

ALASKA'S ECONOMY

It's everyone's business.

BRETT WATSON, RESEARCH PROFESSIONAL AT THE INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH AT THE UNIVERSITY OF ALASKA ANCHORAGE, SHARES HIS VIEWS ON THE ALASKA ECONOMY.



Dear reader,

Alaska's oil prices and production were slightly lower in December than November 2024, but showed a modest increase in January. Prices are expected to stabilize around \$70 per barrel by 2026, according to the state's Fiscal Year (FY) 2026 revenue forecast.

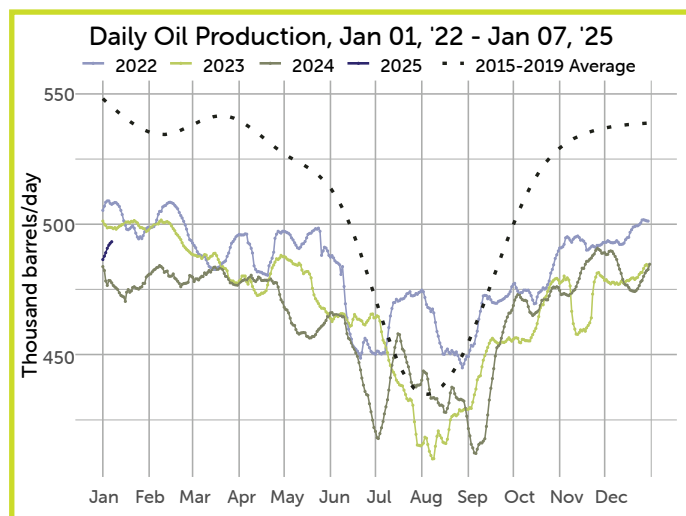
Alaska's labor market remains robust. The addition of 7,700 jobs in 2024 set a new record for seasonally adjusted employment surpassing the previous high established in 2015. Alaska's job growth outpaced the national rate, a notable turnaround from 2020 to 2022.



Alaska oil production cracks 500,000 barrels per day

Daily oil production in Alaska was 494,000 barrels on Jan. 7. In December 2024, daily production averaged 480,899 barrels, compared to 481,000 in December 2023 and 497,000 in December 2022.

In late November and early December 2024, oil production showed positive trends but declined in the last few weeks of 2024, reaching seasonal lows similar to those of previous years. The first few days of 2025 started strong, with daily production exceeding 500,000 barrels on several occasions. Production dipped slightly in the days that followed. ▼



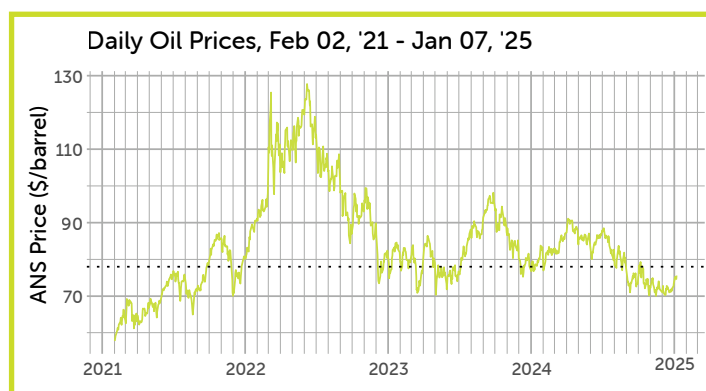
Data from the Alaska Department of Revenue



Oil prices projected in low \$70s

Alaska's benchmark oil price, ANS West Coast, was \$75.57 on Jan. 7. In December 2024, daily prices averaged \$71.66 per barrel, compared to \$78.55 in December 2023 and \$79.32 in December 2022.

As of Jan. 7, the average oil price since the start of FY 2025 is just over \$77 per barrel. The state's updated forecast predicts an average of \$73.86 per barrel for FY 2025 and a drop to \$70 for FY 2026. According to the December 2024 Short-Term Energy Outlook by the Energy Information Administration, prices are expected to remain in the low- to mid-\$70s throughout 2025. ▼



Data from the Alaska Department of Revenue

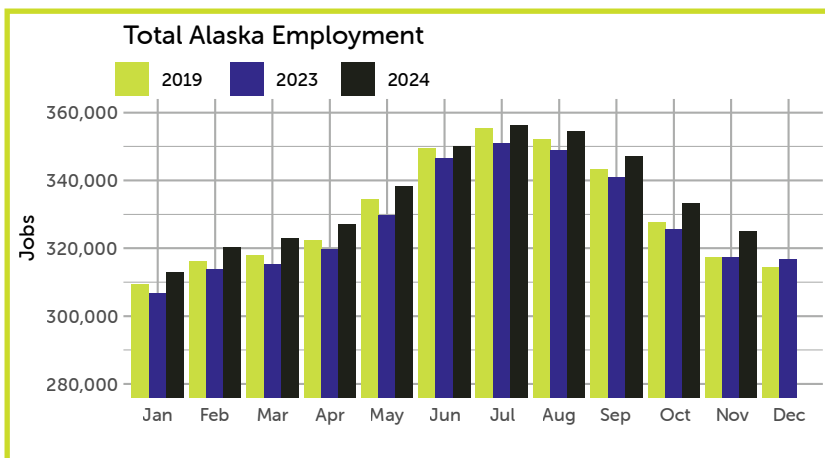
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Alaska sees 7,700 more jobs year-over-year

Alaska lost 8,300 jobs between October and November 2024, yet the total job count remains 7,700 higher than in November 2023. The biggest losses were in the seasonal manufacturing (down 2,300 jobs) and leisure and hospitality (down 2,100 jobs) industries. However, leisure and hospitality has gained 300 jobs since 2023, while manufacturing has reduced by 500.

Several industries saw growth compared to 2023. Construction added 2,100 jobs, health care increased by 1,500 and government employment rose by 1,200. ▼



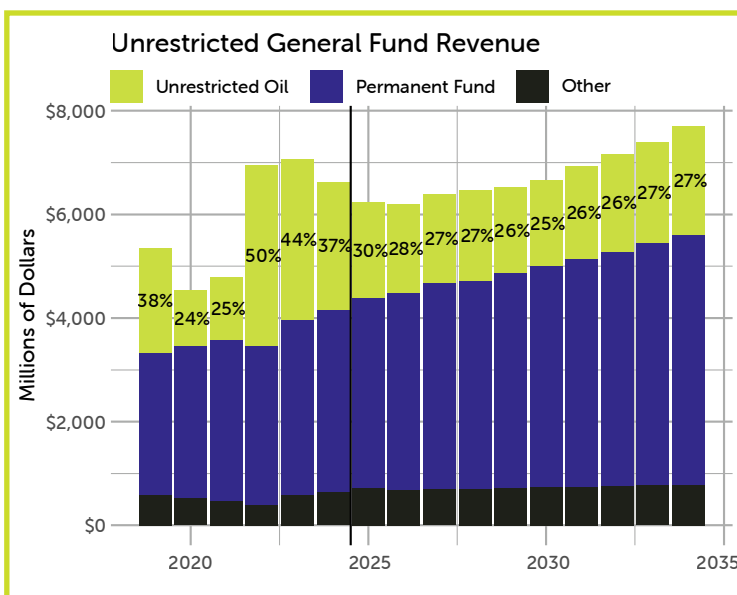
Data from the Alaska Department of Labor and Workforce Development



Alaska forecasts \$1.7B in oil revenue

In December 2024, the Alaska Department of Revenue (DOR) released its annual financial outlook for FY 2026. It forecasted an average oil price of \$70 per barrel with daily production at 470,000 barrels. This projection is expected to generate \$1.7 billion in unrestricted revenue from taxes, rents, royalties and bonus payments. The state plans to transfer \$3.8 billion from the Permanent Fund and collect an additional \$670 million from other sources. By FY 2034, DOR anticipates growing transfers from the Permanent Fund to reach \$4.8 billion.

Over the next decade, oil revenue is expected to rise, with prices averaging \$73 per barrel and daily production increasing to about 643,000 barrels. By FY 2034, oil is projected to contribute \$2.1 billion to the state's unrestricted revenue and remain relatively fixed during this time period. ◀



Data from the Alaska Department of Revenue

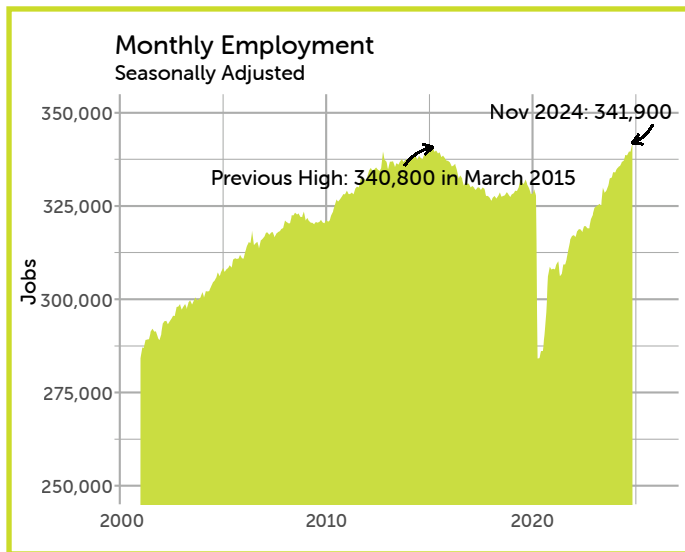


Seasonally adjusted employment reaches all-time high

Alaska reached a record high in estimated employment in November 2024, surpassing levels not seen since March 2015, according to the U.S. Bureau of Labor Statistics.

The state began facing challenges in January 2015 when falling oil prices led to widespread layoffs in the oil and gas industry, triggering a recession until 2019. Although there was modest growth in 2019, it only partially addressed job losses from previous years.

The situation worsened in 2020 due to the pandemic. However, Alaska has experienced a rapid recovery since 2022, with more jobs now than before the 2015-2019 oil recession. ▼



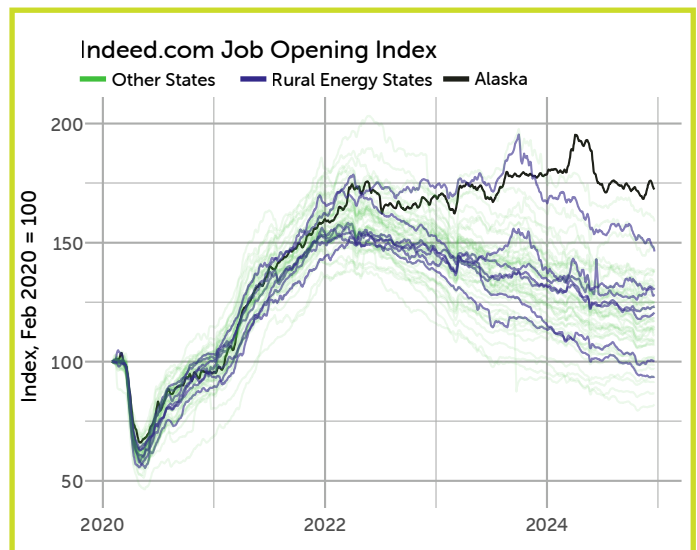
Data from the U.S. Bureau of Labor Statistics



Alaska's labor market thrives amid national slowdown

By December 2024, Alaska had about 70% more job openings listed than before the pandemic. South Dakota experienced a 60% increase and Montana experienced a 50% increase. Most other states saw job openings increase by only 10%-25%.

Most states saw a decrease in job listings after early 2022, but Alaska's numbers either grew or stayed steady. The difference is partially attributed to the recovery of the oil and gas industry since 2020. Rural energy states like North Dakota and Montana generally see job opening trajectories above the national trend. ▼

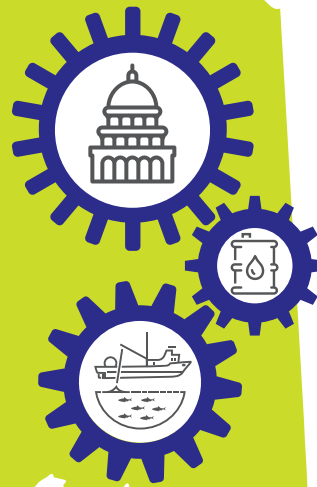


Data from Indeed.com

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Did you know...

Alaska added 7,700 jobs
overall in 2024?



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