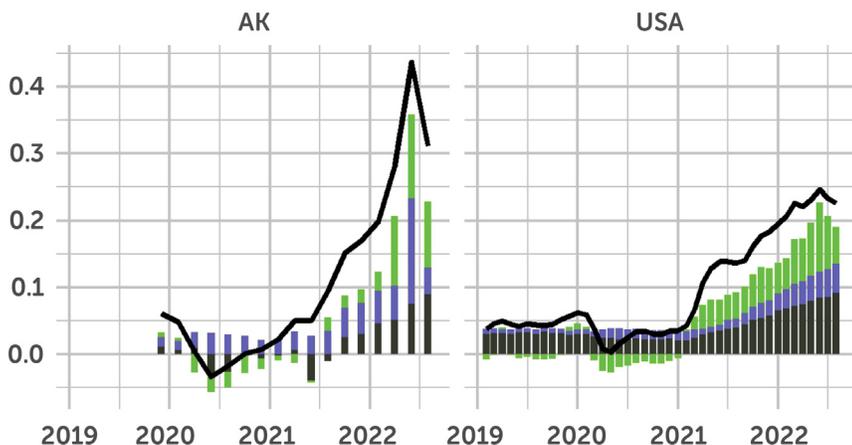
Monthly change in the Consumer Price Index (CPI)

Non-seasonally adjusted, month-over-month inflation cooled somewhat in August both in Alaska and nationally. This was driven primarily by declines in energy prices as gasoline prices continue to fall. In Alaska, the price of food was also a key driver of lower inflation numbers. Prices for rent and housing in both Alaska and the rest of the United States offset some of these reductions in food and energy inflation. ▼



3-month average CPI change, 2019-Aug 2022

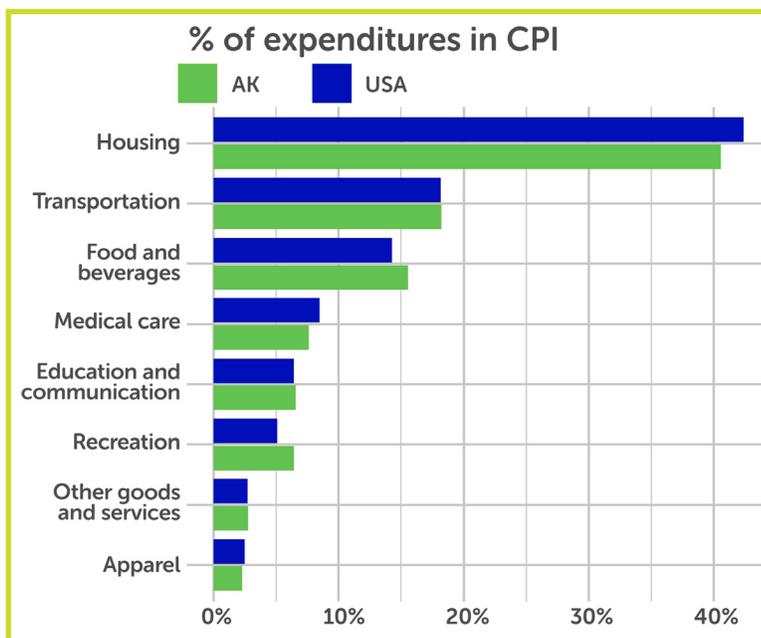
— All items ■ Energy ■ Food ■ Housing



Relative importance of spending items in Alaska and U.S. for the CPI

The Consumer Price Index (CPI) is determined both by the price of goods and services in the economy, and by the amount these items are purchased as part of their overall consumption.

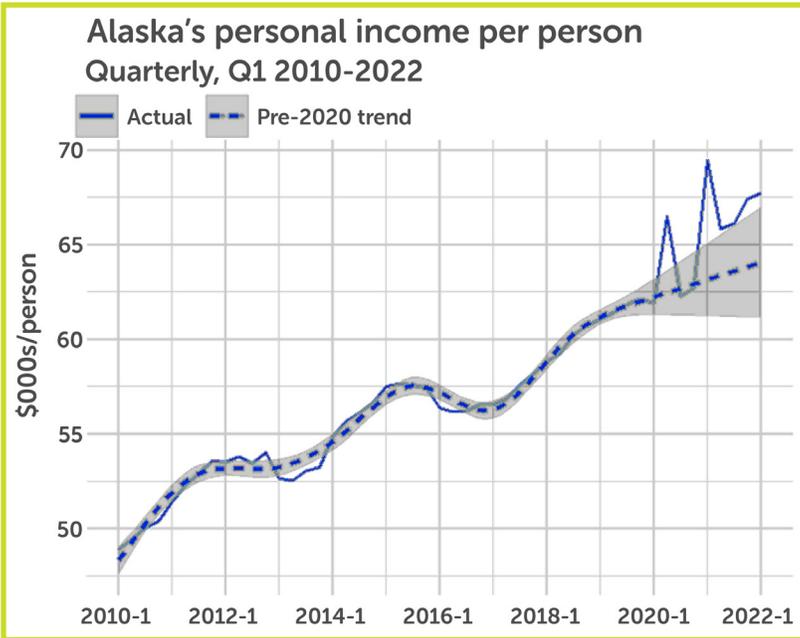
By far the largest expenditure for Alaskans and the rest of the nation is housing, making up over 40% of total average monthly spending. Alaskans spend slightly less on housing relative to all other items than households in the rest of the U.S. Alaskans spend more on recreation, food and beverages. Overall, spending patterns are roughly comparable. Inflation in Alaska versus the rest of the U.S. is driven primarily by changes in relative prices, not differences in how money is spent. ►





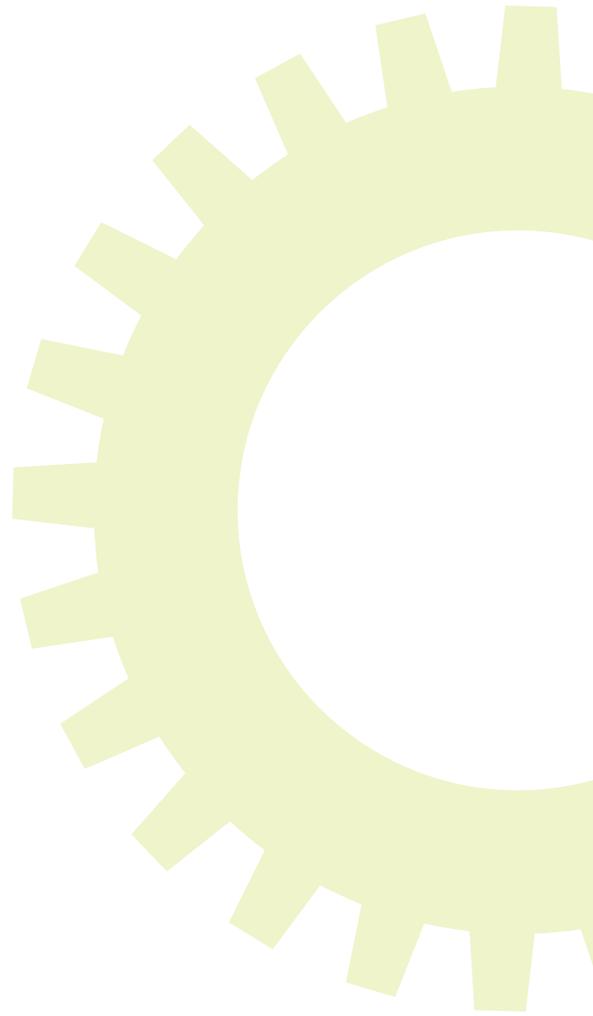
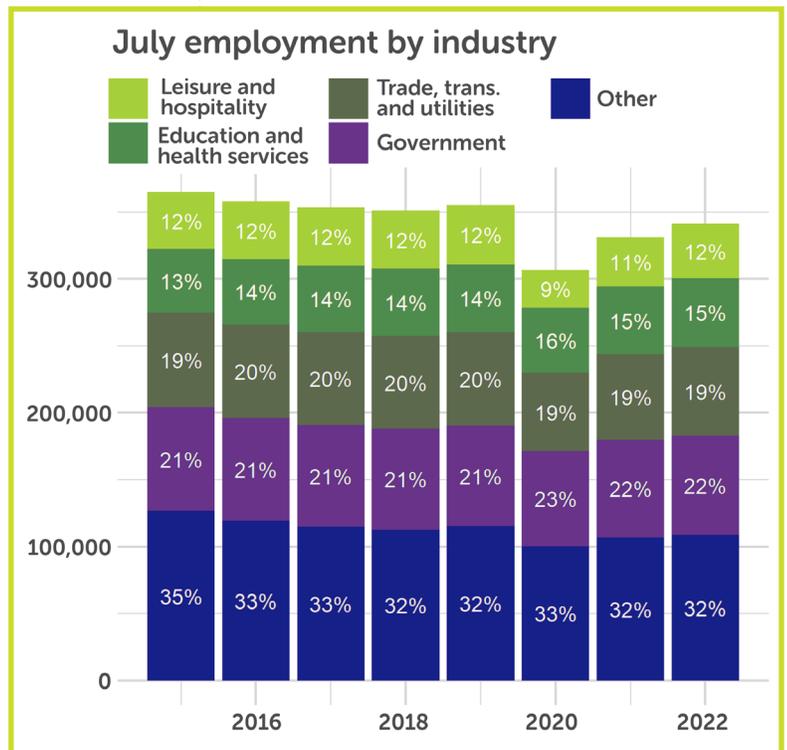
Alaska's personal income above pre-pandemic trend

Personal income includes wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources. Personal income in Alaska is above the pre-pandemic trend. This is due in part to robust income support from federal programs like enhanced unemployment insurance and the COVID-19 stimulus payments. It is important to note that income gains are being at least partly offset by inflation. ▼



Total employment by industry

Alaska's nonfarm employment peaked in July 2015 with 365,000 total jobs. In July 2022, Alaska had an estimated 341,300 jobs (about 10,000 more than the previous year but still below the pre-pandemic level). The figure shows the breakdown of employment by the four largest industries in the state: government; trade, transportation and utilities; education and health services; and leisure and hospitality. The "other" category consists of approximately 20,000 jobs in construction, 20,000 in fish processing, and 10,000 in mining, oil, and gas. The relative contraction in the oil and gas sector is partially offset by the growth in the education and healthcare industry, which has grown from 13% of jobs to 15%, while the other category has shrunk from 35% to 32%. ►



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Did you know...

in August, Alaska's daily oil production averaged 451,000 barrels?

Learn more in this issue of *Alaska's Economy*.



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