



Scott Goldsmith, Professor Emeritus of Economics, Institute of Social and Economic Research at the University of Alaska Anchorage, shares his views on the Alaska economy.

Unemployment Rate Inches up to 7.3 Percent

The December 2017 seasonally adjusted unemployment rate for Alaska was 7.3 percent, up 0.1 percent from November. The comparable national rate was steady at 4.1 percent. **Figure 1**

Alaska continued to have the highest unemployment rate in the nation in December. The lowest rate, 2 percent, was reported in Hawaii.

The raw unemployment rate (not seasonally adjusted) rose to 7.3 percent in December. Last year at that time it was 6.6 percent.

December Preliminary Job Count 3,300 Below Last Year

The preliminary estimate of employment (wage and salary jobs) in December from the Alaska Department of Labor shows a decline of 3,300 (1 percent) from a year earlier. The state has now experienced more than two full years of declining employment.

Substantial losses continued in oil, construction, state government, and professional and business services tied to the oil and construction industries. Retail trade also recorded significant losses, suggesting declining consumer spending. Healthcare and local government were the only industries experiencing growth. **Figure 2**

Job growth performance in Alaska in December continued to be the worst in the nation. Utah, with a growth rate of 3.3 percent, had the best performance.

North Slope Oil Price Falls from Recent High Above \$70

The West Coast price of North Slope crude oil briefly rose above \$70 at the end of January, but has since moved down towards \$60. The drop in the price is most likely due to a strong supply response to the higher price by U.S. shale oil producers. The price had been rising because of the extension of the supply constraint agreement within OPEC (and including Russia) beyond its expiration date in March. **Figure 3**

The price this fiscal year (2018) has averaged \$59 which is \$3 above the latest (fall) Alaska Department of Revenue forecast of \$56.

North Slope Oil Production Averaging 3 Percent Below Last Year

Through February of this fiscal year (2018) production has averaged 515,000 barrels per day, about 3 percent (15,000 barrels) lower than last year at this time. **Figure 4**

If the current trend continues, production will end the fiscal year close to the most recent (fall) Alaska Department of Revenue forecast of 533,000 barrels per day.

Alaska Population Fell 2,600 in 2017

The Alaska population fell 2,600, 0.4 percent, in 2017. This was the first drop in population since 1977 at the end of the pipeline construction boom.

Net migration (people moving into Alaska minus people moving out of the state) was negative for the fifth year in a row. About 8,900 more people left than moved into the state. **Figure 5**

Anchorage 2018 Job Loss Forecast to be 1,000 by AEDC

The Anchorage Economic Development Corporation (AEDC) forecasts that Anchorage will continue to lose jobs in 2018 but at a slower rate than in 2017. The total job loss is forecast to be 1,000 (0.7 percent). The losses will be concentrated in the support sectors with only healthcare and transportation increasing.

AEDC predicts the recession will end in 2018 and growth will resume next year. **Figure 6**

AEDC also forecast a decline in Anchorage population of about 1,500 for 2018. **Figure 7**

AEDC Anchorage Consumer Optimism Index Moves up Sharply

The AEDC (Anchorage Economic Development Corporation) Consumer Optimism Index for the fourth quarter of 2017 was up sharply from the record low of the previous quarter. The more stable six-month moving average rose to its highest level since the first quarter of 2016. (The index can take a value from 0 to 100. A value higher than 50 indicates relative consumer optimism.) **Figure 8**

All three components of the index – local economic confidence, personal financial confidence, and future expectations – increased over the prior year.

Anchorage Business Confidence Index for 2018 Rises

The annual Anchorage Business Confidence Index, prepared by the McDowell Group for the Anchorage Economic Development Corporation, rose slightly at the start of 2018. **Figure 9**

Although more optimistic than last year, businesses continue to think the Anchorage economy will fare poorly in 2018. **Figure 10**

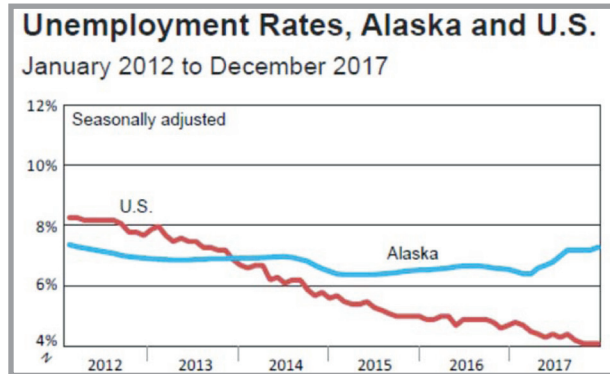


Figure 1

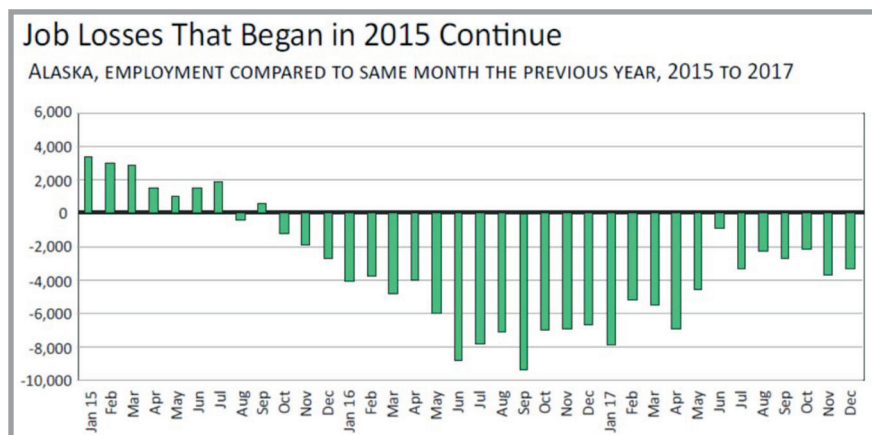


Figure 2

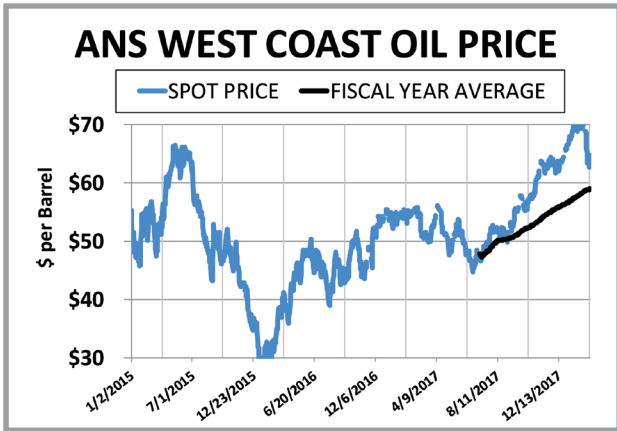


Figure 3

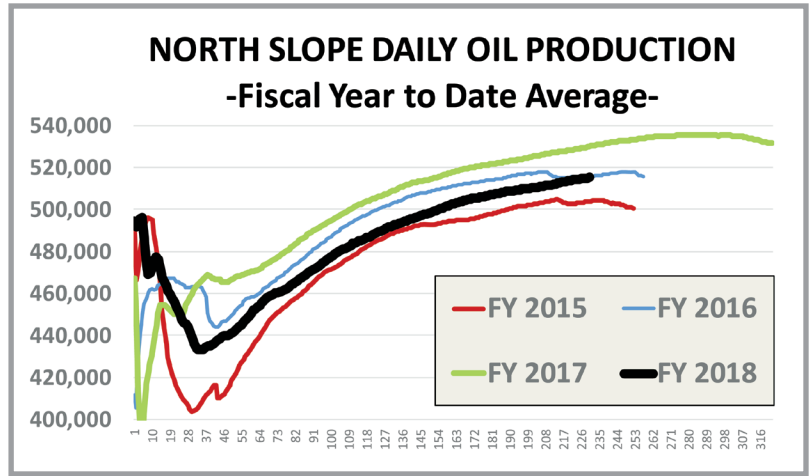


Figure 4

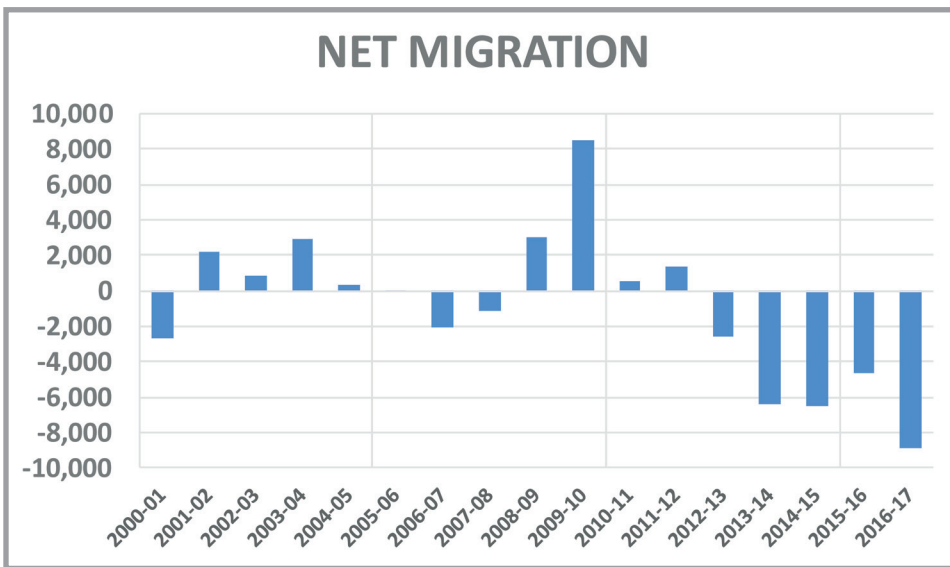


Figure 5

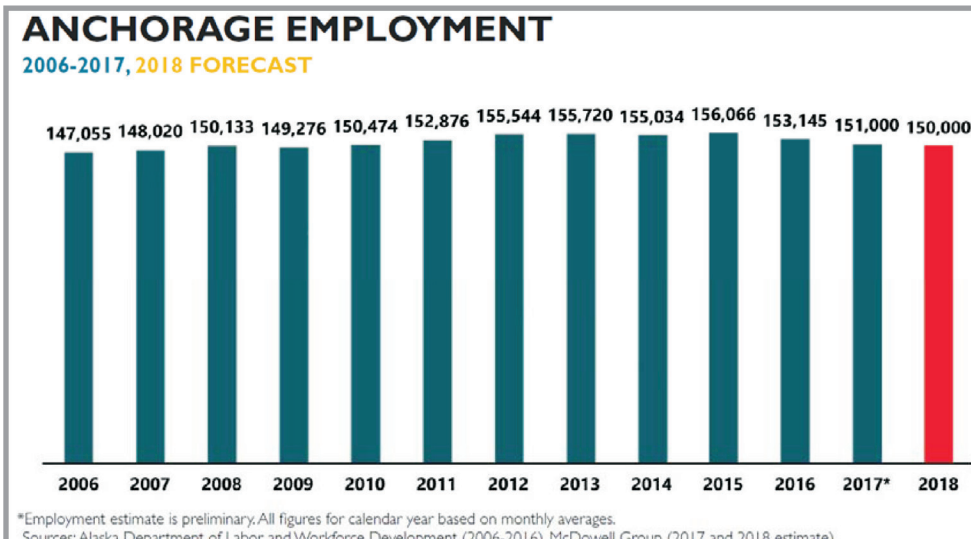


Figure 6

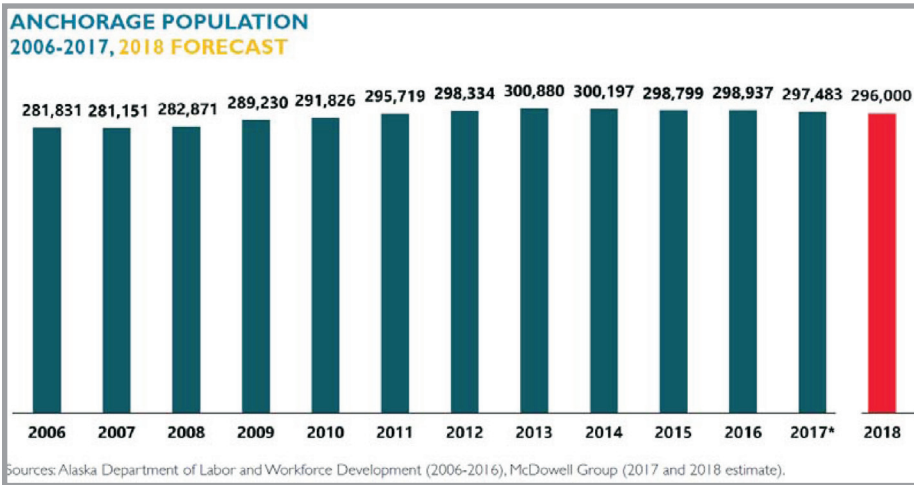


Figure 7

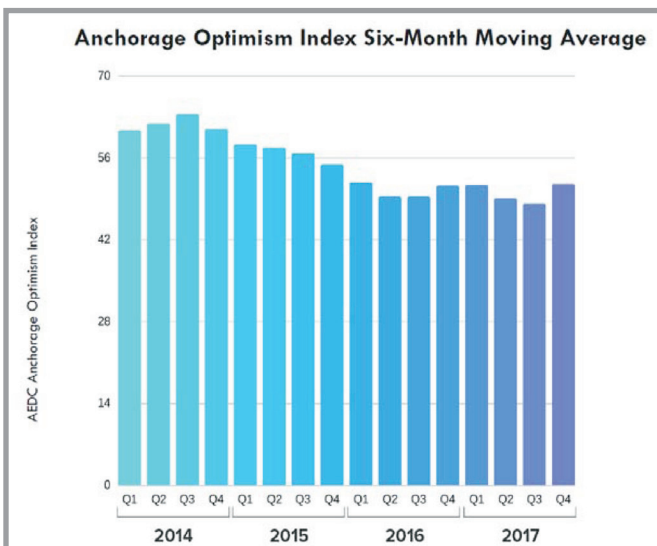


Figure 8

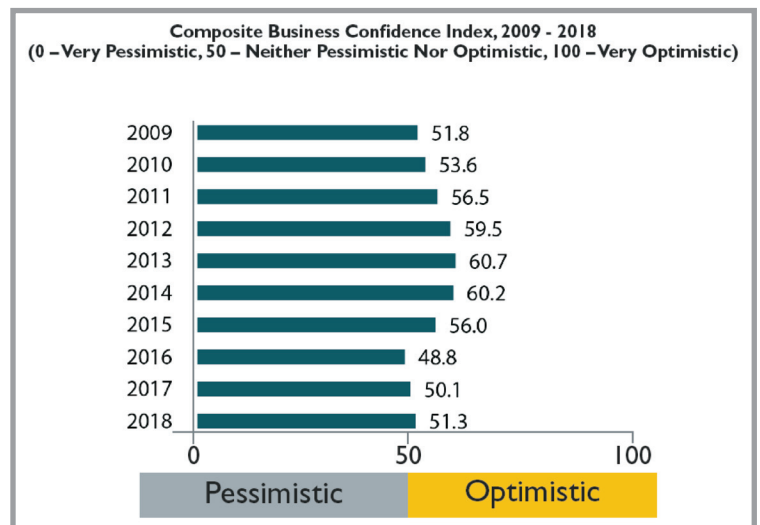


Figure 9

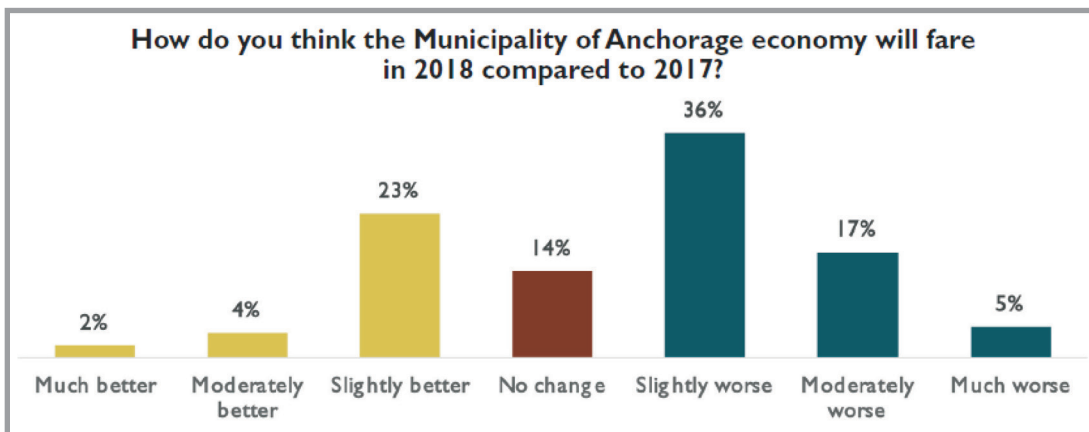


Figure 10