

# ALASKA'S ECONOMY

It's everyone's business.

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Dear reader,

In November, Alaska experienced slightly lower oil prices, but production levels increased compared to the past year and a half. Market analysts predict that prices will continue to drop in 2025 and 2026 if the Organization of the Petroleum Exporting Countries (OPEC) maintains current production levels.

Alaska's 2023 international trade, the most recent year of available data, declined from its 2021 highs, primarily due to reduced sales to China, Japan and Canada. Key exports include metals and ores – zinc, gold, lead and silver – as well as seafood. Imports mainly include petroleum products from South Korea, semiconductors and electronics from Thailand, and metal ores and media from Canada and South Korea.



## Alaska oil prices

Alaska's benchmark oil price, ANS West Coast, was \$71.79 on Nov. 25. In October, daily prices averaged \$74.62 per barrel, compared to \$90.48 in October 2023 and \$93.06 in October 2022.

Alaska's budget forecast projection for fiscal year (FY) 2025 (July 1, 2024 – June 30, 2025) is \$78 per barrel. Oil prices were above this forecasted amount but are now consistently below \$78. Since the beginning of FY 2025, the average oil price has been slightly more than \$77 per barrel.

On Nov. 22, JP Morgan Chase projected that Brent crude oil prices would average \$73 per barrel in 2025, with prices expected to dip below \$70 by the end of that year. They anticipate prices could fall below \$60 per barrel by the end of 2026, assuming OPEC maintains production at current levels. If OPEC decides to increase production, oil prices may experience even more downward pressure. ▼



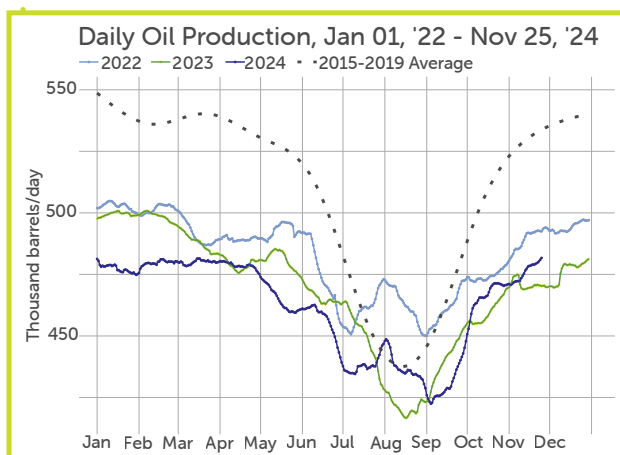
Data from the Alaska Department of Revenue



## Alaska daily oil production

Daily oil production in Alaska was 497,000 barrels on Nov. 25.

In October, daily production averaged 470,771 barrels, compared to 469,000 in October 2023 and 479,000 in October 2022. Year-to-date, Alaska has produced a total of 152 million barrels, 1.69 million less than the same time period in 2023. ▼



Data from the Alaska Department of Revenue

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## Construction led September employment

In October, Alaska experienced a decline of 14,700 jobs as the state transitioned into its off-season. The overall job market remains strong, showing an increase of 7,000 jobs compared to October 2023.

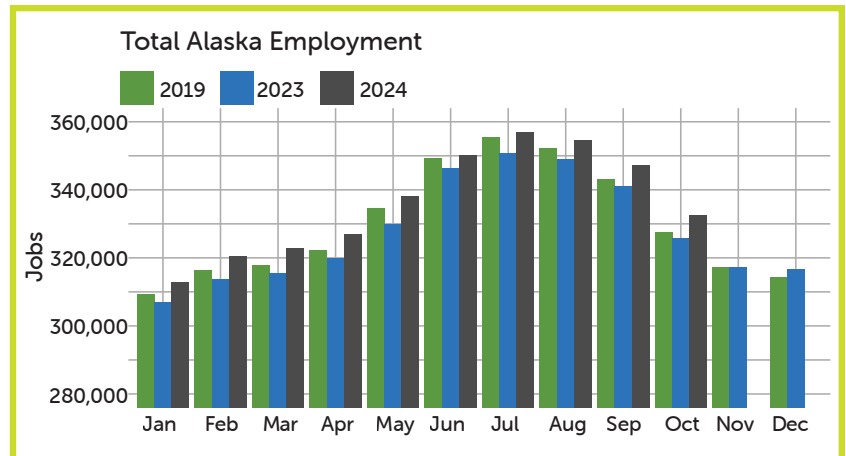
The most significant job losses occurred in two key areas. From September to October, the manufacturing industry saw a decrease of 3,900 jobs and the leisure and hospitality industry lost 7,100 jobs. Compared to 2023, leisure and hospitality gained 300 jobs, while manufacturing lost 600 jobs.

Several industries have shown notable growth since 2023. Construction added 1,800 jobs, health care grew by 1,700 jobs, and government employment increased by 800 jobs. ▶

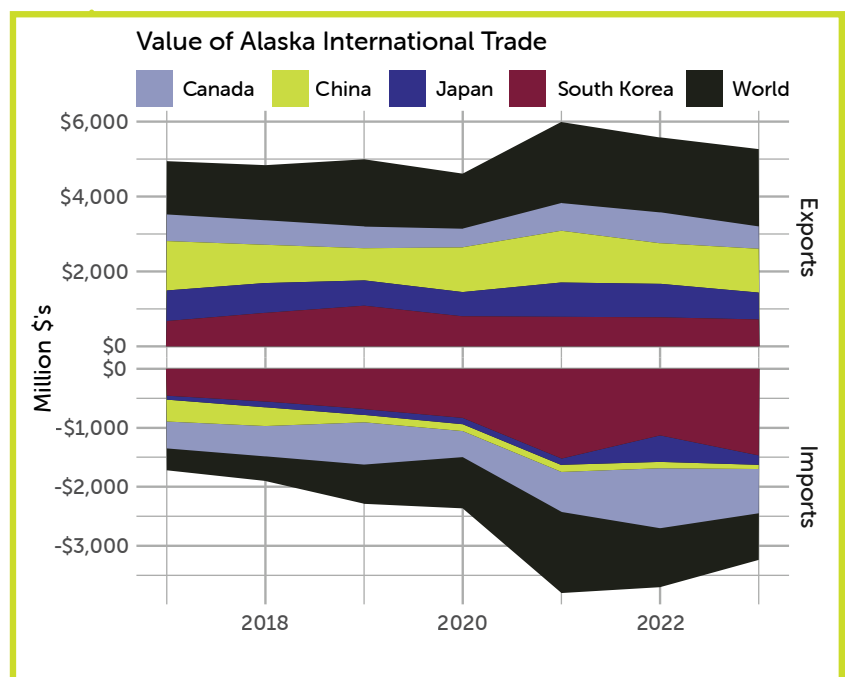


## Alaska's international trade sees two-year decline

International trade is an important component of the Alaska economy. In 2023, Alaska exported \$5.3 billion worth of goods to other countries and imported \$3.2 billion. The state's main trading partners include South Korea, China, Canada and Japan. Both imports and exports have decreased from their peaks in 2021, resulting in a total trade value drop of approximately \$1.3 billion over the two-year period. The decline can be attributed to reduced exports to China (down \$212 million), Japan (down \$200 million) and Canada (down \$148 million). ▶



Data from the Alaska Department of Labor and Workforce Development



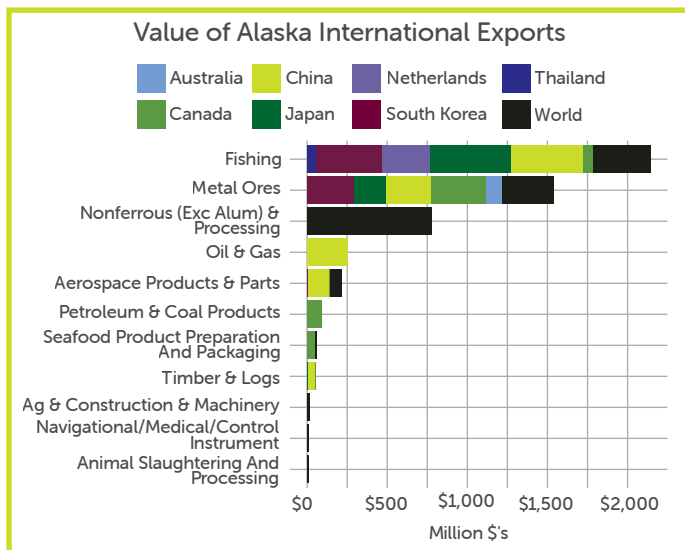
Data from the U.S. Department of Commerce International Trade Administration



## Alaska's exports driven by seafood and minerals

In 2023, Alaska's international exports were primarily driven by metal ores and products (\$2.3 billion) and fishing (\$2.2 billion). Key markets for Alaska's fishing industry included Japan (\$506 million), China (\$453 million), South Korea (\$417 million) and the Netherlands (\$297 million). For metal ores, the main export destinations were Canada (\$349 million), South Korea (\$295 million) and China (\$276 million).

Alaska also shipped \$250 million worth of oil, mostly to West Coast refiners, with a portion exported to China. Other exports included timber and logs (\$53 million) and processed seafood (\$59 million), mainly sent to China and Canada. ▼



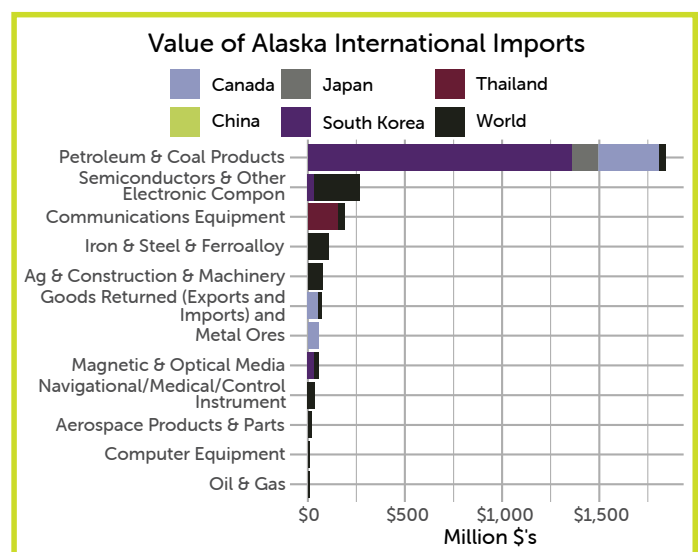
Data from the U.S. Department of Commerce International Trade Administration



## Alaska's imports driven by petroleum and coal

In 2023, Alaska's international imports were dominated by petroleum and coal products, amounting to \$1.8 billion. The main suppliers were South Korea (\$1.37 billion), Canada (\$311 million) and Japan (\$129 million).

Other significant imports included semiconductors and electronic components (\$267 million) and communications equipment (\$189 million), primarily sourced from Thailand (\$151 million). Other notable imports included iron, steel and ferroalloys (\$104 million), and agricultural and construction machinery (\$74 million). Alaska imported metal ores (\$56 million) from Canada. Various magnetic and optical media (\$56 million) were primarily sourced from South Korea (contributing \$31 million). These figures highlight the diverse range of products Alaska relies on from other countries. ▼



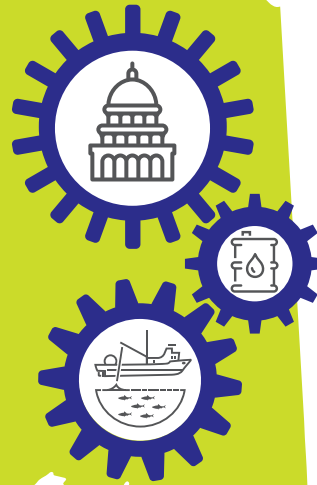
Data from the U.S. Department of Commerce International Trade Administration

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## Did you know...

Alaska's fishing industry contributed \$2.2 billion to the state's exports in 2023?

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



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