

ALASKA'S ECONOMY

It's everyone's business.

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Dear reader,

Oil prices have recently dipped to the mid-\$70s per barrel, lower than Alaska's Fiscal Year (FY) 2025 budget forecast of \$78. While oil production has increased compared to 2024, a slight decline occurred in late January before a small recovery. The Alaska Permanent Fund now holds \$82 billion in assets, which is down from its peak of \$88 billion in 2021.

Employment levels in Alaska remain higher than in 2024, with the health care industry leading job growth despite some seasonal downturns in other industries.

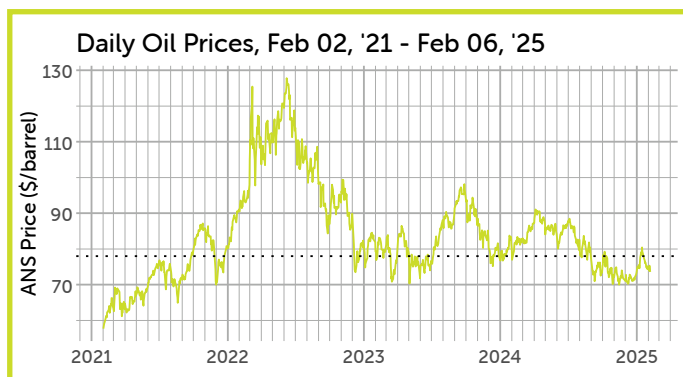
Nationally, the Port of Los Angeles has experienced a boost in shipping activity compared to early 2024, a potential result of uncertainties in trade policies. Meanwhile, global shipping costs continue to drop from their post-pandemic highs.



Oil prices shift below FY 2025 budget forecast

Alaska's benchmark oil price, ANS West Coast, was \$73.54 on Feb. 6. In January, daily prices averaged \$76.36 per barrel, compared to \$79.65 in January 2024 and \$80.87 in January 2023.

The \$78 mark represents Alaska's budget forecast, and while oil prices were initially higher, they have since trended downward. The average oil price since the start of FY 2025 is \$76.33 per barrel. ▼



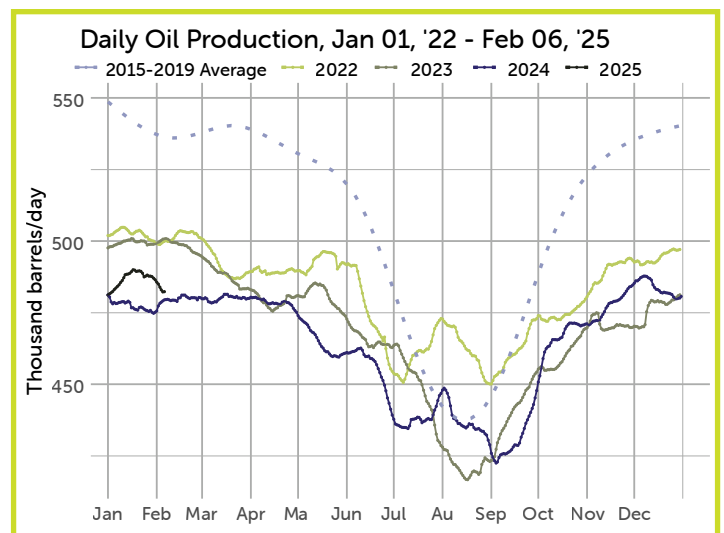
Data from the Alaska Department of Revenue



Alaska oil production bounces back in February

Daily oil production in Alaska was 495,000 barrels on Feb. 6. In January, daily production averaged 486,971 barrels, compared to 475,000 in January 2024 and 499,000 in January 2023.

Year-to-date, oil production has reached 17.47 million barrels, which is 0.30 million barrels more than at this time in 2024. After an increase through mid-January, production fell in the latter half of the month but has started to rise again. ▼



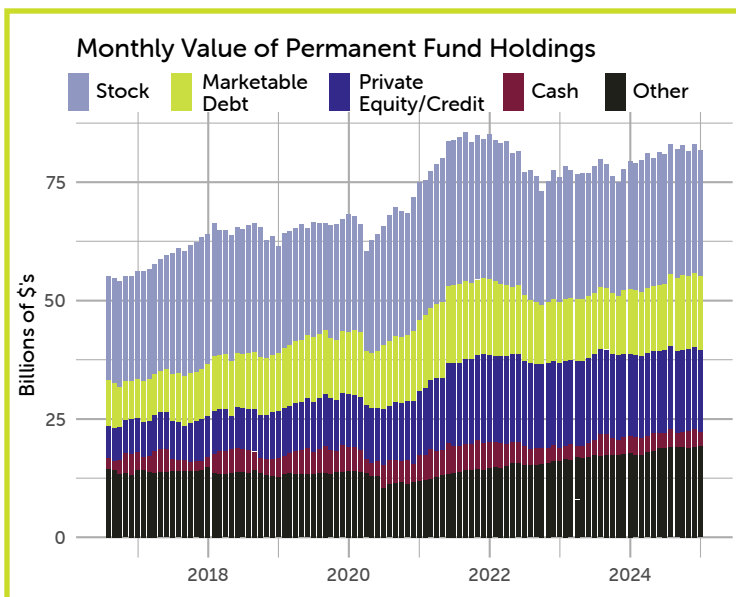
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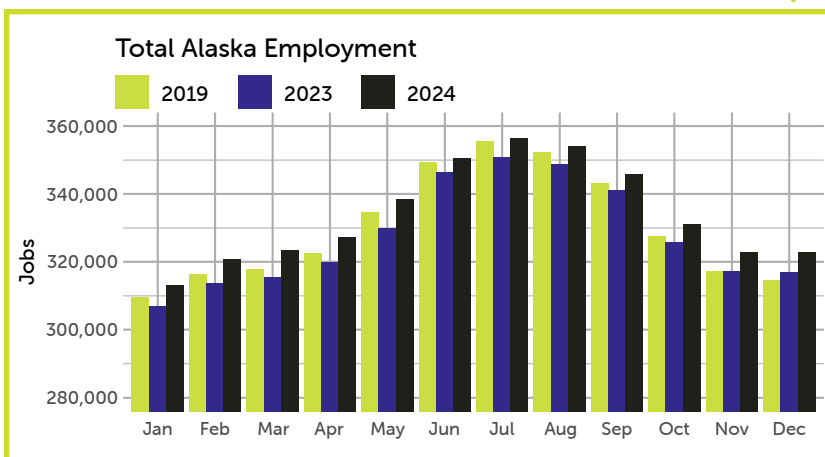


Alaska Permanent Fund assets sit at \$82 billion

As of Dec. 31, 2024, the Alaska Permanent Fund total assets was \$82 billion. The Fund reached an all-time high of \$88 billion in August 2021 but decreased in value alongside the rest of the market throughout 2022. Since January 2022, the S&P 500 has increased in value by 26%, while the Fund has decreased by 2.5%. Over this period, real estate investments in the Fund grew from \$6.76 billion to \$9.47 billion, increasing its share from 8% to 12% of total assets. Stock holdings fell from \$29.7 billion to \$26.6 billion, and cash holdings decreased from \$5.2 billion to \$3.1 billion. ▼



Data from the Alaska Permanent Fund Corporation



Data from the Alaska Department of Labor and Workforce Development



Alaska job market rebounds

According to the latest December employment data, Alaska lost 200 jobs between November and December 2024. The state's economy saw a net gain of 6,000 jobs compared to December 2023. Comparing December 2024 to December 2023, the industries that saw the largest gains in employment include health care (up 1,400 jobs), construction (up 1,100 jobs) and government (up 1,100 jobs). ◀



Nation's busiest port sees traffic growth

Recent trade policy actions by the Trump administration — such as potential tariffs on imports from Canada, Mexico and China — may have influenced shipping patterns. While financial markets reacted quickly to the news, the actual effects on physical trade flows remain uncertain. If importers anticipate increased tariffs, they may rush to import goods before new rates take effect, creating a temporary surge in imports followed by a decline in activity.

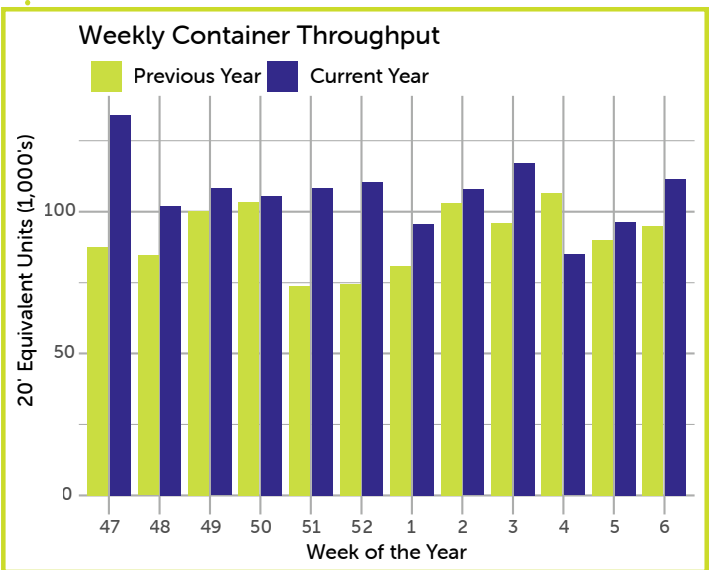
The Port of Los Angeles, the nation's busiest cargo port, has reported increased activity compared to early 2024. This increase aligns with elevated levels seen in recent months. Alaska relies heavily on shipments of goods and supplies from the Lower 48 states, many of which pass through the Port of Los Angeles. For Alaska, disruptions or changes in port activity can have significant economic consequences, affecting the cost of goods, the competitiveness of exports and the overall cost of living. ►



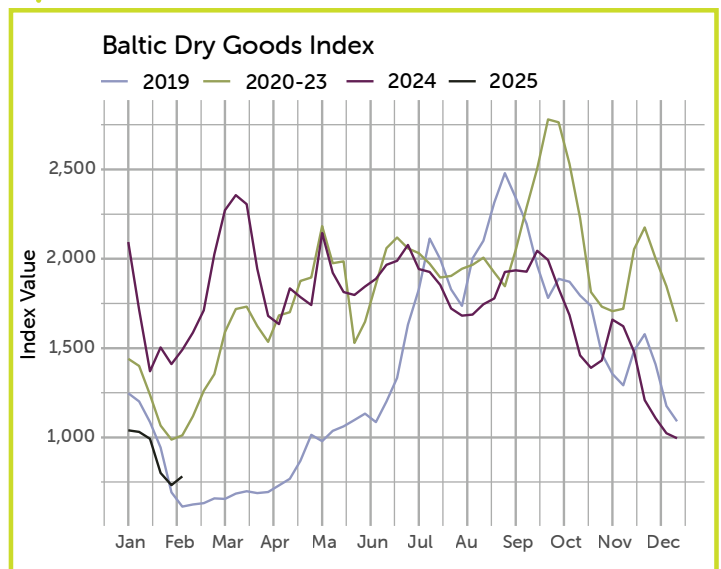
Global freight rates plummet

The Baltic Dry Goods Index, a useful indicator of global trade activity and shipping rates, has significantly decreased compared to the same time in 2024 and relative to the last five years. In the second half of 2024, the index fell closer to pre-pandemic levels. Until the last week of January 2025, shipping rates were below 2019 levels for the year.

A shift towards more restrictive U.S. trade policies could further reduce global trade volumes and shipping prices. Higher shipping rates can increase costs for Alaska businesses and consumers, leading to higher prices for goods. Monitoring global trade trends and port activity is essential for understanding and mitigating risks to Alaska's economy. ►



Data from the Port of Los Angeles Container Statistics



Data from the Baltic Dry Goods Index

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Did you know...

year-to-date,
oil production is
up 300,000 barrels
compared to 2024?



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