

ALASKA'S ECONOMY

It's everyone's business.

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Dear reader,

Alaska's job market is stronger than it has been in recent years. Unemployment claims are at a 10-year low, even as the national economy shows signs of slowing down.

Oil prices have dropped in recent weeks due to news of expanded Organization of Petroleum Exporting Countries (OPEC) supply and uncertainty about the U.S. economy. The federal trade policy on import tariffs is a major contributor to recent changes in financial markets and rising economic uncertainty. These tariffs, particularly those already imposed on China and proposed for Canada and Mexico, will likely lead to higher prices for consumers.



OPEC announces production increases

Alaska's benchmark oil price, ANS West Coast, was \$72.24 per barrel on March 11. In February, daily prices averaged \$74.13 per barrel, compared to \$81.27 in February 2024 and \$80.25 in February 2023.

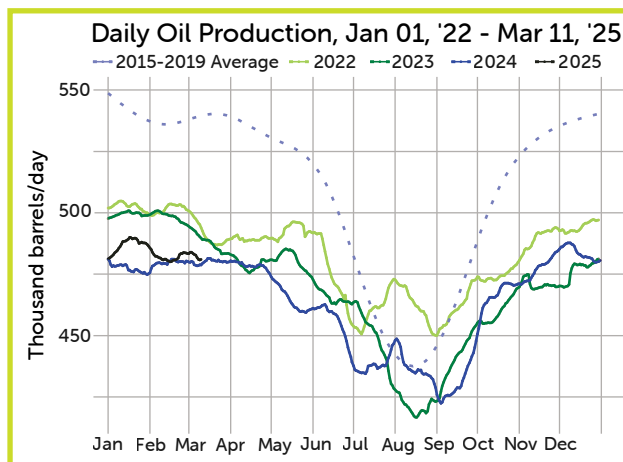
The state's fiscal year 2025 budget forecast projection is \$78 per barrel. Although prices started above this forecast, they have been trending downward and remain consistently below that mark. Since Feb. 7, the average oil price has been \$76.07 per barrel.

On March 3, OPEC announced plans to increase oil production by 2.2 million barrels per day over the course of 18 months, starting in April. Following this announcement, oil prices fell due to the expected increase in supply and an outlook for decreased global demand. ►

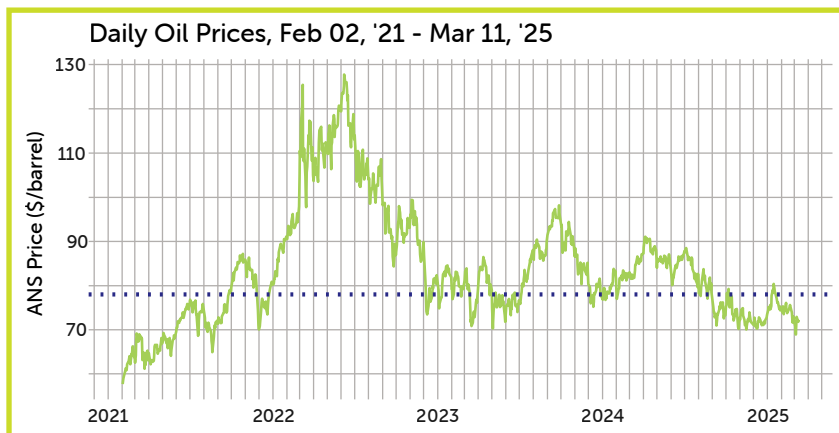
Alaska oil production



Daily oil production in Alaska was 490,000 barrels on March 11. In February, daily production averaged 483,473 barrels, compared to 480,000 in February 2024 and 495,000 in February 2023. Year-to-date, Alaska oil production has totaled 33.36 million barrels, which is 0.38 million barrels more than at this time in 2024. ▼



Data from the Alaska Department of Revenue



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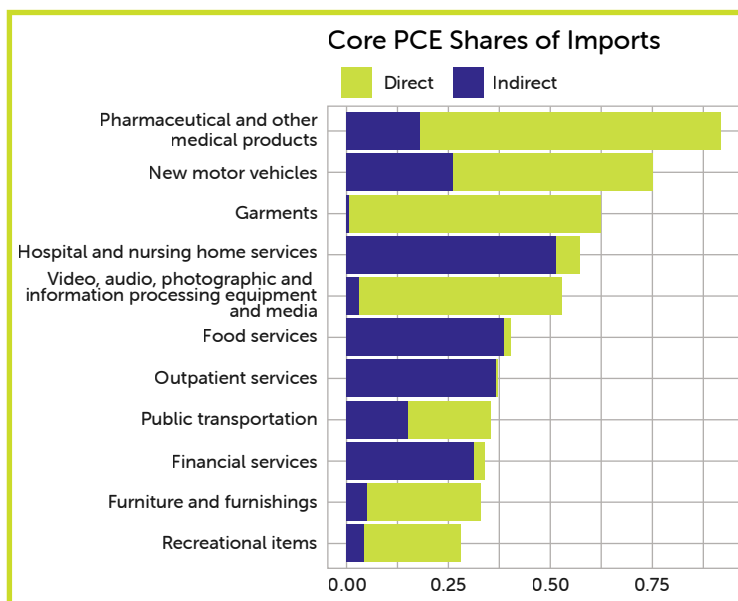
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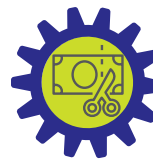
Imports and consumer spending

About 10% of total U.S. consumer spending involves imported goods. This includes spending on both finished imported products and purchases of domestic goods and services that rely on imports.

Direct shares are imported goods consumed by U.S. households. Indirect shares represent consumer spending tied to imported materials used in domestic products. Tracking indirect shares is crucial for understanding categories like food services. While direct spending on foreign catering and restaurants is relatively small, domestic restaurants often buy foreign-sourced ingredients, which contribute significantly to indirect shares. ▼



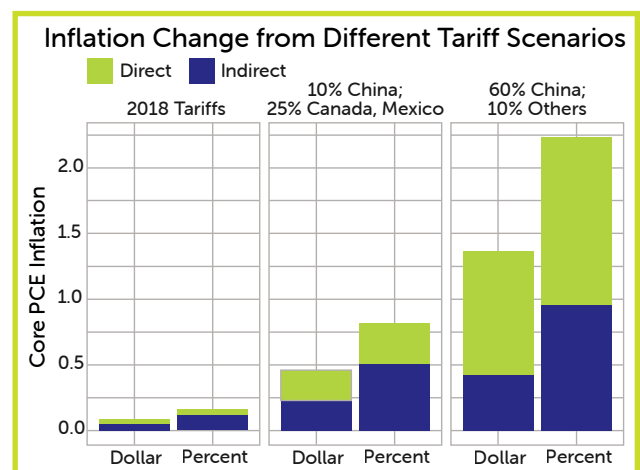
Data from the Federal Reserve Bank of Boston, U.S. Bureau of Economic Analysis and U.S. Census Bureau



Impact of proposed tariffs on inflation

An analysis from the Federal Reserve Bank of Boston estimated the impact of recently discussed tariff proposals on inflation in the United States. The new research looked at how tariffs affect consumer prices, comparing a 10% tariff on China and a 25% tariff on Canada and Mexico to previous tariffs enacted in 2018.

The study found that a 25% tariff on Canada and Mexico, along with a 10% tariff on China, is estimated to raise inflation by 0.5% to 0.8%, depending on markup assumptions. Companies looking to maintain a constant dollar margin in profit will mark up their prices at a lower amount than businesses looking to maintain a certain percentage return. In a more extreme scenario — where tariffs on China increase to 60% and a 10% tariff applies globally — inflation is projected to rise by 1.4% to 2.2%. ▼



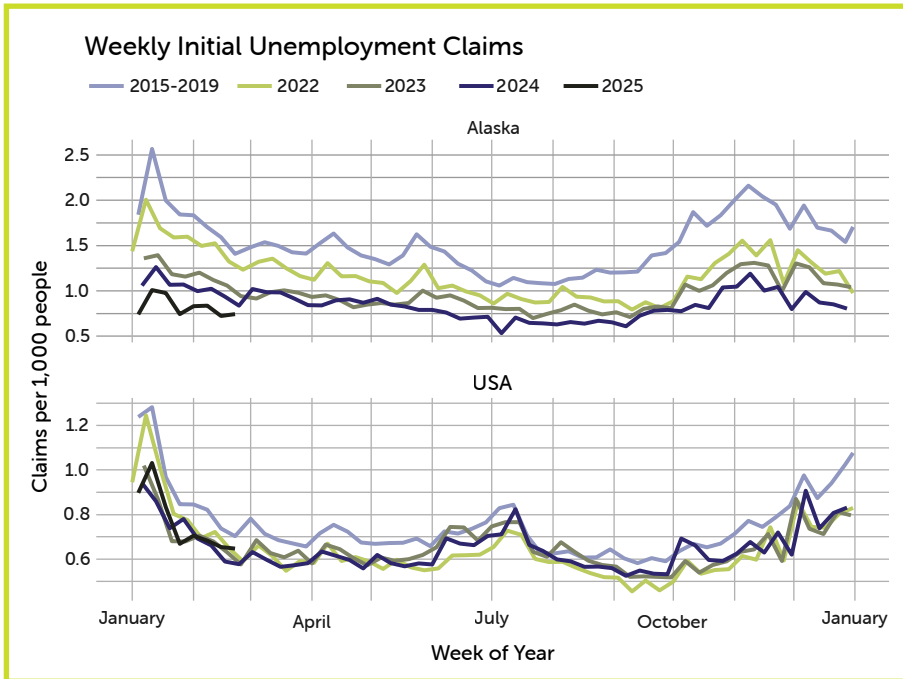
Data from the Federal Reserve Bank of Boston, U.S. Bureau of Economic Analysis and U.S. Census Bureau



Alaska unemployment claims remain low

Alaska unemployment claims for the week ending Feb. 22 remained low compared to previous years (excluding COVID years 2020 and 2021). In the second week of March, about one out of every 1,350 Alaskans filed for unemployment, compared to one in 1,190 in 2024.

On a national level, unemployment claims are slightly higher than in recent years since the pandemic but still lower than pre-pandemic levels. Across the country, one in every 1,546 people filed unemployment claims during the second week of March, compared to one in every 1,730 in 2024. ▼



Data from the U.S. Employment and Training Administration



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Did you know...

Alaska's unemployment claims remain at a 10-year low (excluding COVID years)?



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