

ALASKA'S ECONOMY

It's everyone's business.

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



Dear reader,

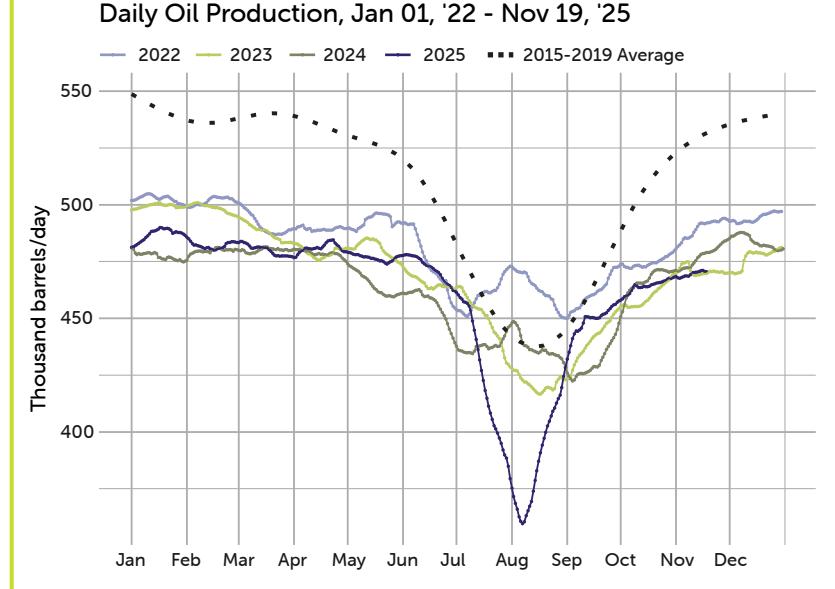
Both the U.S. and Alaska's economies are experiencing moderate growth. In Alaska, employment continues to rise compared to 2024, despite challenges such as reduced federal funding and lower oil prices. Overall, Alaska's economy remains stronger than the national average.

Inflation has risen modestly in the past year, creating challenges for monetary policy. Policymakers are working to find a balance between sustaining full employment in a slowing job market and addressing inflation to return to the Federal Reserve's 2% target.



Alaska oil production year-to-date totals 420,000 barrels fewer than 2024

Daily oil production in Alaska was 463,000 barrels on Nov. 19. In October, daily production averaged 467,673 barrels, compared to 471,000 in October 2024 and 469,000 in October 2023. Year-to-date, Alaska oil production has totaled 148.17 million barrels, which is 0.42 million barrels fewer than at this time in 2024. ►



Data from the Alaska Department of Revenue



Oil price slips below Alaska state budget forecast

The horizontal dotted line at \$68 per barrel represents the spring price forecast for Alaska's fiscal year 2026 budget. Alaska's benchmark oil price, ANS West Coast, was \$64.41 on Nov. 19. In October, daily prices averaged \$65.70 per barrel, compared to \$74.62 in October 2024 and \$90.48 in October 2023. Since the beginning of Alaska's fiscal year, prices have averaged \$68.69. Recently, prices have fallen due to reports of higher national inventories and hopes for a peace agreement between Ukraine and Russia. ►



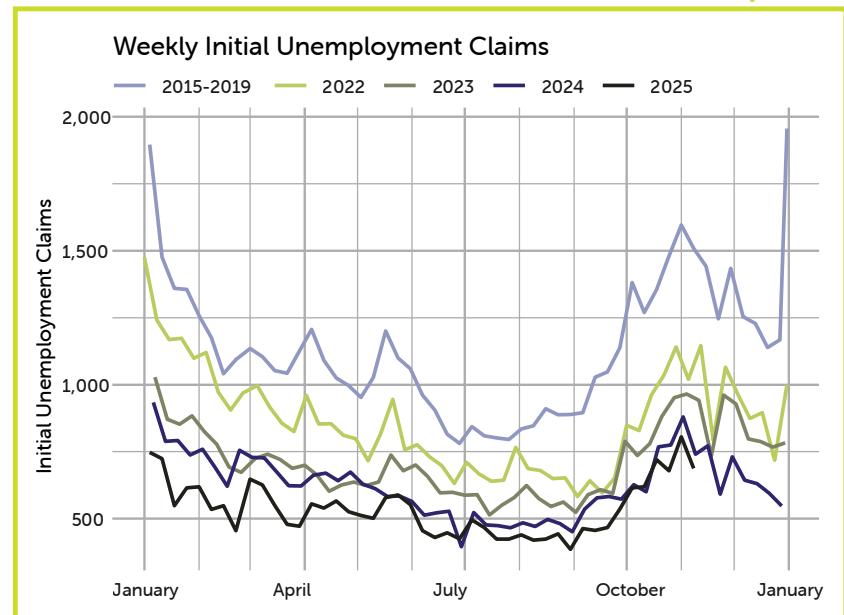
Data from the Alaska Department of Revenue

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Alaska unemployment claims drop in November

The number of initial unemployment claims filed by Alaskans for the first time in 2025 is lower than in recent years. For the week ending Nov. 8, Alaskans submitted 688 new unemployment claims, compared to 741 claims for the same week in 2024. Both figures are significantly lower than the average claim rates for that week before the pandemic (2015-2019). Claims in Alaska follow a typical seasonal trend: After increases in September and October, they generally decline in November. ►



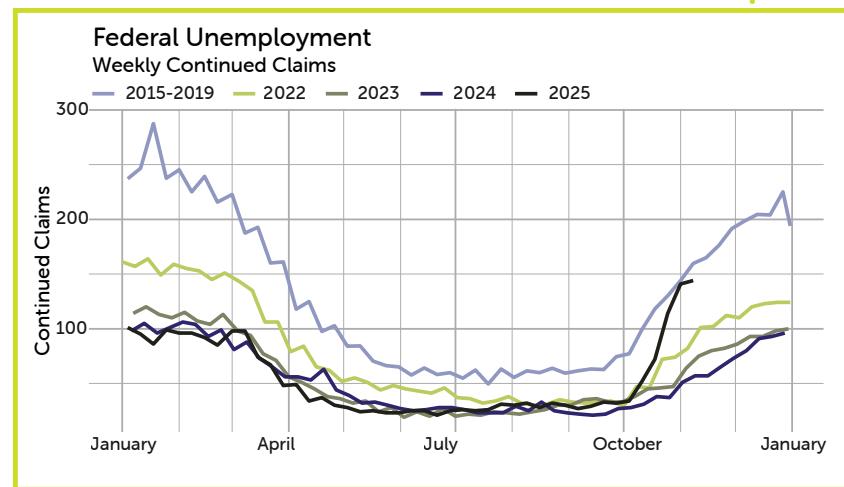
Data from the U.S. Employment and Training Administration



Federal workers file for unemployment amid layoffs

Federal government employees are part of a distinct unemployment insurance program, which allows us to see clearly how federal layoffs affect unemployment rates. Before Sept. 30, when the federal fiscal year ended, workers who accepted a deferred resignation were not classified as unemployed. October marked the first time we could access official data on the extent of job reductions. The data showed the ratio of federal workers receiving unemployment benefits compared to private sector and state and local government workers. Regions like Washington, D.C. and Maryland, which have a high concentration of federal jobs, reported the highest rates of former federal employees on unemployment insurance.

Alaska, known for its large federal workforce, ranks seventh among states affected by federal layoffs. The data indicate that while about 25 of the recent federal unemployment claims may be seasonal, an additional 125 exceed typical seasonal variations. ►



Data from the U.S. Employment and Training Administration



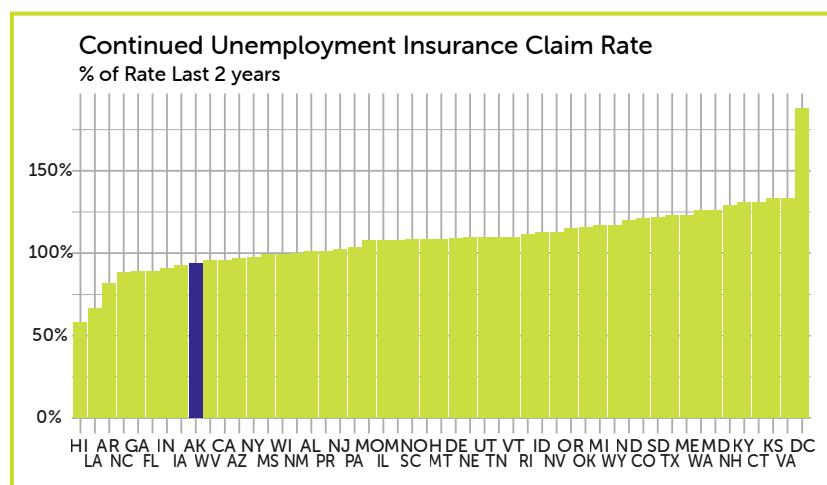
Alaska and U.S. labor market

To assess the health of the labor market, we can look at the percentage of individuals who claim unemployment benefits after losing their jobs relative to all employees eligible for such benefits. Analyzing this data by state over the past few years reveals important labor market trends.

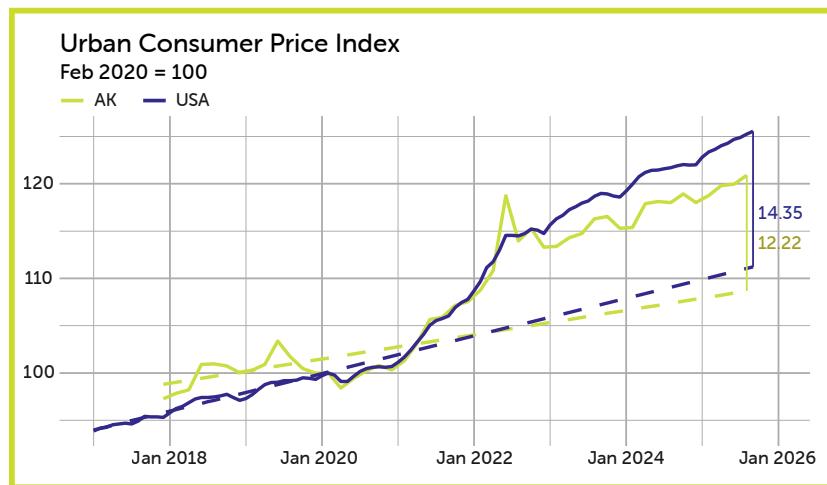
In September, the U.S. economy added approximately 119,000 jobs; however, overall employment has remained flat since April. The national unemployment rate has held steady at 4.4%. It's worth noting that nearly all job growth occurred in the private sector, while federal employment continued to decline. The private sector saw gains primarily in health care, food services and drinking establishments, and social assistance, whereas the transportation and warehousing sector experienced job losses.

New statewide employment statistics were unavailable for November. To address this gap and provide timely insights into Alaska's labor market, ISER has developed a short-term forecasting model. The model estimates Alaska employment figures were approximately 349,000 in September, 334,000 in October and 326,000 in November, compared to the same months in 2024: 346,100 in September, 331,600 in October and 323,300 in November. The data suggests early signs of improvement in the labor market compared to 2024.

Currently, Alaska's labor market is performing relatively well, with unemployment claims lower than in recent years, especially compared to 15 other states and territories. Regions impacted by federal job cuts, such as Washington, D.C., Virginia and Maryland, are facing declines in their labor markets. ▼



Data from the U.S. Employment and Training Administration and the U.S. Bureau of Labor Statistics



Data from the Bureau of Labor Statistics



Inflation ticks up in 2025

The solid lines represent the current Consumer Price Index (CPI) values, while the dashed lines illustrate the pre-pandemic trend. The numbered labels show the differences between the current CPI and its expected trajectory before the pandemic.

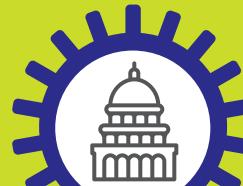
The CPI has risen both in Alaska and nationwide. After a sharp increase from 2021 to 2022, the rate of price growth has moderated, particularly in Alaska. Currently, national prices are approximately 14.4% higher than the pre-pandemic trend, while Alaska's prices have risen by 12.2%. Over the past year, national prices increased by 3%, largely driven by higher utility and used-vehicle costs, though gasoline and clothing prices have declined.

In Alaska, prices have risen by about 2.4% in the past year, primarily due to increases in medical care (10.6%), dining out (10.1%) and housing (7.3%). The prices of new and used vehicles have decreased, contributing to a 7.2% drop in transportation costs. ▲

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Did you know...

Alaska's prices have risen by about 2.4% in the past year?



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