

ALASKA'S ECONOMY

It's everyone's business.

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Dear reader,

In August, the U.S. economy faced two major issues: a weakening labor market and rising trade tensions.

In terms of jobs, the economy added 22,000 positions in August. While there were some gains in health care, many other industries, especially manufacturing, continued to experience job losses. In fact, revised data from June showed that total job numbers had declined for the first time since 2020. Although unemployment claims are still relatively low, these trends indicate that the labor market is slowing down more quickly than expected.

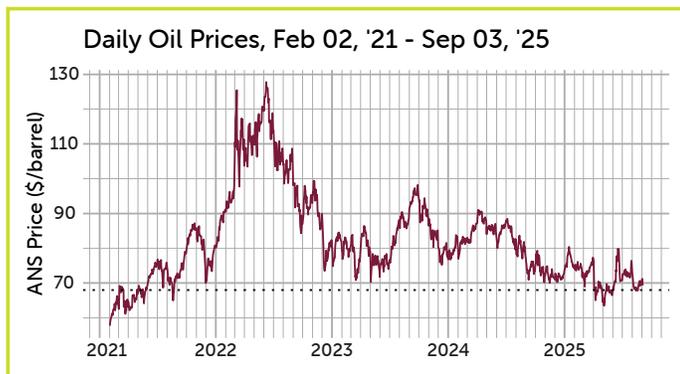
On the trade front, U.S. tariff rates have increased significantly this year. They rose from the high single digits earlier in 2025 to more than 30% by April, and now they are just below 19%. In response, countries like China have implemented retaliatory measures, adding to economic uncertainty.



Oil prices remain slightly above Alaska budget forecast

The horizontal line of \$68 per barrel represents Alaska's spring price forecast for fiscal year 2026 budget. Alaska's benchmark oil price, ANS West Coast, was \$69.25 on Sept. 3. In August, daily prices averaged \$69.28 per barrel, compared to \$79.97 in August 2024 and \$87.80 in August 2023.

The Organization of Petroleum Exporting Countries met in the first week of September to talk about increasing oil production. More global oil production, along with a slowing U.S. economy, could lead to lower oil prices. Recent threats of new sanctions from the U.S. on Russian oil have helped support crude prices. ▼

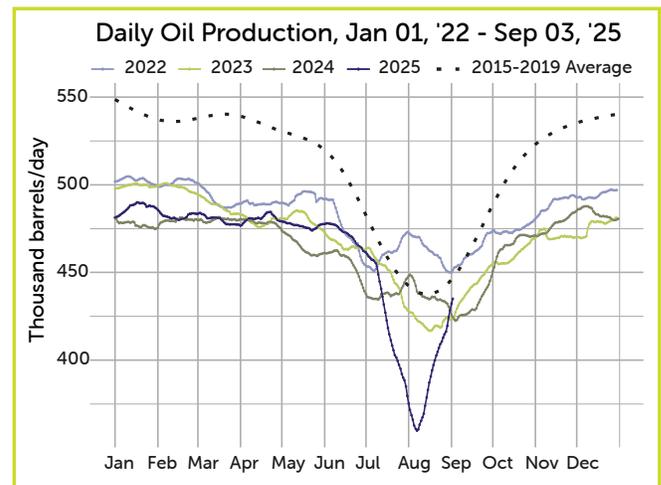


Data from the Alaska Department of Revenue



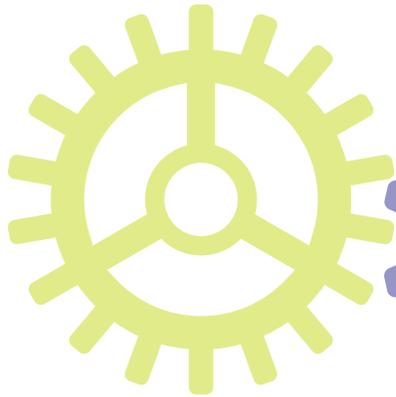
Oil production returns to seasonal norm after major disruptions

Daily oil production in Alaska was 451,000 barrels on Sept. 3. In August, daily production averaged 420,589 barrels, compared to 429,000 in August 2024 and 424,000 in August 2023. Year-to-date, Alaska oil production has totaled 112.43 million barrels, which is 0.32 million barrels less than at this time in 2024. ▼



Data from the Alaska Department of Revenue

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National job market softens

In Alaska, initial claims — where unemployed individuals file their first claim — remain low by historical standards, and this trend has improved in August. For the week ending Aug. 23, one in every 1,746 Alaskans filed a new unemployment claim, compared to one in every 1,489 Alaskans filed during the same week in 2024. Both of these rates are much lower than the pre-pandemic average of one in every 829 Alaskans for the same week between 2015 and 2019.

On a national level, unemployment claims are somewhat higher than in recent post-pandemic years but are still lower than pre-pandemic levels. Overall in the U.S., one in every 1,791 Americans filed a claim, compared to one in 1,767 in 2024 and a pre-pandemic average of one in 1,666.

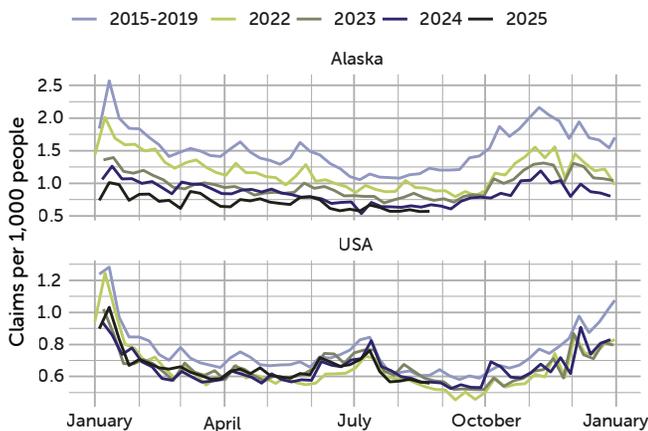
The U.S. Bureau of Labor Statistics' August report showed signs of a slowing labor market. Only 22,000 jobs were added to the economy in August. While there were gains of 31,000 jobs in health care, many other industries saw job losses. Manufacturing, in particular, lost 78,000 jobs over 2024. Revisions to August's data also revealed that June job figures went into the negative, marking the first time since December 2020 that U.S. employment declined. ◀



Alaska labor market sees continued growth

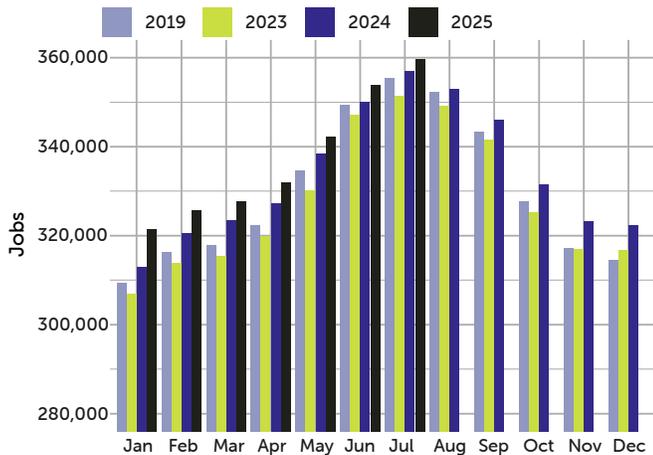
According to the latest July 2025 employment data, Alaska added 2,800 jobs over this year and 5,900 jobs since June 2025, bringing total nonfarm employment to 359,700 jobs. Month-over-month job gains were led by manufacturing, mostly in seafood processing (+5,100), leisure and hospitality (+1,700) and professional and business services (+300). Over the year, the largest job increases were in health care (+900), construction (+900), mining and logging (+500), and transportation, warehousing, and utilities (+500). Modest gains were also recorded in professional and business services (+400) and other services (+100). These were partly offset by losses in information (-400), financial activities (-100) and government (-100). ◀

Weekly Initial Unemployment Claims



Data from the U.S. Employment and Training Administration

Total Alaska Employment



Data from the Alaska Department of Labor and Workforce Development



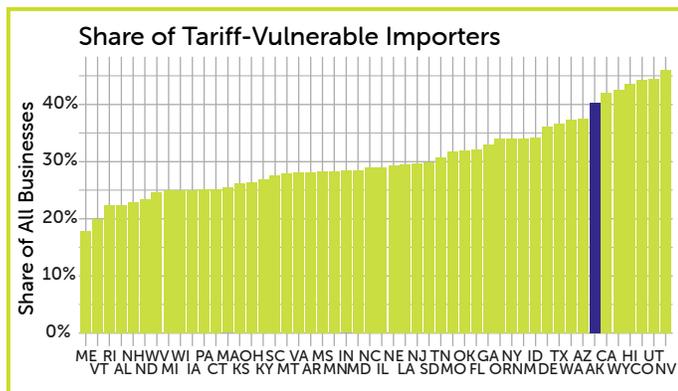
Alaska ranks 7th in share of tariff-vulnerable importers

The share of vulnerable importers by state is a significant concern. Vulnerable importers are defined as small businesses, specifically those with one to 49 employees, which are facing a substantial increase in their tariff rates — more than 25% — between 2024 and 2025.

Small U.S. importers are especially at risk due to several factors: They often rely heavily on single suppliers, many of which are in China; experience larger tariff hikes compared to bigger companies; and typically do not have the financial resources needed to diversify their supply chains. Lessons learned from the tariffs imposed in 2018–2019 indicate that finding alternative suppliers can take years and requires funding that smaller businesses often struggle to obtain. This makes access to credit crucial for their survival.

Even though small firms usually import simpler and more interchangeable products, their dependence on specific suppliers puts them at greater risk when trade costs rise. Geographically, these vulnerable businesses tend to be concentrated on the West Coast, likely due to their reliance on shipping routes to Asia. For instance, in Alaska, 40% of businesses are classified as vulnerable to tariffs because they are small, have limited credit and are facing high tariff rates.

Nationally, about 31% of importers in each state fall into this vulnerable category, highlighting the widespread issue of tariff exposure being, not just limited to coastal regions, but a challenge affecting U.S. trade as a whole. ▼



Data from the Federal Reserve Bank Atlanta



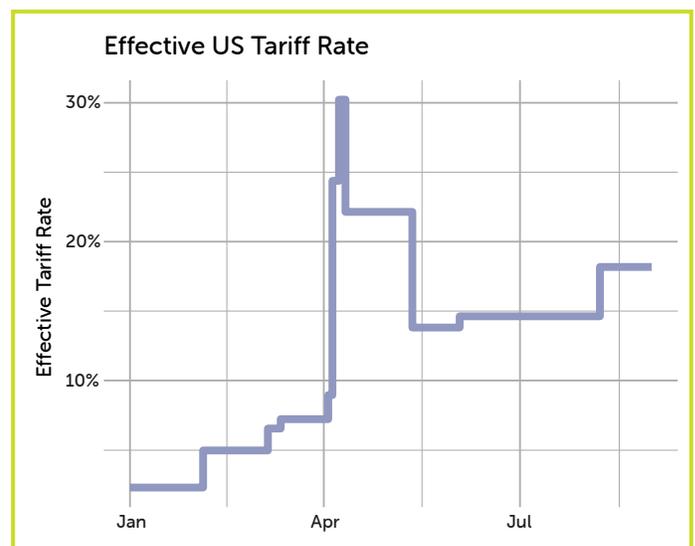
Effective tariff rates are up significantly

In early February, the U.S. imposed a 25% tariff on goods from Canada and Mexico and a 10% tariff on imports from China. Later that month, tariffs on steel and aluminum were increased, followed by reciprocal tariffs on copper.

As spring arrived, even more changes rolled out: The U.S. began investigating tariffs on auto parts and critical minerals. Some exemptions were made for electronics and smartphones, and the practice of “tariff stacking” on certain goods was limited. By early April, the U.S. increased tariffs for nearly every country, raising effective rates from the high single digits to more than 30%. Although some tariffs were later paused or removed, many higher rates remained in place.

In response, China implemented its own retaliatory tariffs, starting at 34%, escalating to 84% and then up to 125%. By summer, some reciprocal tariffs were paused, but U.S. duties on steel and aluminum surged again to 50%.

Additional diplomatic adjustments included a U.S. trade agreement with Japan and the European Union for a 15%-15% tariff deal, an equal 15% tariff on each other’s imports, along with a 19% agreement with Indonesia. Brazil raised its reciprocal tariffs to 50%, while the U.S. suspended certain exemptions and implemented new copper tariffs. ▼

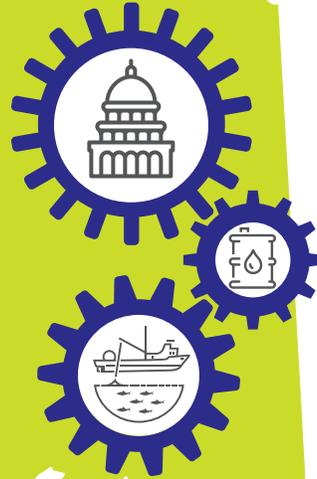


Data from the Michael E. Waugh’s Trade War Tracker

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Did you know...

roughly 40% of Alaska small businesses are classified as tariff-vulnerable importers?



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