



*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 at 6.9 percent in July**

The July 2018 seasonally adjusted unemployment rate for Alaska was 6.9 percent, down from 7 percent at this time last year. The comparable national rate was 3.9 percent. **Figure 1**

Alaska continued to have the highest unemployment rate in the nation in July. The lowest rate, 2.1 percent, was reported in Hawaii.

## **Preliminary job count in July 900 below last year**

The preliminary estimate of employment (wage and salary jobs) in July from the Alaska Department of Labor shows a decline of 900 jobs (.3 percent) from a year earlier. The state has now experienced three 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 transportation were the only industries experiencing growth. **Figure 2**

Job growth performance in Alaska in July, which declined 0.6 percent over the year, was lowest in the nation. Utah, with a growth rate of 3.3 percent, had the best performance.

## **North Slope oil spot price drops toward \$70**

The West Coast price of North Slope crude oil traded in the low \$70s this month. The 2019 fiscal year average price is now \$75 compared to \$66 last year. The spot price will continue to fluctuate due to uncertainty surrounding the stability of supply from OPEC and other producers. **Figure 3**

The average price of \$75 is \$12 above the latest (Spring 2018) Alaska Department of Revenue forecast of \$63.

## **North Slope oil production similar to last year**

Through mid-August of this fiscal year (2019) production has averaged 425,000 barrels per day, below the average of 440,000 barrels per day at the same time last year. **Figure 4**

The average production level early in the fiscal year varies considerably from year to year due to the level and timing of summer field maintenance activities on the North Slope. Production for the entire fiscal year should be close to last year and consistent with the most recent (Spring 2018) Alaska Department of Revenue forecast for fiscal year 2019 of 527,000 barrels per day.

## **Alaska inflation low for the third year in a row**

The Anchorage consumer price index increased .5 percent in 2017, marking the third year in a row of inflation less than 1 percent. The U.S. average inflation rate for 2017 was 2.1 percent. **Figure 5**

Continued slow growth in housing prices compared to the national average was the main factor keeping the Anchorage rate of inflation low. **Figure 6**

### Juneau has highest cost of housing in urban Alaska

The perennially tight housing market in Juneau is reflected in the highest average home price in urban Alaska. Anchorage is the next most expensive market. The average two-bedroom home in Fairbanks is about \$125,000 less than in Anchorage. **Figure 7**

About 1.3 paychecks are required to buy the average-priced house in urban Alaska. However, it is much less in Fairbanks and in the Mat-Su for a commuting Anchorage worker. **Figure 8**

Two-bedroom apartment rentals average about \$1,300 a month, but vary across communities, with Mat-Su and Wrangell-Petersburg being the most affordable. **Figure 9**

### Alaska minimum wage increases four cents in 2018

The Alaska minimum wage increased four cents in January to \$9.94 from the previous year. The federal minimum wage is \$7.25. Twelve states and the District of Columbia have higher minimum wages than Alaska with the highest being the District of Columbia where the minimum wage is now \$12.50. Washington is the highest state at \$11.50 followed by California and Massachusetts at \$11. **Figure 10**

### Measures of cost of living always show Alaska near the top

Alaska prices (based on Anchorage, Fairbanks, Juneau and Kodiak) were 34 percent higher than the national average in late 2017 according to the Council for Community and Economic Research. Alaska cost of living ranked fourth-highest among the states. **Figure 11**

An early 2018 report dropped Alaska down to seventh place at 24 percent above the national average. Fluctuation in the ranking is common and not a reflection of dramatic real changes. In any event Alaska always ranks near the top among the states.

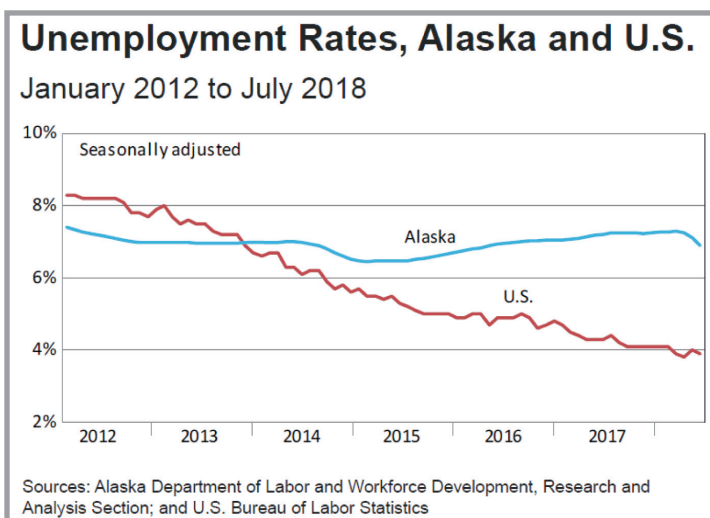


Figure 1

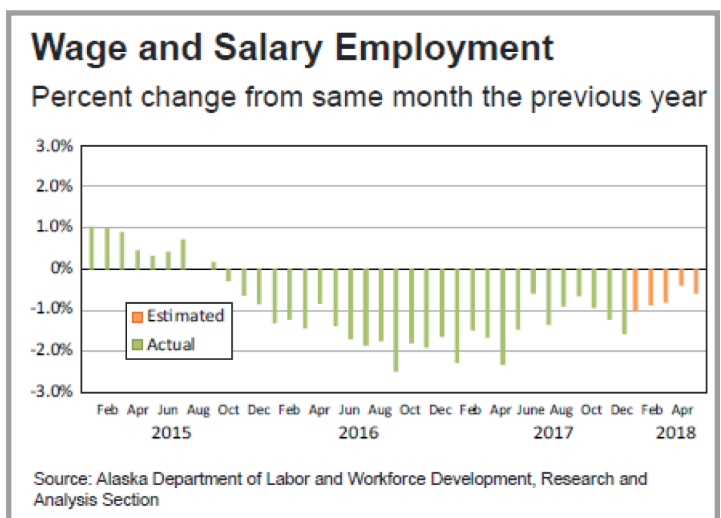


Figure 2

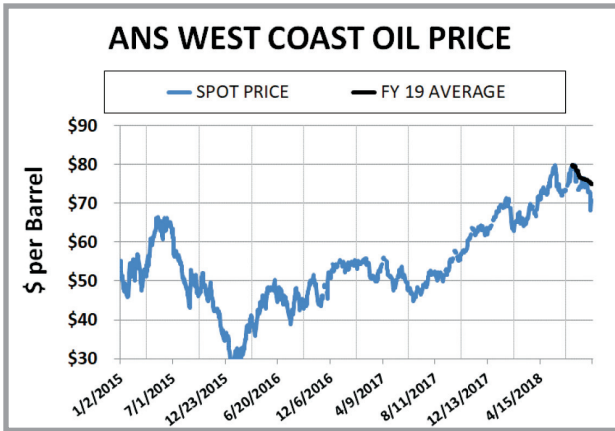


Figure 3

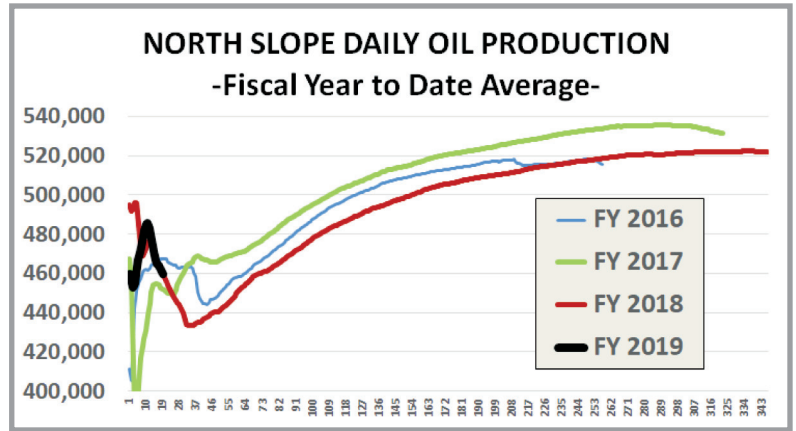


Figure 4

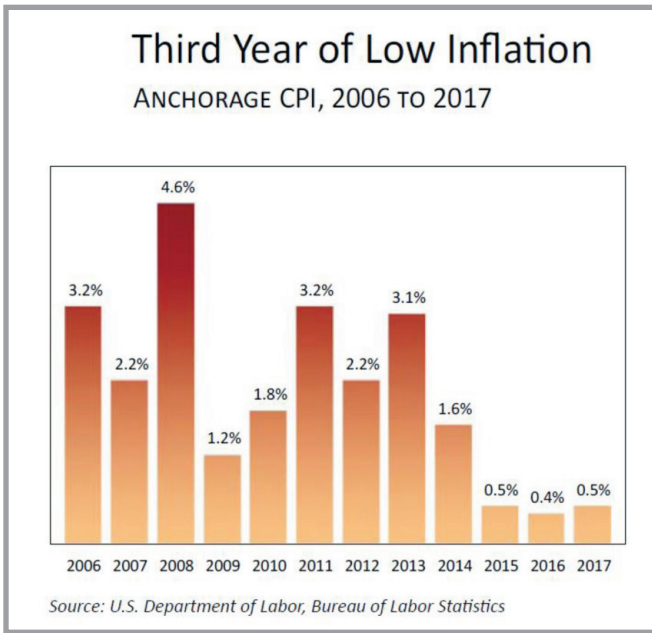


Figure 5

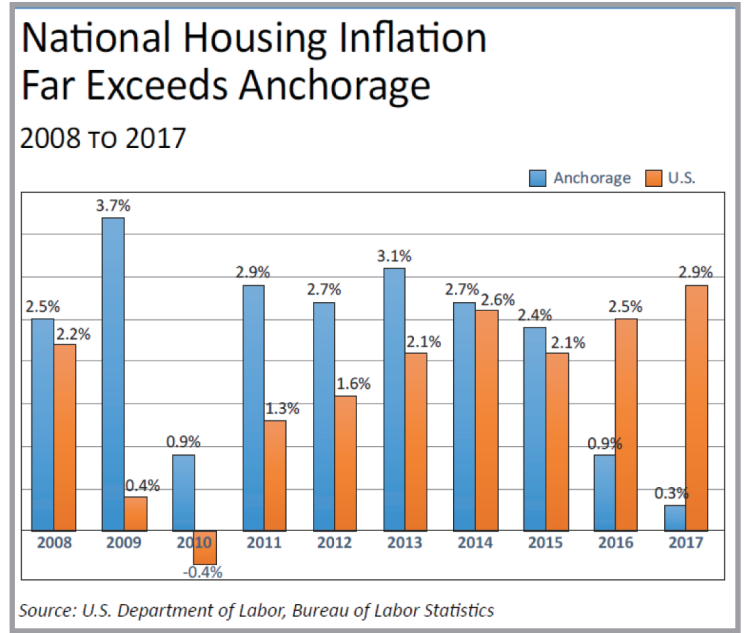


Figure 6

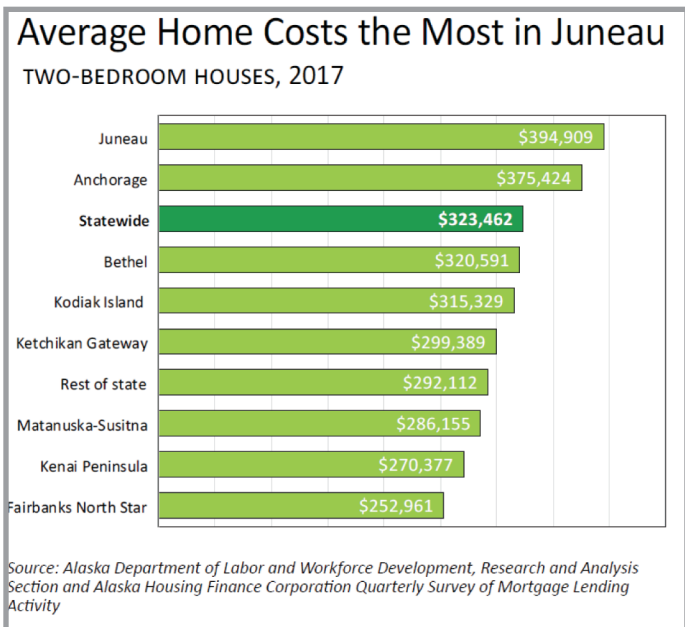


Figure 7

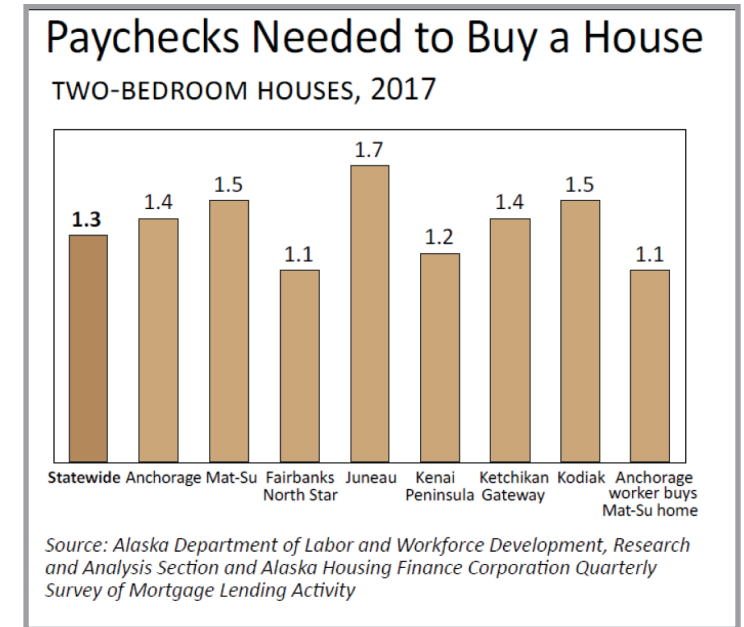
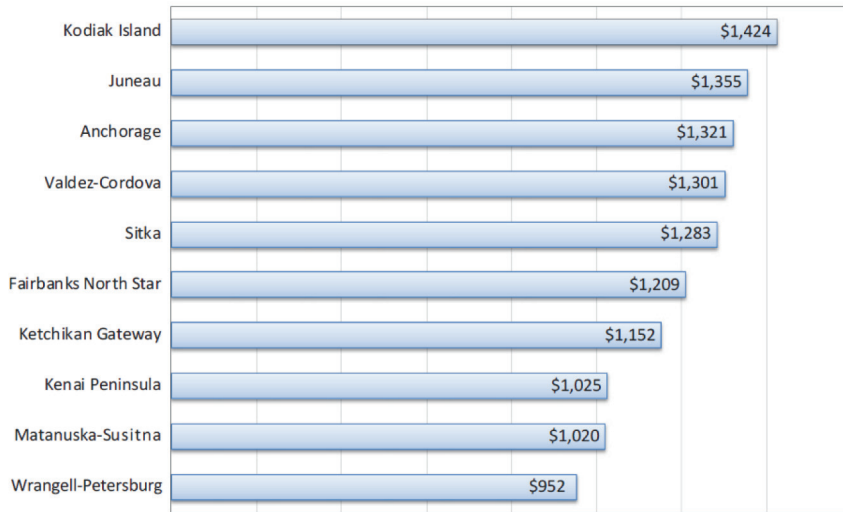


Figure 8

# Kodiak Has Highest Rent Plus Utilities

TWO-BEDROOM APARTMENTS, 2017



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing and Finance Corporation, 2017 Rental Market Survey

Figure 9

# ALASKA MINIMUM WAGE

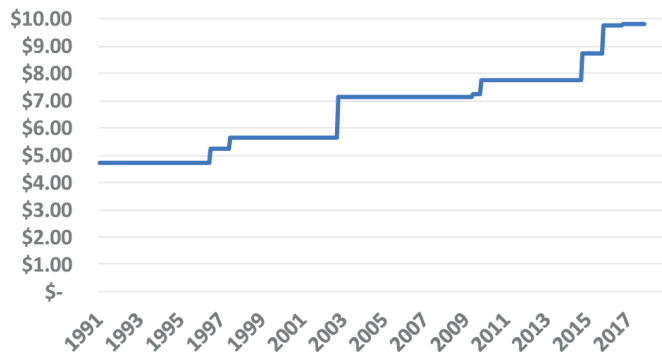


Figure 10

# 10 MOST EXPENSIVE States

(% Above Average)

Hawaii	88.4%
Dist. of Columbia	57.4%
California	40.5%
New York	34.1%
<b>Alaska</b>	<b>31.9%</b>
Maryland	28.4%
Massachusetts	27.3%
Oregon	25.7%
Connecticut	24.9%
Rhode Island	23%

# 10 LEAST EXPENSIVE States

(% Below Average)

Georgia	8.9%
Kansas	9.3%
Alabama	9.8%
Tennessee	9.9%
Iowa	10%
Oklahoma	10.7%
Missouri	10.8%
Michigan	11%
Arkansas	12.3%
Mississippi	15.8%

Figure 11