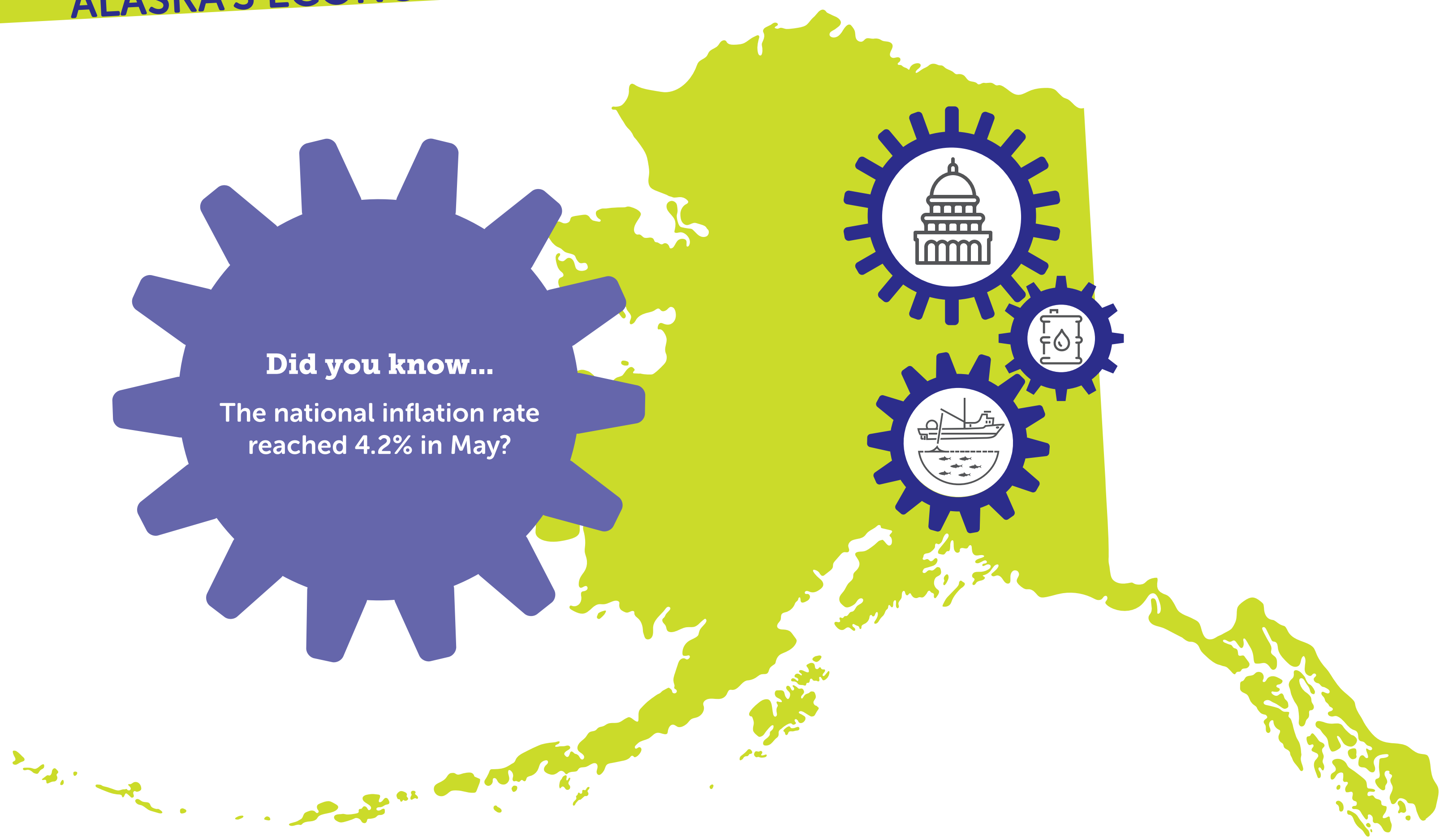


Did you know...

The national inflation rate reached 4.2% in May?

VOLUME 14 | JUNE 2026

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.

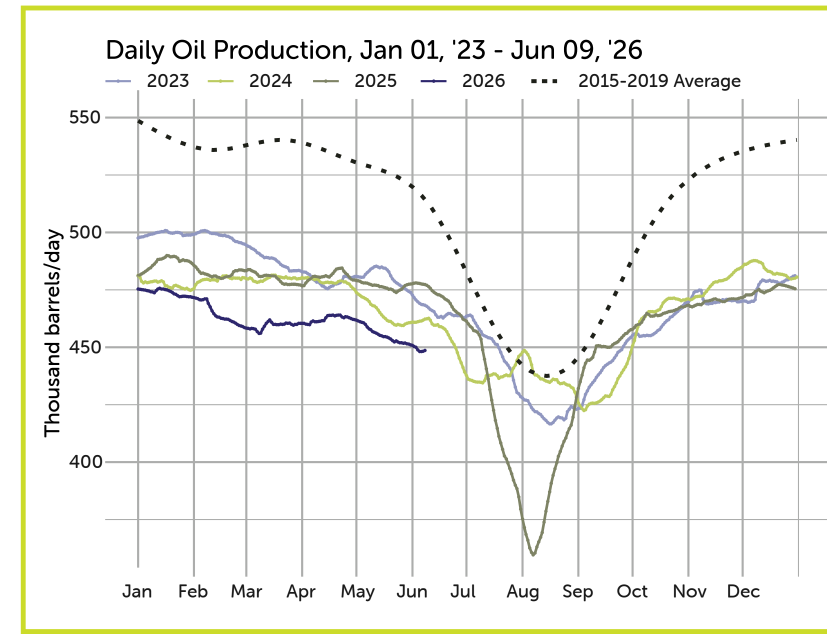
Dear reader,

Despite challenges from the ongoing global energy crisis, the national labor market saw significant growth in May for the first time since early 2025. States like Alaska, which rely heavily on federal government employment, continued to struggle with weak labor markets.

In Alaska, even after considering the large number of federal jobs, other industries are also contributing to the decline in employment. This weak labor market is causing wage growth in Alaska to slow down. For the first time since 2023, wages in the state are increasing at a slower rate than inflation, leading to a decrease in the standard of living for many Alaskans.

Year-to-date Alaska oil production down more than 2 million barrels

Daily oil production in Alaska was 463,000 barrels on June 9. In May, daily production averaged 451,599 barrels, compared to 477,000 in May 2025 and 461,000 in May 2024. Year to date, Alaska oil production has totaled 73.11 million barrels, which is 3.32 million barrels fewer than at this time in 2025. ►

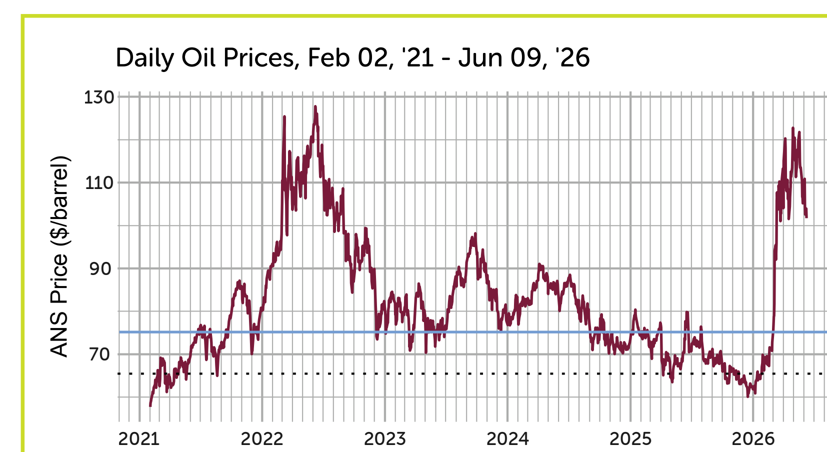


Data from the Alaska Department of Revenue

Oil prices continue to rise

The horizontal line of $75.26 per barrel represents the spring price forecast for Alaska's fiscal year 2026 budget. The dotted line represents the prices of Brent futures contracts.

Alaska's benchmark oil price, ANS West Coast, was $101.69 on June 9. In May, daily prices averaged $114.66 per barrel, compared to $67.07 in May 2025 and $85.55 in May 2024. Prices since the start of Alaska's fiscal year have averaged $79.34 per barrel. ►



Data from the Alaska Department of Revenue and Intercontinental Exchange, Inc.

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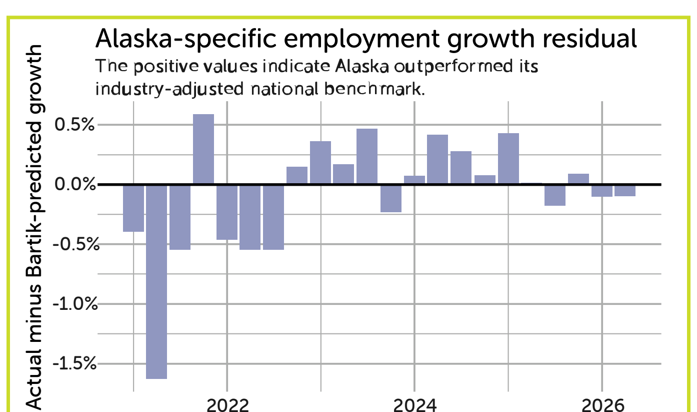
Alaska's Economy
It's everyone's business.

Alaska's employment slightly weaker in 2026

How would Alaska's employment have changed if each industry in the state had grown at the same rate as it did nationally? This raises important questions about the factors influencing Alaska's labor market: How much of the employment change is due to national trends, linked to specific industries and results from unique state conditions?

The figure below compares the actual quarterly changes in Alaska's employment with a hypothetical scenario where Alaska's industries grew at the same pace as the national averages. The comparison reveals that during 2024, Alaska's employment was increasing faster than expected based on national trends. This suggests that unique aspects of Alaska's economy were driving this growth, rather than just benefiting from a generally improving national economy.

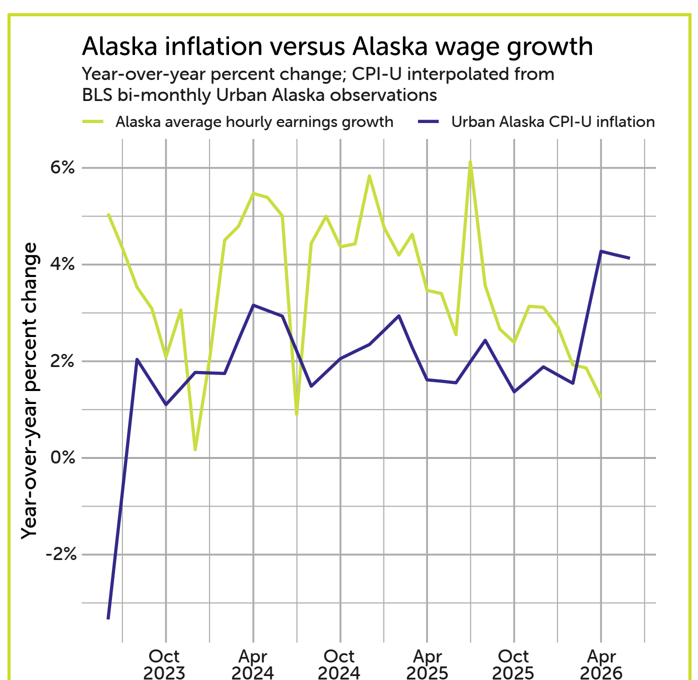
Beginning in the first quarter of 2025, Alaska's employment growth has aligned more closely with national trends, but it was slightly weaker in the first and second quarters of 2026. ▼



Data from U.S. Department of Labor Bureau of Labor Statistics

Alaska inflation is outpacing wage growth

Since February 2026, wage growth in Alaska has fallen behind inflation. In May, national inflation reached 4.2%, the highest rate in three years. For Alaska, year-over-year inflation was 4.3% in April, largely driven by rising energy prices due to the U.S. and Iran war. Additionally, a weakened labor market in Alaska has hindered wage growth. Over the past three years, wages usually increased enough to keep up with inflation, but in April and May, inflation has outpaced wage growth. ▼



Data from U.S. Department of Labor Bureau of Labor Statistics

Federal job reductions in Alaska continue to drag labor market

According to the latest employment data, Alaska gained 4,300 jobs between March and April. Total nonfarm employment reached 332,300 jobs, unchanged from April 2025 levels.

The largest monthly increases were seen in several sectors: trade, transportation and utilities added 1,900 jobs; leisure and hospitality saw an increase of 1,100 jobs; professional and business services gained 700 jobs; and retail trade also added 700 jobs. Mining and logging contributed 400 jobs, including 400 in oil and gas, while construction added another 400 jobs. Manufacturing, particularly seafood processing, experienced a decline of 800 jobs.

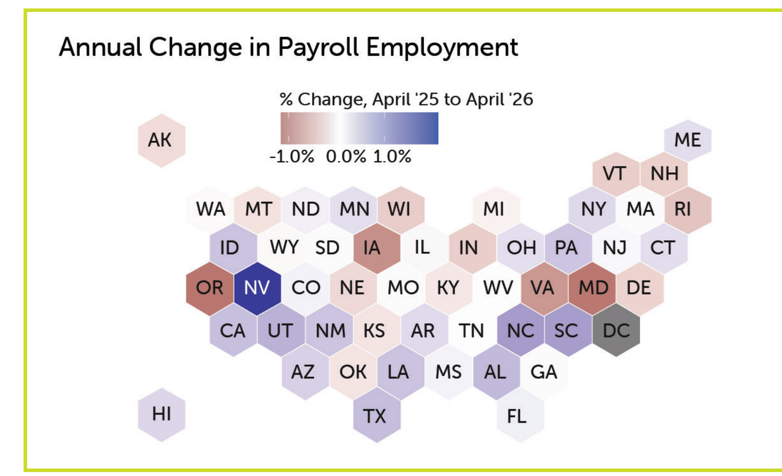
When compared to 2025, total employment remained flat. There were some positive shifts in specific areas: education and health services jobs increased by 600; transportation, warehousing and utilities rose by 1,200 jobs; and mining and logging was up by 1,000 jobs. Leisure and hospitality employment also grew by 500 jobs from April 2025.

These gains were somewhat offset by ongoing weaknesses in government employment and construction. Government jobs decreased by 2,700 compared to April 2025, primarily due to a drop of 1,900 jobs in federal employment. State government employment fell by 600 jobs, and local government employment was down by 200 jobs. Construction employment was 900 jobs lower than in April 2025. ►

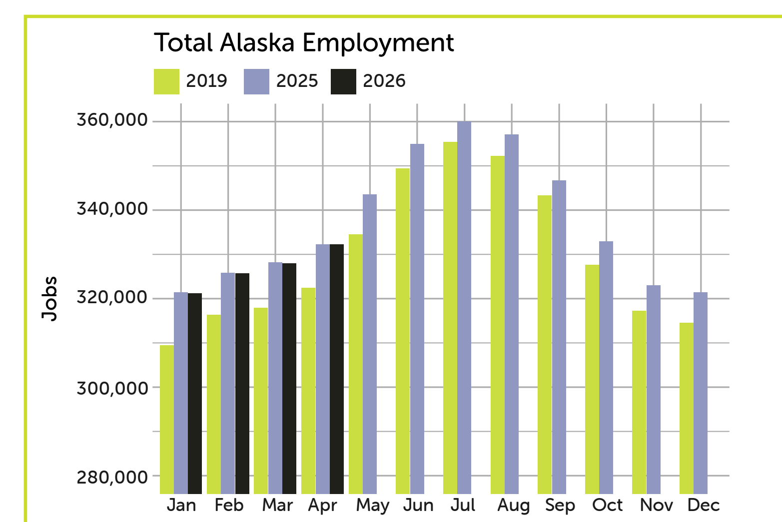
Southeast and Southwest states add jobs, Northeast and mid-Atlantic see declines

State labor markets showed slow growth across the nation. When comparing employment from April 2025 to April 2026, the strongest job gains are in the South and Mountain West. States like Nevada saw an increase of 1.9%, while North Carolina and South Carolina both had gains of 0.9%. Other states with positive growth include Utah (+0.7%), Alabama (+0.6%), Texas (+0.6%), and Idaho (+0.5%).

Some states in the Mid-Atlantic and Pacific Northwest experienced job losses. Oregon and Maryland both saw a decline of 1.2%. Virginia's employment dropped by 0.9%, and Washington had a slight decrease of 0.1%. Parts of the Midwest were also struggling, with Iowa down by 0.9%, Wisconsin by 0.4%, Indiana by 0.4% and Nebraska by 0.3%. Notably, the job losses in Virginia and Maryland were significantly influenced by cuts in the federal government workforce. ▼



Data from U.S. Department of Labor Bureau of Labor Statistics



Data from the Alaska Department of Labor and Workforce Development