

Did you know...
Alaska lost 1,300 federal jobs compared to 2025?



VOLUME 14 | AUGUST 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,

In July, Alaska experienced a mix of economic news. Oil prices stayed high, approximately \$70 per barrel, and oil production was strong compared to 2024 and 2025.

Employment improved in the oil industry, but the overall job market in Alaska and the U.S. showed signs of weakness. In June, Alaska had about 900 fewer jobs than the same month in 2025, mainly due to cuts in the Federal workforce over the past year.

Both Alaska and the nation face rising inflation that is outpacing wage growth, and placing financial pressure on households.



Alaska oil prices

The horizontal line of \$72 per barrel represents the minimum price needed to balance the 2027 fiscal year budget. Alaska's benchmark oil price, ANS West Coast, was \$78.49 on Aug. 6. In July, daily prices averaged \$78.62 per barrel, compared to \$73.02 in July 2025 and \$84.65 in July 2024. ▼

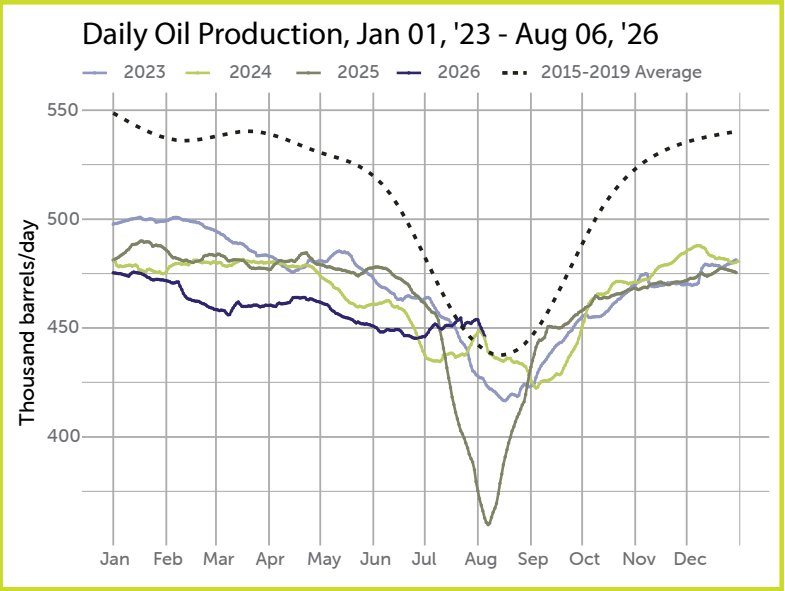


Data from the Alaska Department of Revenue and Intercontinental Exchange, Inc.



Stronger July oil production partially closes deficit

Daily oil production in Alaska was 410,000 barrels on Aug. 6. In July, daily production averaged 453,633 barrels, compared to 388,000 in July 2025 and 446,000 in July 2024. Year to date, Alaska oil production has totaled 99.19 million barrels, which is 1.01 million barrels fewer than at this time in 2025. July year-to-date oil production was almost 2 million barrels below 2025.



Data from the Alaska Department of Revenue

First National Bank
ALASKA
MEMBER FDIC
P.O. Box 100720
Anchorage, AK 99510-0720

PRSR STD
U.S. POSTAGE
PAID
ANCHORAGE, AK
PERMIT NO. 175

ALASKA'S ECONOMY



U.S.-Iran war's impact to urban and rural Alaska energy

West Texas Intermediate (WTI) prices are expressed in dollars per barrel, which can be converted to dollars per gallon. The average fuel price in surveyed communities is calculated as a percentage of the WTI crude oil price per gallon. This is an unweighted average across different economic regions.

As the energy price crisis continues due to the U.S.-Iran war, how are households in Alaska coping? In January 2026, the Energy Information Administration (EIA) predicted that WTI prices per barrel would average \$52.21 for 2026 and \$50.36 for 2027. By July, their forecast changed to \$76.26 for 2026 and \$60.76 for 2027. This means that crude oil prices are expected to be \$24.05 per barrel higher in 2026 and \$10.40 higher in 2027. Rising crude oil prices have an impact on rising gasoline and heating fuel prices in Alaska.

The chart compares the retail prices of gasoline and heating fuel to the price of WTI crude oil, measured on a per-gallon basis. The difference in these prices represents the costs involved in refining, transporting, distributing and marketing the final products.

In rural Alaska, this price difference is especially large because transportation costs can add several dollars per gallon to the retail price. For example, when WTI crude oil prices increase by one dollar per gallon, gasoline prices in Alaska tend to rise by about 3 cents per gallon, and fuel oil prices go up by around 4 cents.

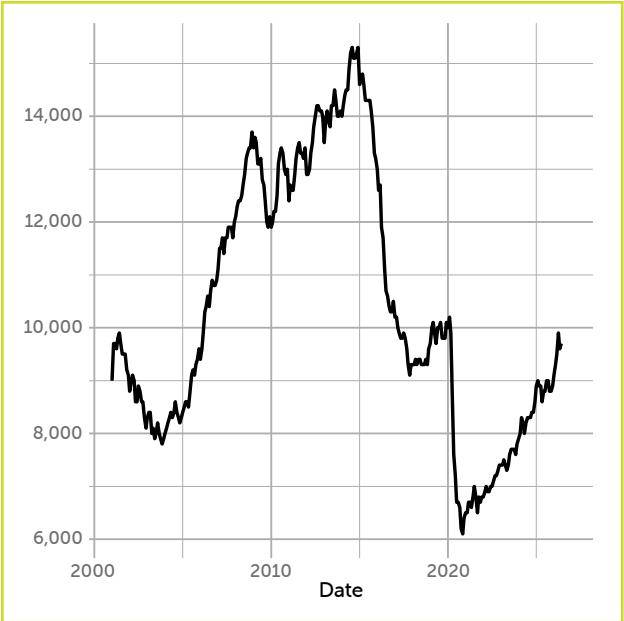
Based on forecasts from the EIA, the ongoing U.S.-Iran war is expected to raise gasoline prices for Alaskans by about \$0.76 per gallon and fuel oil prices by about \$0.97 per gallon by 2026. Generally, rising crude oil prices translate into higher retail prices across the state. This means that both urban and rural consumers in Alaska are likely to experience similar price increases due to the war, assuming historical trends continue. Rural customers will begin with higher baseline prices.

Data from the Alaska Department of Commerce, Community and Economic Development

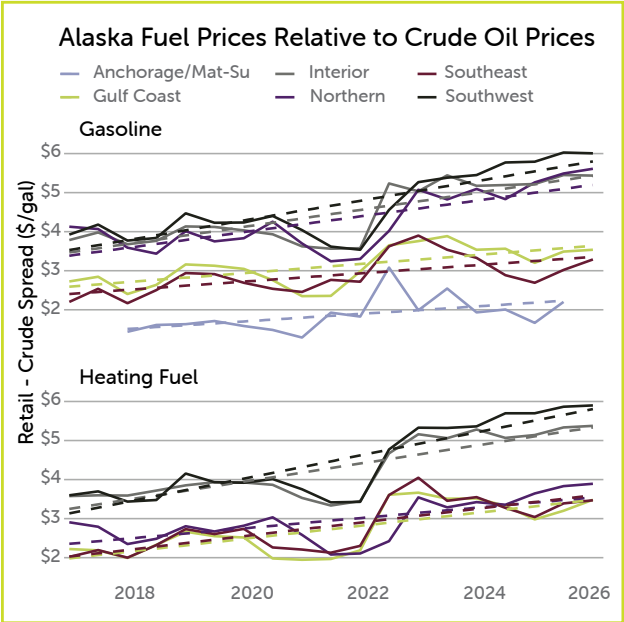


Petroleum employment recovers to pre-pandemic levels

Employment in Alaska's oil and gas industry had significant growth in 2025, adding nearly 900 jobs since June 2025. There are now about 9,700 jobs in the industry. Although this number is still below the peak of 15,300 jobs in December 2014, it is close to the pre-pandemic level of 10,200 jobs recorded in February 2020. ▼



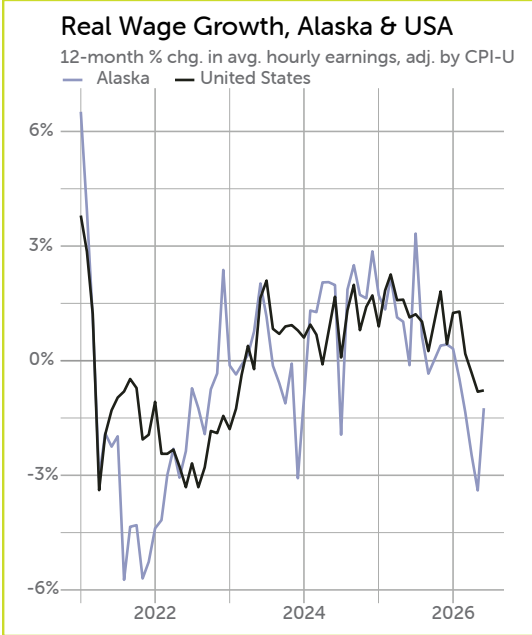
Data from the Alaska Department of Labor and Workforce Development



Inflation growing faster than wages in Alaska and nationally

The U.S. jobs report for July showed weaker results than analysts expected, with lower job estimates for May and June. One sign of a struggling labor market is wage growth has continued to lag inflation for the third month in a row. Wages are an important indicator of how strong the job market is, as they reflect the balance between the demand for workers and the number of available workers.

U.S. immigration policy has limited the supply of labor, but this doesn't seem to be enough to offset the weak demand for jobs and rising inflation. Falling real wages indicate not only a sluggish job market but also affect household spending and overall well-being. In Alaska, for example, inflation has been higher than wage growth since February. ▼



Data from the U.S. Bureau of Labor Statistics



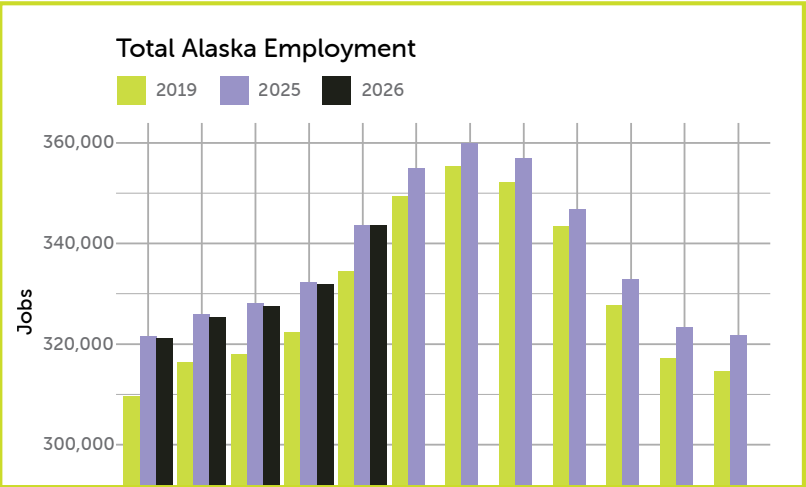
Alaska labor market still sluggish, weighed down by federal cuts

In June, Alaska added 11,700 jobs as seasonal industries continued to grow during summer. Total nonfarm employment reached 354,000 jobs, which is a decrease of 900 jobs compared to June 2025. The largest increase was in manufacturing, which gained 6,300 jobs, primarily due to a rise in seafood processing. Leisure and hospitality added 4,300 jobs, while both construction and the trade, transportation and utilities industries each saw an increase of 1,700 jobs.

Within the trade, transportation and utilities industry, retail trade, transportation, warehousing and utilities each added 800 jobs, while wholesale trade contributed 100 jobs. Other industries that experienced job increases included professional and business services, which added 900 jobs, other services with 200 jobs, and mining and logging, educational and health services, and financial activities gaining 100 jobs each.

These gains were offset by a loss of 3,700 government jobs, which included a drop of 3,000 local government jobs (mostly seasonal changes related to education) and a loss of 1,000 state government jobs. Compared to 2025, total employment is down by 900 jobs, with continued weaknesses in state and, particularly, federal government employment offsetting gains in several private industries. Specifically, mining and logging jobs increased by 900, fully attributed to oil and gas jobs. Transportation, warehousing and utilities jobs grew by 800, educational and health services added 400, and manufacturing rose by 300.

Government jobs experienced a decline of 1,900. Federal government employment fell by 1,300 jobs, and state government employment decreased by 600, while local government employment remained stable compared to 2025. Leisure and hospitality lost 500 jobs, construction was down by 300 jobs, and professional and business services, along with retail trade, each fell by 200 jobs. Information and wholesale trade each saw a decrease of 100 jobs. ▼



Data from the Alaska Department of Labor and Workforce Development