



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.

Anchorage recession forecast to end in 2019

The Anchorage Economic Development Corporation has forecasted an end to the Anchorage economic recession sometime in 2019. This is based on a continuing decline in employment loss through the first half of 2018. Returning positive activity in the oil patch, strength in the tourism sector and progress dealing with the state fiscal problems are the main reasons for renewed optimism.

Employment will continue to fall through the remainder of 2018 and stabilize in 2019. Slow growth will resume in 2020. Employment in 2019 will be about the same as a decade earlier. **Figure 1**

Population is also forecast to stabilize in 2019 at 297,000, about the same level as 2012. **Figure 2**

Summer visitor count for 2017 up 4 percent

The summer visitor count was up for the third year in a row in 2017 to 1.926 million (4 percent). Most of the increase was in cruise ship passenger traffic which increased by 6 percent. Cruise ship traffic now accounts for 57 percent of total visitors. **Figure 3**

North Slope oil spot price fluctuates between \$70-\$80

The West Coast price of North Slope crude oil has traded in a range between \$70 and \$80 per barrel since the start of this fiscal year in July. In the last month, the fiscal year average price has fallen from \$79 to \$75. **Figure 4**

The spot price will continue to fluctuate due to uncertainty about the supply of oil from Iran as well as the world demand for oil.

The average price of \$75 is \$12 above the latest (Spring 2018) fiscal year 2019 Alaska Department of Revenue forecast of \$63.

North Slope oil production averaging 3 percent below last year

Through mid-September of this fiscal year (2019) production has averaged 446,000 barrels per day, about 3 percent (15,000 barrels) lower than last year at this time. **Figure 5**

This fiscal year, production should end close to the most recent (Spring 2019) Alaska Department of Revenue forecast of 527,000 barrels per day.

Anchorage consumer confidence continues to increase

The Anchorage Consumer Confidence Index, published by the Anchorage Economic Development Corporation, increased sharply in the second quarter of 2018. The six-month moving average has now increased for three quarters and has returned to its level at the end of 2015. **Figure 6**

All three components of the index – local economic confidence, personal financial confidence, and future expectations – were higher in the second quarter.

U.S. consumer confidence also increased during this period. The Conference Board Consumer Confidence Index rose 4.3 points and the University of Michigan Consumer Sentiment Index rose 2.3 points. Both reflect confidence in the present and positive future expectations.

Inflation rate jumps up in first half of 2018

Anchorage inflation increased at a 2.1 percent annualized rate during the first half of 2018. This is considerably higher than the previous three years when the rate was about .5 percent annually.

The comparable national inflation rate was 2.5 percent. **Figure 7**

Unemployment rate falls to 6.9 percent

The July 2018 seasonally adjusted unemployment rate for Alaska was 6.9 percent, down from 7.1 percent in June. The comparable national rate was 3.9 percent, down from 4.0 percent in June. **Figure 8**

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 (.3 percent) from a year earlier. State employment has now been contracting for more than three years, but the rate of decline has been slowing since the start of this year. **Figure 9**

The largest decline was reported in the retail trade sector (-900). Oil and gas (-500) and business services (-300) also reported losses from a year earlier.

Healthcare added 900 jobs, followed by 300 in the construction sector. Transportation, leisure services and manufacturing also reported gains from a year earlier.

Government was down 300 because of declines in both state (-300) and local (-200) government. Federal employment was 200 higher than a year earlier.

Employment was lower in all regions of the state except Fairbanks, which reported an increase of 1.3 percent compared to a year earlier.

Job growth performance in Alaska in July was the worst in the nation. Utah, with a growth rate of 3.9 percent, had the best performance.

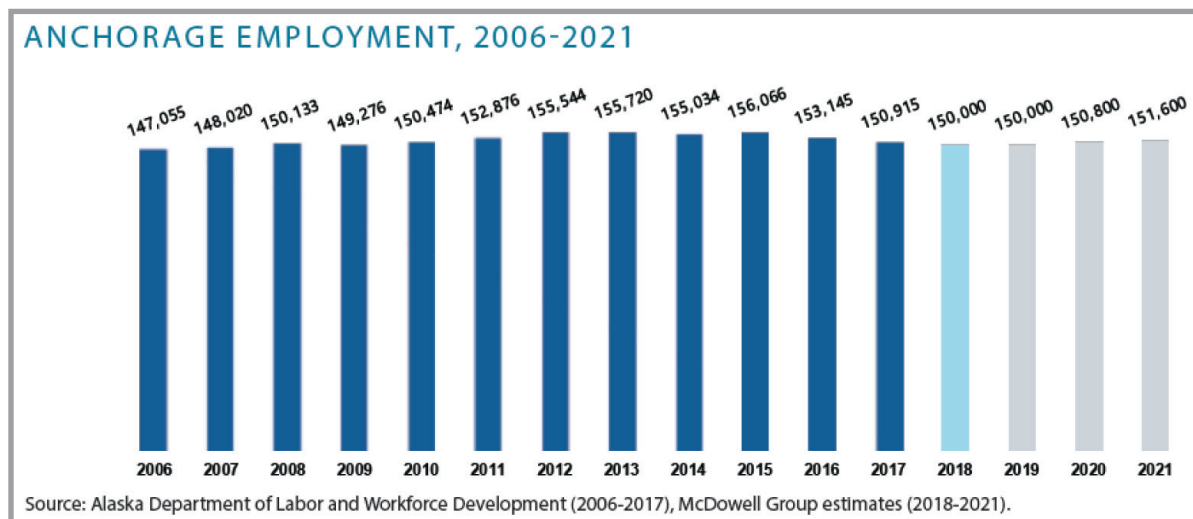


Figure 1

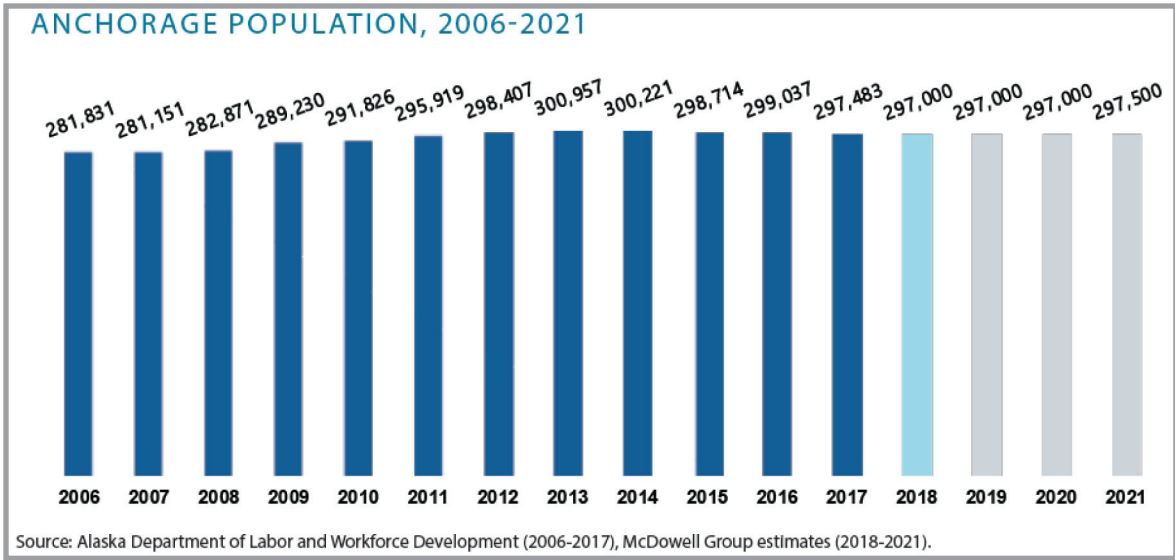


Figure 2

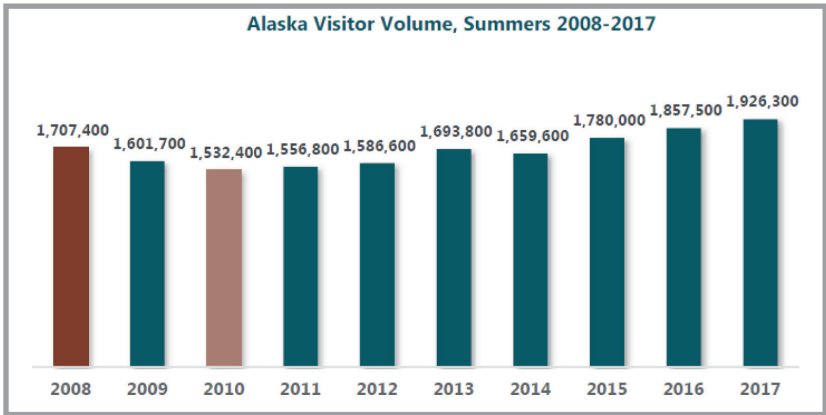


Figure 3

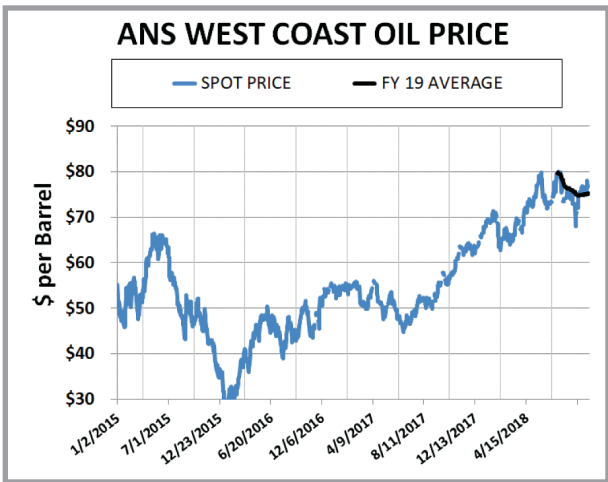


Figure 4

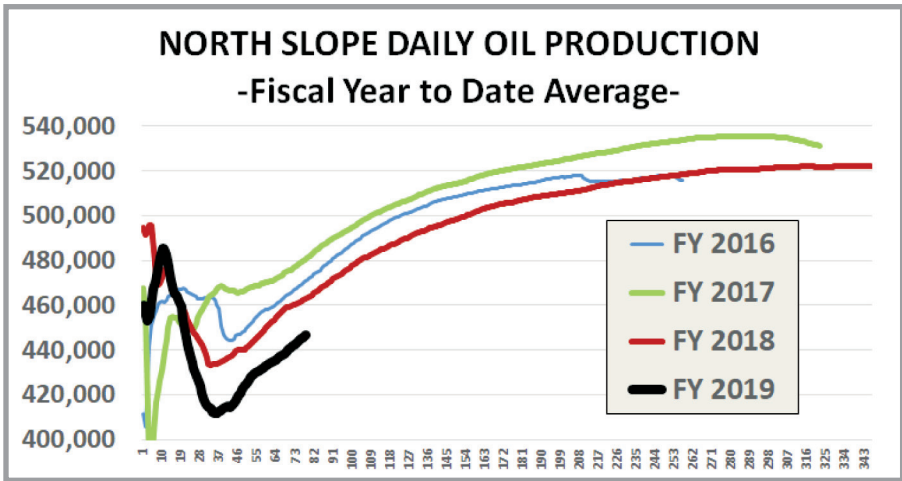


Figure 5

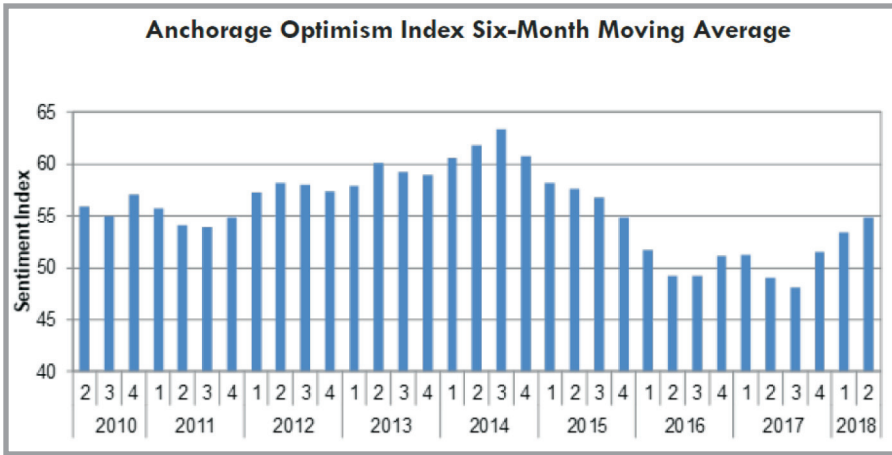


Figure 6

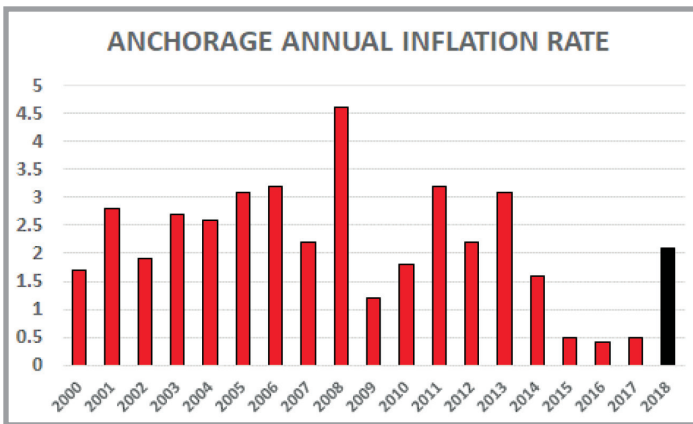


Figure 7

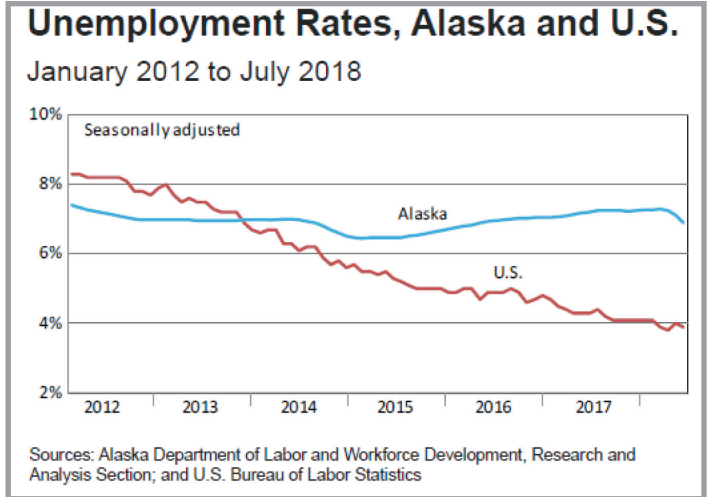


Figure 8

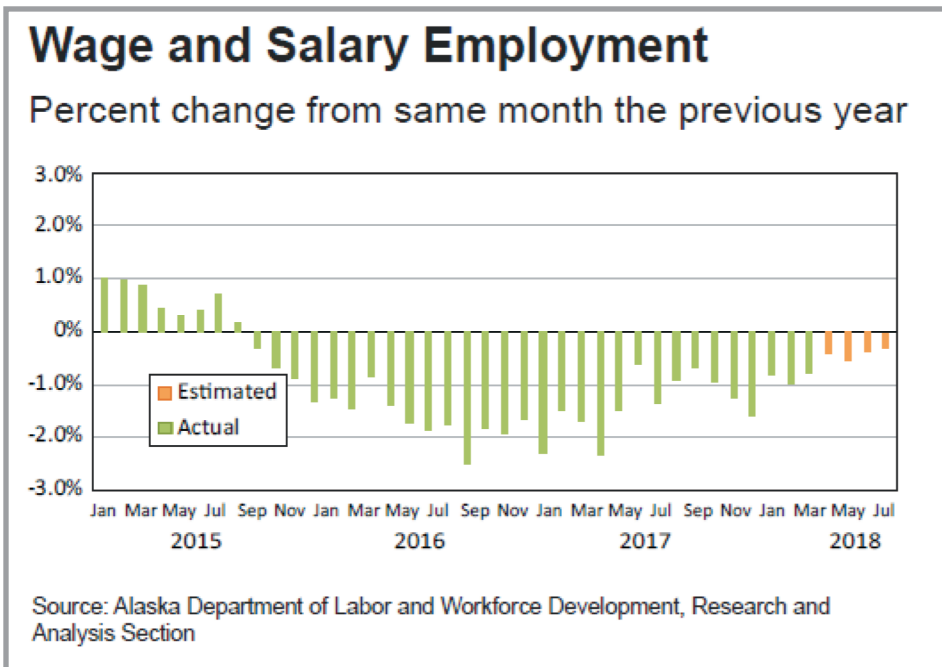


Figure 9