

# ALASKA'S ECONOMY

## It's everyone's business.

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Dear reader,

The joint U.S.-Israeli military strikes on Iran starting Feb. 28 resulted in the ongoing closure of the Strait of Hormuz as of March 16. The strait is one of the world's most important energy shipping routes and has been effectively closed to most vessels.

This supply disruption caused energy prices to surge, raising concerns about a potential supply crisis if normal oil and fertilizer shipments from the Persian Gulf do not resume soon. Gas prices at pumps across the U.S. have already increased.

The U.S. labor market showed signs of slowing in February, with a report indicating the country lost 92,000 jobs. In Alaska, the job market data revealed continued growth.



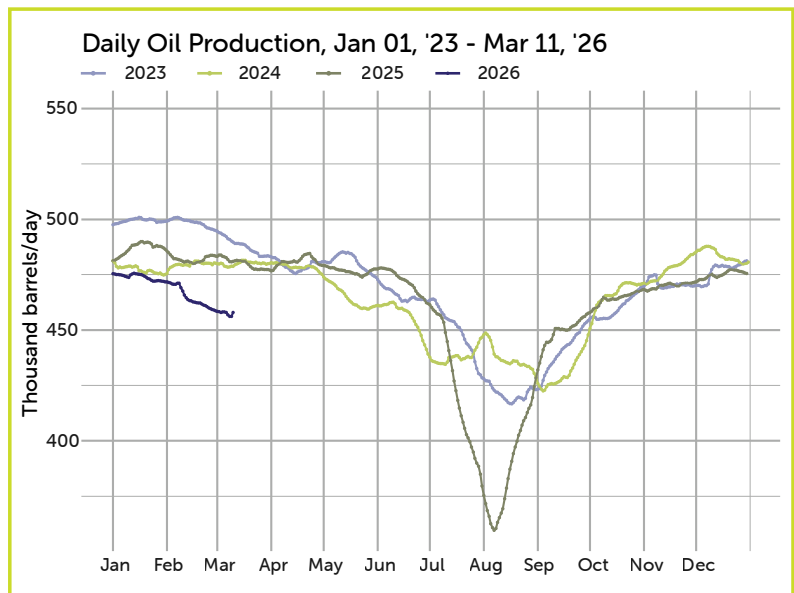
### War in the Middle East drives higher oil prices

The horizontal line of \$65.48 per barrel represents the fall price forecast for Alaska's fiscal year 2026 budget. Alaska's benchmark oil price, ANS West Coast, was \$92.06 on March 10. In February, daily prices averaged \$69.48 per barrel, compared to \$74.13 in February 2025 and \$81.27 in February 2024. Prices since the start of Alaska's fiscal year have averaged \$68.07 per barrel and are likely to increase if the disruption continues in global energy markets due to the ongoing war in the Middle East. ▶



### Alaska oil production down from 2025

Daily oil production in Alaska was 463,000 barrels on March 11. In February, daily production averaged 458,397 barrels, compared to 483,000 in February 2025 and 480,000 in February 2024. Year-to-date, Alaska oil production has totaled 32.09 million barrels, which is 1.27 million barrels fewer than at this time in 2025. ▼



Data from the Alaska Department of Revenue



Data from the Alaska Department of Revenue

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## Attack on Iran disrupts key oil shipping route

The joint U.S.-Israeli strikes on Iran starting Feb. 28 have precipitated an energy crisis, as Iran has retaliated by closing one of the world's most important oil transportation corridors. The Strait of Hormuz is the primary maritime outlet for Persian Gulf oil exports.

In the first half of 2025, approximately 20.9 million barrels per day of oil and petroleum products passed through the strait, equivalent to about 20% of global petroleum liquids consumption and a quarter of global seaborne oil trade. This oil originates from Gulf producers such as Saudi Arabia, Iraq, the United Arab Emirates, Kuwait, Qatar and Iran, and much of it is shipped to Asian markets.

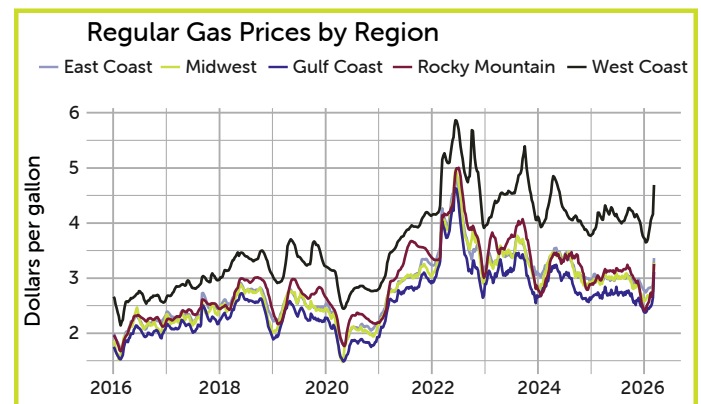
Since Feb. 28, Iran has granted passage to ships from India, Pakistan, Turkey and South Korea. Because oil is a globally traded commodity, any disruption to supply affects prices everywhere. While some producers are attempting to reroute exports around the strait, a sustained easing of currently elevated prices will require the full resumption of traffic through the strait.



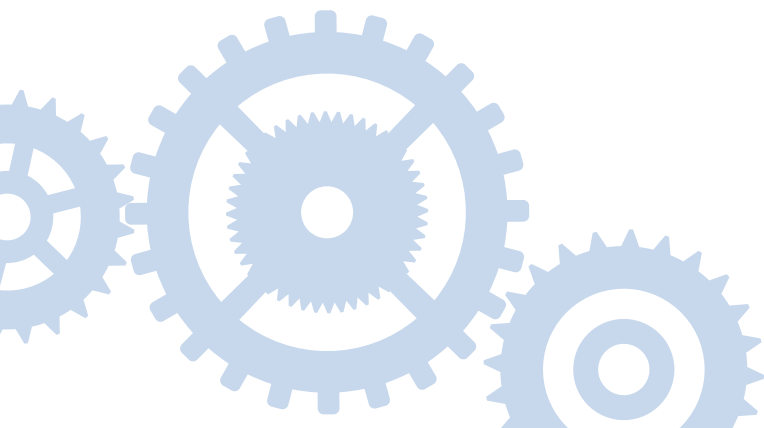
## U.S. gas prices rise nationally

Retail gasoline prices across the U.S. rose sharply following the disruption of oil shipments through the Strait of Hormuz. As of March 9, prices increased by roughly \$0.46 to \$0.53 per gallon in just one week across all major U.S. regions. The West Coast experienced the largest increase, rising \$0.53 to \$4.69 per gallon. In the Rocky Mountain region, prices increased by \$0.50 to \$3.26 per gallon. On the East Coast and in the Midwest, prices climbed by \$0.48, reaching \$3.36 and \$3.28 per gallon, respectively. The Gulf Coast saw a \$0.47 increase to \$3.11 per gallon.

Compared to 2025, gasoline prices are up by \$0.30 to \$0.59 per gallon, with the largest annual increase on the West Coast. These rapid price fluctuations illustrate how disruptions to a major global supply route can quickly raise fuel costs for consumers across the U.S., even though the U.S. imports relatively little oil directly from the Persian Gulf. ▼



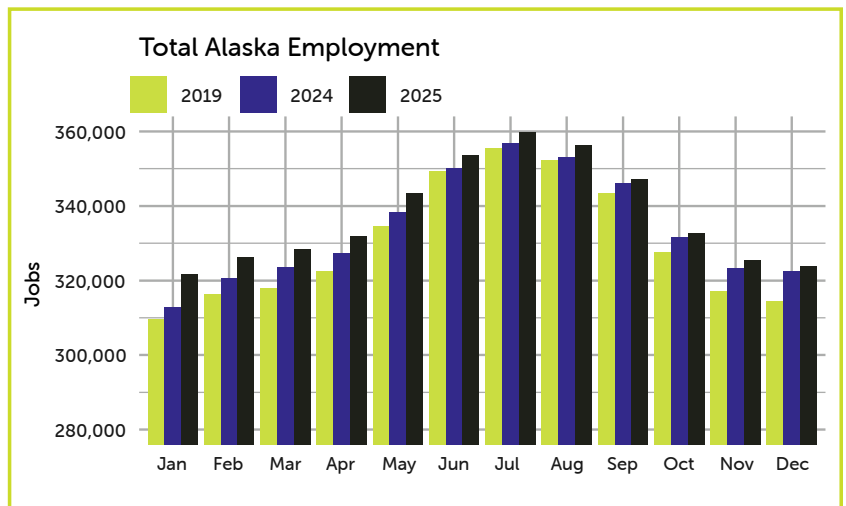
Data from the Energy Information Administration





## Alaska employment sees continued growth through 2025

According to the latest December employment data, Alaska added 1,500 jobs in 2025, bringing total nonfarm employment to 323,900 jobs, though employment declined by 1,600 jobs from November. Throughout the year, gains were concentrated in health care (+1,600 jobs), trade, transportation, and utilities (+900 jobs), and construction (+700 jobs). Employment also increased in mining and logging (+700 jobs), owing to growth in oil and gas (+600 jobs). These gains were partly offset by declines in government employment (-1,500 jobs), including federal (-1,000 jobs) and state (-400 jobs), as well as losses in professional and business services (-300 jobs) and leisure and hospitality (-300 jobs). ▶

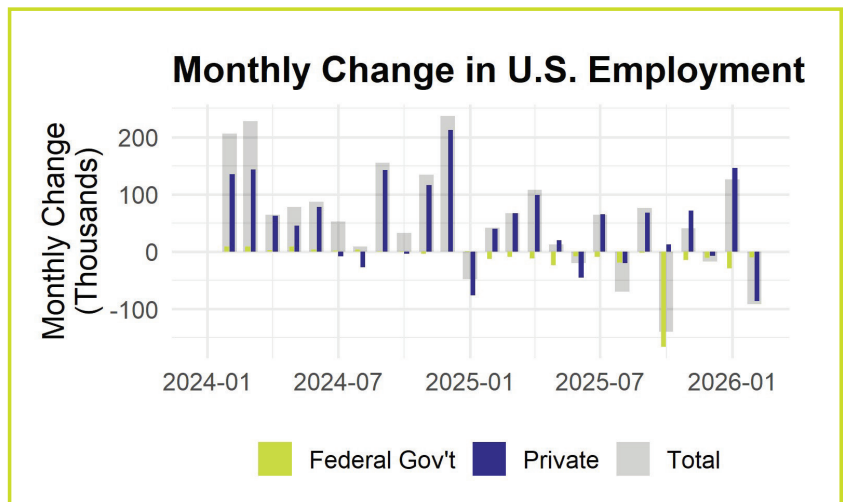


Data from the Alaska Department of Labor and Workforce Development



## U.S. sees job losses in February

In February, nationwide nonfarm employment decreased by 92,000 jobs, marking a significant reversal from the strong 126,000-job gain in January. Health care contributed to the job losses driven in part by a labor strike in California. Federal government employment continued to decline by 10,000 jobs. Since reaching a peak in October 2024, federal government employment is down by 330,000 jobs. The unemployment rate remained relatively stable at 4.4%. ▶



Data from the Bureau of Labor Statistics

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## Did you know...

approximately 20% of oil consumed globally passes through the Strait of Hormuz?



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