



*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.*

## **November state unemployment rate drops to 6.3 percent**

The November 2018 seasonally adjusted unemployment rate for Alaska was 6.3 percent, down from 6.4 percent in October. The national rate was steady at 3.7 percent. **Figure 1**

Alaska continued to have the highest unemployment rate in the nation in October. The lowest rate, 2.3 percent, was reported in Hawaii.

The raw (not seasonally adjusted) unemployment rate in November in the largest labor markets in the state ranged from 5.1 percent in Anchorage to 7 percent in the Matanuska-Susitna Borough, with Fairbanks at 5.5 percent. The average for the rest of the state (not shown in the graph) was above 7 percent. **Figure 2**

The Anchorage rate is typically below the statewide average. The 2017 annual average rate was 6 percent for Anchorage and 7.2 percent for the entire state.

The unemployment rate in Anchorage does not change much with the seasons. In contrast, the rate in the Matanuska-Susitna Borough fluctuates considerably over the course of the year.

## **Preliminary November job count 1,300 below last year**

The preliminary November statewide employment (wage and salary) estimate from the Alaska Department of Labor shows a decline of 1,300 (.4 percent), from a year earlier. This is the 40th month of falling employment. **Figure 3**

Job growth performance in Alaska in October was better than only one state, Vermont, where employment fell .9 percent. Nevada had the best performance, with a growth rate of 3.4 percent.

Final employment data through the first half of 2018 from the Alaska Department of Labor shows a steady decline during that time. The preliminary data from the most recent five months suggests the decline rate has been slowing. **Figure 4**

The continued statewide employment decline masks considerable regional variation. All regions of the state experienced smaller job loss in the first half of 2018 compared to a year earlier. Employment in the Matanuska-Susitna Borough has been growing this year, and the job loss in Fairbanks has come to an end. Anchorage tracks the statewide decline rate, as do Kenai and Juneau. As a whole, the smaller economies in the rest of the state have experienced the greatest percentage of decline in employment and continue to lose jobs at the fastest rate. **Figure 5**

## **North Slope oil price hovering around \$60 per barrel**

The West Coast price of North Slope crude oil is hovering around \$60 per barrel after falling from a high of \$85 at the beginning of October. The drop in the spot price has caused the fiscal year average price to fall to \$74 from \$76 last month.

The weakness in price is due to a slowing of world demand for oil, strong supply growth in the U.S., and uncertainty over the supply from OPEC. In early December, OPEC and Russia agreed to restrict supply in order to bring demand and supply into balance at a higher price. The oil price is likely to remain volatile as demand and supply search for balance. **Figure 6**

The Alaska Department of Revenue forecasts that the fiscal year 2019 average oil price will be \$68.

**North Slope oil production averages 525,000 barrels per day this month**

After low production levels in late summer and fall, North Slope oil production in the past month has averaged 525,000 barrels per day. Since the start of the fiscal year (2019) production has averaged 485,000 barrels per day, about 3 percent (18,000 barrels) lower than last year at this time. **Figure 7**

If the current production trend continues, total fiscal year production will be about 3 percent below the recent Alaska Department of Revenue forecast of 527,000 barrels per day.

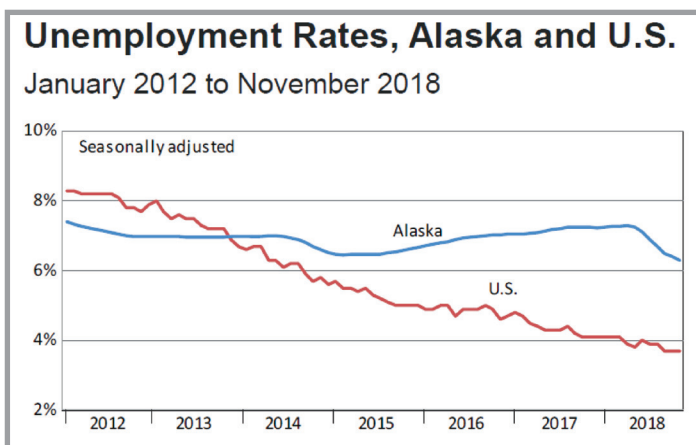
**Construction and oil and gas employment begin recovery, professional services and retail still contracting**

Construction employment in 2018 has consistently been slightly higher than 2017. Oil and gas employment, although lower than a year ago, has been stable through 2018 and may begin to grow next year. **Figure 8, 9**

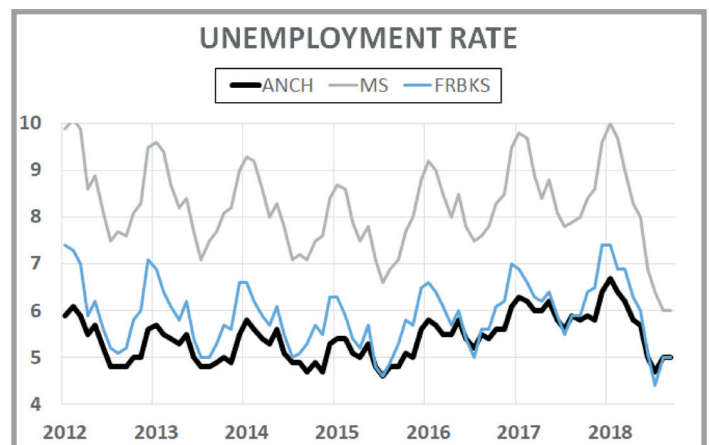
Business services and retail trade were the largest sectors where employment has continued to contract in 2018. These sectors will continue to slow an economic recovery in 2019. **Figure 10, 11**

**Anchorage healthcare price level 65 percent above U.S. average**

The Healthy Marketplace Index (HMI) of the Health Care Cost Institute (HCCI) reported that the overall price level for healthcare in Anchorage between 2012 and 2016 was the highest of all 112 metropolitan areas surveyed. The Anchorage price level was 65 percent above the national average. San Jose was also 65 percent above the national average. San Francisco was the next highest community at 49 percent above the national average. The index covered inpatient, outpatient and professional services and was based on an analysis of 1.8 billion claims. **Figure 12**



**Figure 1**



**Figure 2**

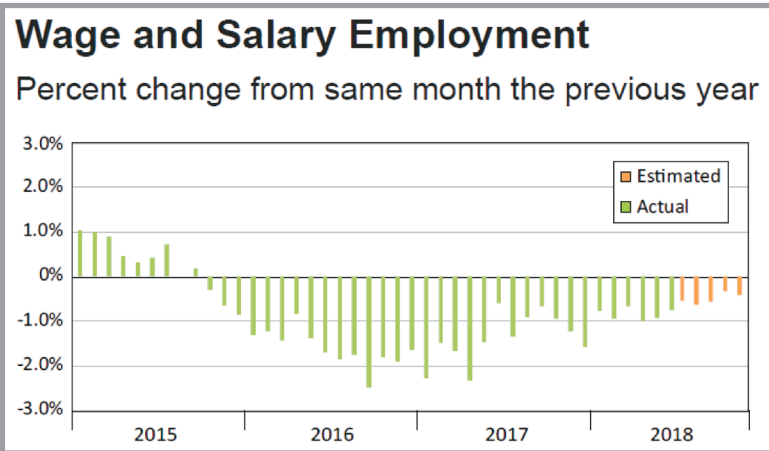


Figure 3

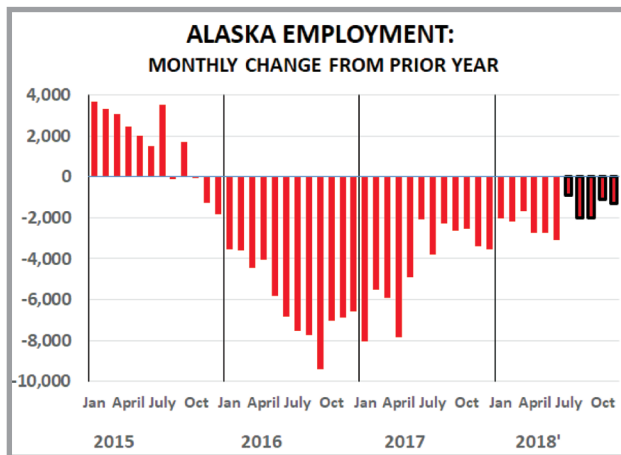


Figure 4

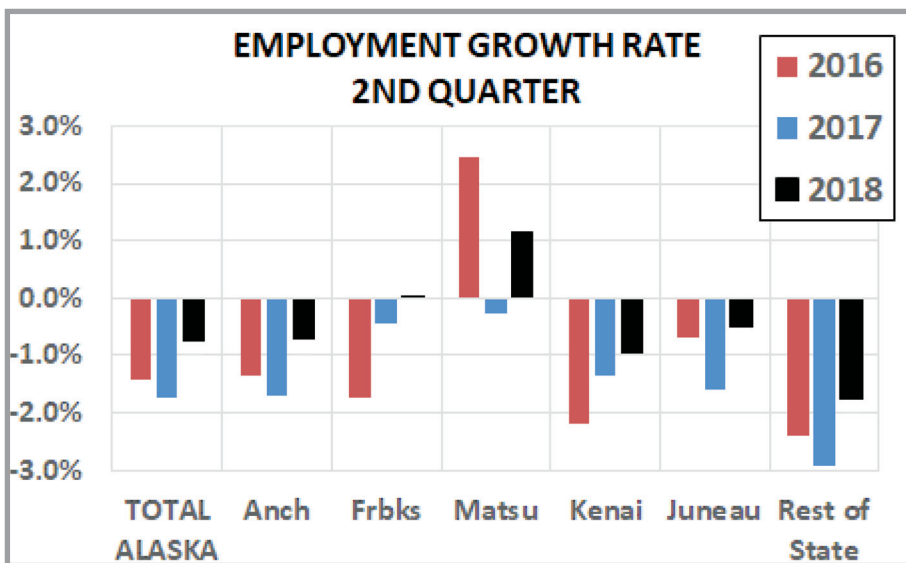


Figure 5

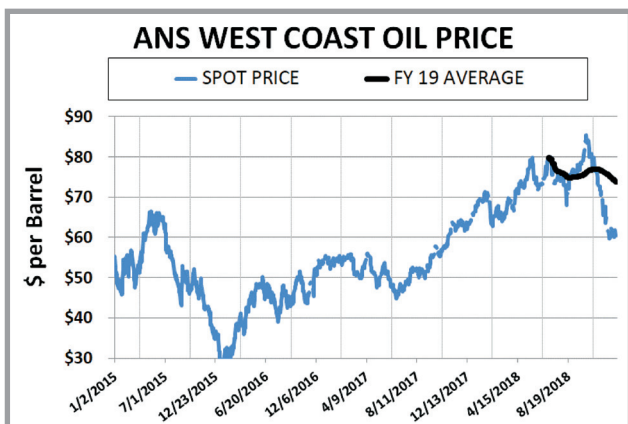


Figure 6

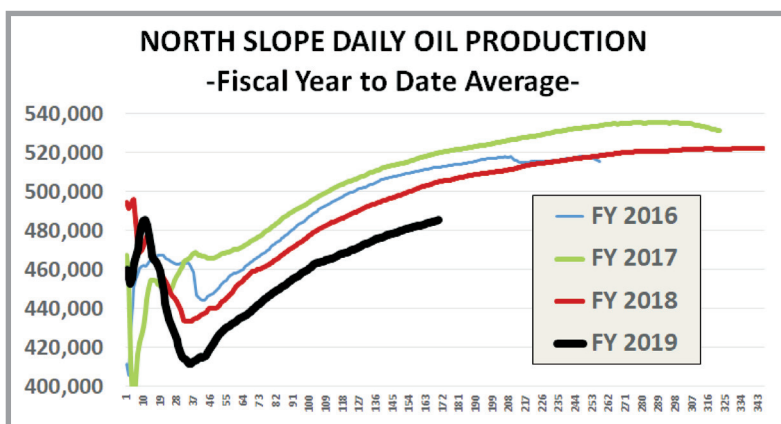


Figure 7

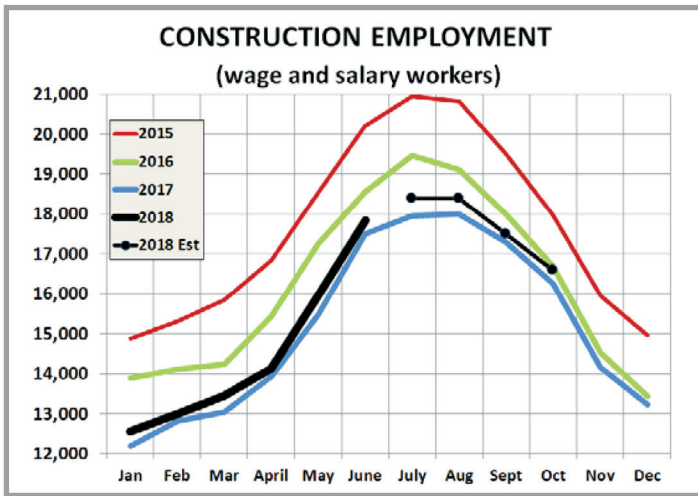


Figure 8

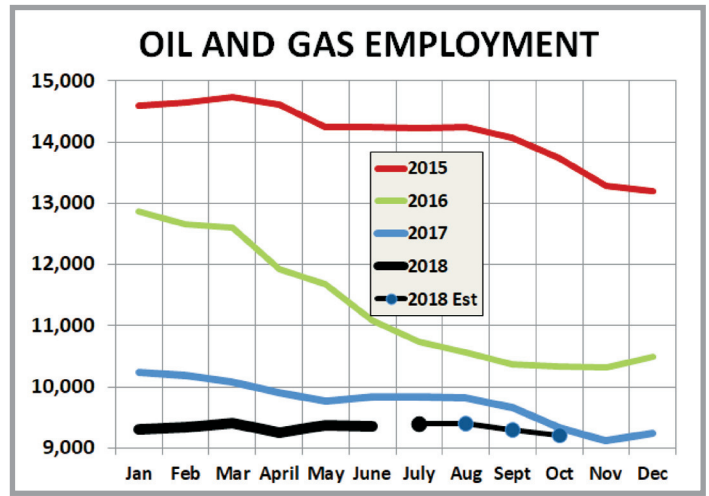


Figure 9

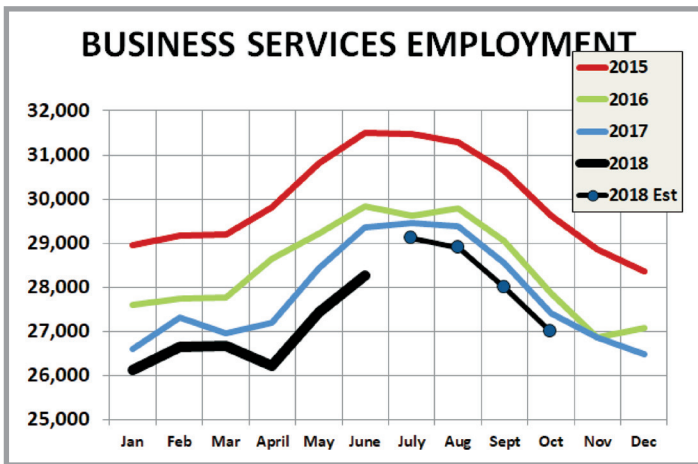


Figure 10

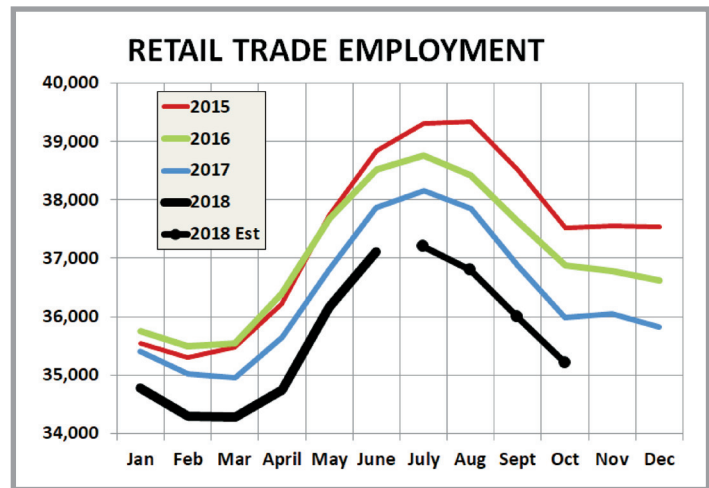


Figure 11

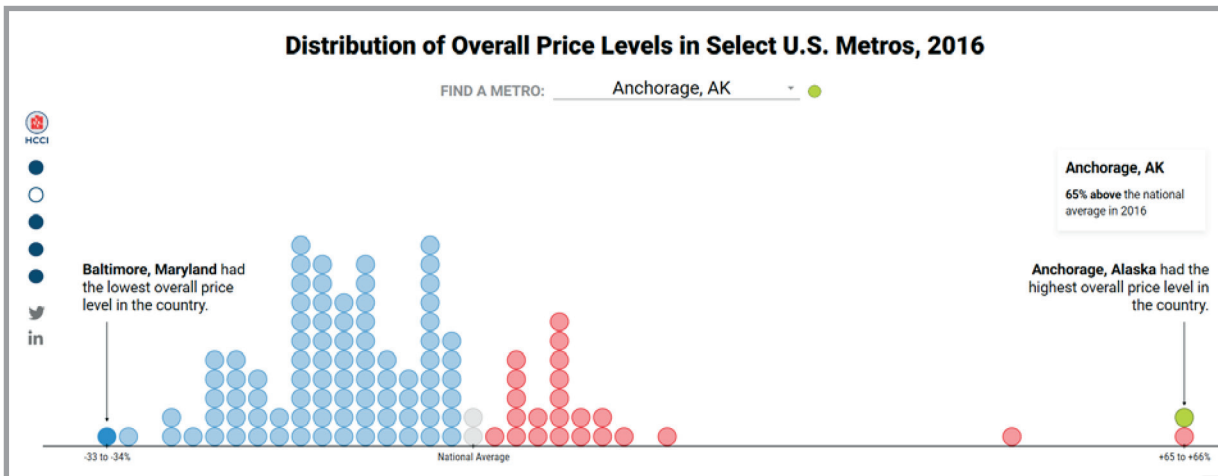


Figure 12