



*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 down to 7.2 percent**

The May 2018 seasonally adjusted unemployment rate for Alaska was 7.2 percent, up from 6.7 percent at this time last year. The comparable national rate was 3.8 percent in May but jumped to 4 percent in June. **Figure 1**

Alaska continued to have the highest unemployment rate in the nation in May. The lowest rate, 2.0 percent, was reported in Hawaii.

## **Preliminary job count in May 2,000 below last year**

The preliminary estimate of employment (wage and salary jobs) in May from the Alaska Department of Labor shows a decline of 2,000 jobs (.7 percent) from a year earlier. Employment has been falling since October 2015.

The largest loss (900) was reported in the trade sector. Oil and gas, finance, and other services also reported significant losses. Healthcare continues to be the only industry reporting sustained growth (1,000). State and local government together accounted for 800 jobs lost. **Figure 2**

Job growth performance in Alaska in May was better than one state – North Dakota, where employment declined .7 percent over the year. Utah, with a growth rate of 3.5 percent, had the best performance.

## **North Slope oil spot price trading between \$75-\$80**

The West Coast price of North Slope crude oil has been trading between \$75 and \$80 for the last month. So far this fiscal year (starting July 1), the price has averaged \$78 after closing out at \$64 for fiscal year 2018. The spot price will continue to fluctuate due to uncertainty about economic growth (demand considerations) and the geopolitics of supply. **Figure 3**

The average price of \$78 is \$15 above the latest (Spring 2018) Alaska Department of Revenue forecast of \$63.

## **North Slope oil production equal to last year at this time**

North Slope oil production has averaged 467,000 barrels per day through the first month and a half of fiscal year 2019. This compares to 468,000 barrels per day last year. Production in fiscal year 2018 averaged 519,000 barrels per day, almost identical to the 522,000 barrels per day Spring 2018 forecast from the Alaska Department of Revenue. **Figure 4**

Production is on track to meet the most recent (Spring 2018) Alaska Department of Revenue forecast for fiscal year 2019 of 527,000 barrels per day.

## **Alaska personal income increases at start of 2018**

Alaska personal income, including both wage and nonwage income, increased in the first quarter of 2018 to \$42.3 billion. Personal income has now increased for four quarters after a year and a half of stagnation. It is now four percent higher than when the oil price crash occurred in 2014. In contrast U.S. personal income is 13 percent higher. **Figure 5**

### State revenues continue to be sensitive to oil price

FY 2019 Unrestricted General Fund (GFUR) revenue could range between \$2 and \$3 billion based on recent fluctuations in the oil price.

The Fall 2017 forecast from the Alaska Department of Revenue was for \$2.05 billion in General Fund revenue based upon an average ANS West Coast price of \$57. The most recent forecast (Spring 2018) increased the estimate of revenues to \$2.26 billion based upon an average price of \$63.

Based on a graph prepared by the Alaska Department of Revenue for the Fall 2017 forecast, if the average oil price for the fiscal year were \$75, General Fund revenues would be about \$3 billion. In this price range a \$1 change in price could change revenues by roughly \$60 million. **Figure 6**

### Anchorage building permit values fall short of last year

The value of Anchorage building permits was \$186 million through May of 2018. This compares to \$232 million last year. **Figure 7**

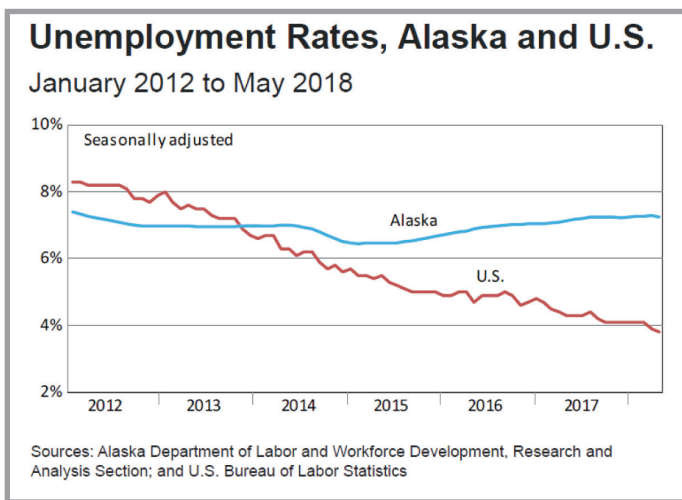
### Anchorage gross room rentals increased in 2017

The growth in the value of Anchorage room rentals (hotels and motels) turned positive in the second quarter of 2017. It has been increasing for the last four quarters after a decline for a year and a half. **Figure 8**

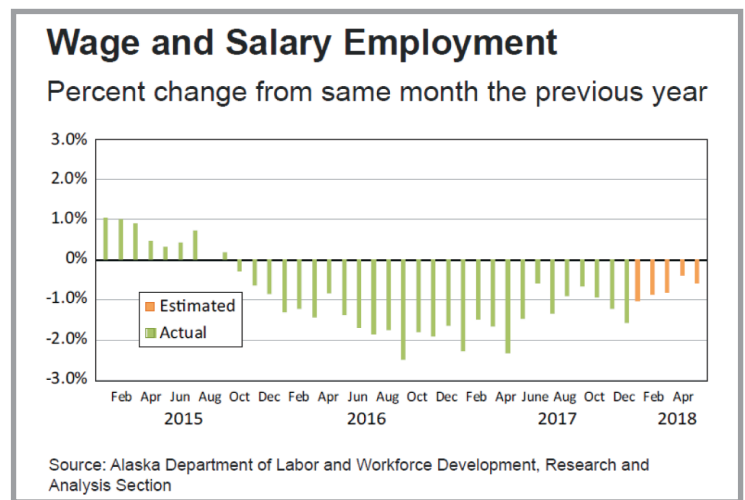
### Private non-petroleum gross domestic product recovering

Real Alaska Gross Domestic Product (GDP) excluding petroleum and government (the value of all private goods and services produced in the state) increased in the final quarter of 2017 to \$27.2 billion. This was the second consecutive quarter of growth. Alaska GDP is now about level with the 2011 value. **Figure 9**

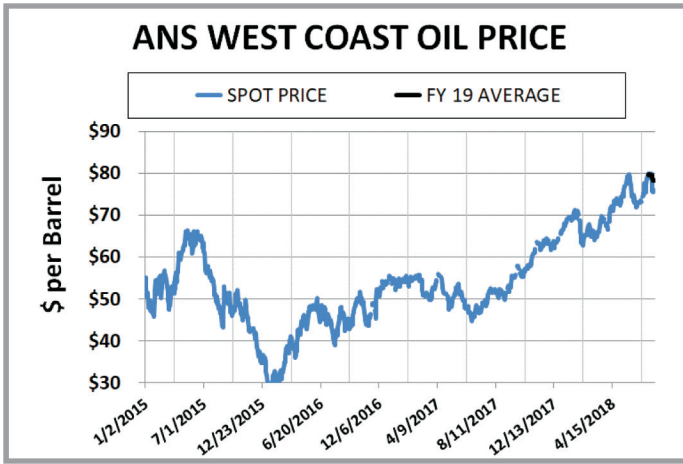
Petroleum GDP has also been increasing so total Alaska GDP in the fourth quarter of 2017 had reached \$47.8 billion. **Figure 10**



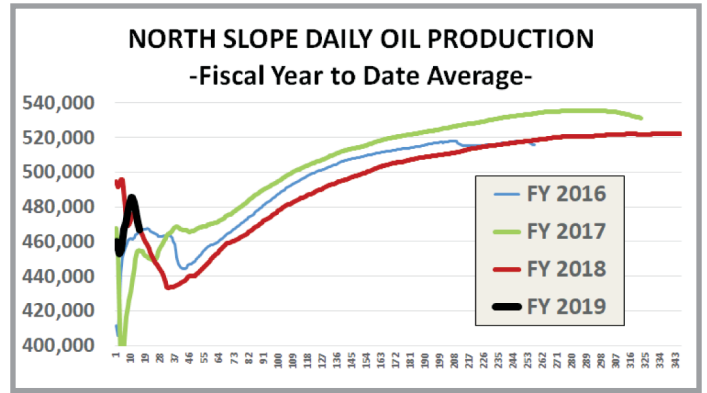
**Figure 1**



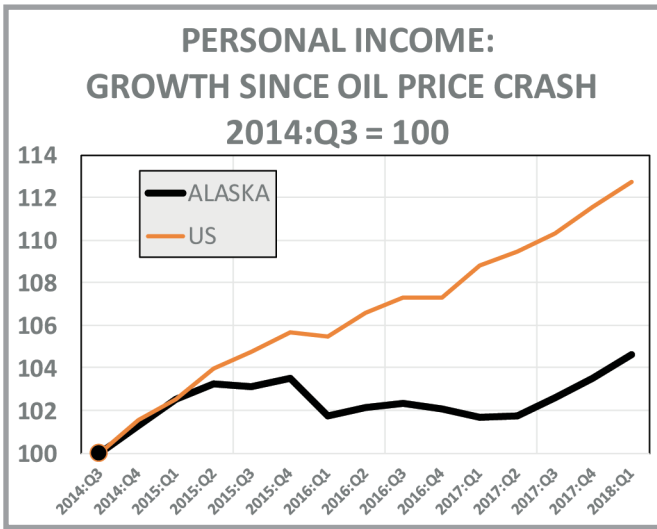
**Figure 2**



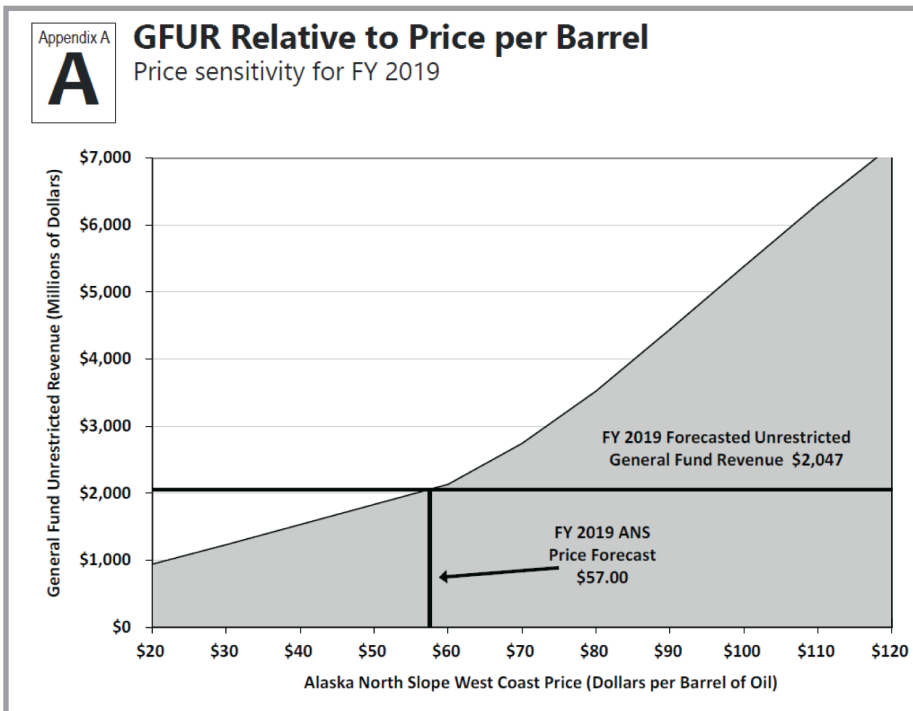
**Figure 3**



**Figure 4**



**Figure 5**



**Figure 6**

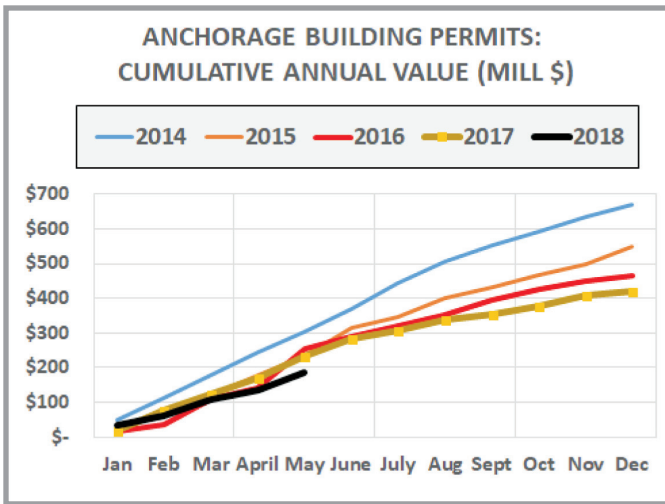


Figure 7

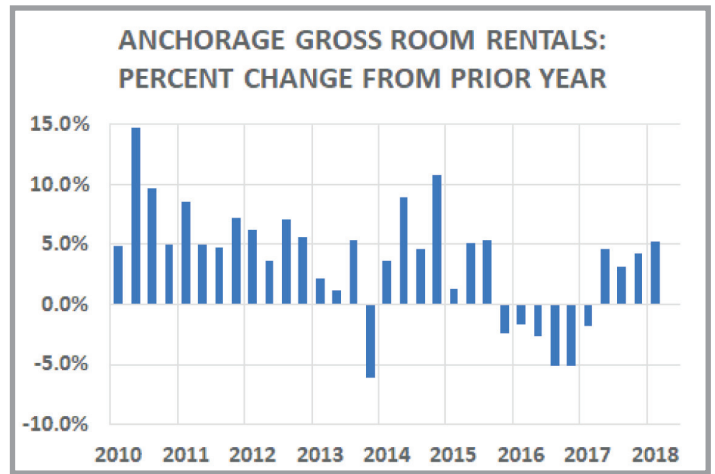


Figure 8

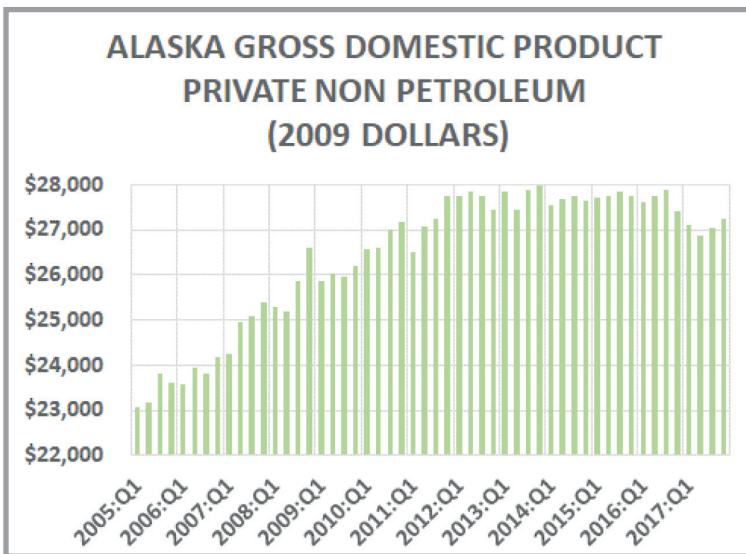


Figure 9

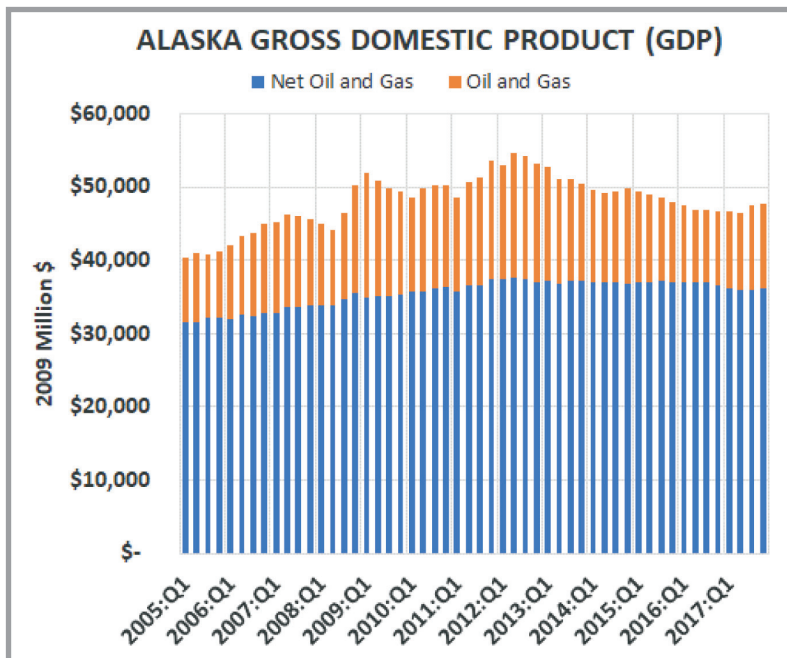


Figure 10