

ALASKA'S ECONOMY

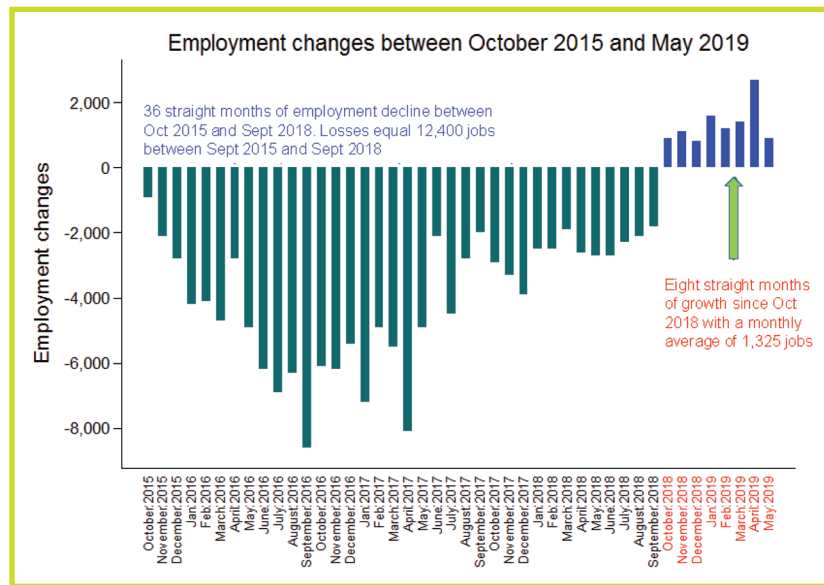
It's everyone's business.

MOUHCINE GUETTABI, ASSOCIATE PROFESSOR OF ECONOMICS, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH AT THE UNIVERSITY OF ALASKA ANCHORAGE, SHARES HIS VIEWS ON THE ALASKA ECONOMY.



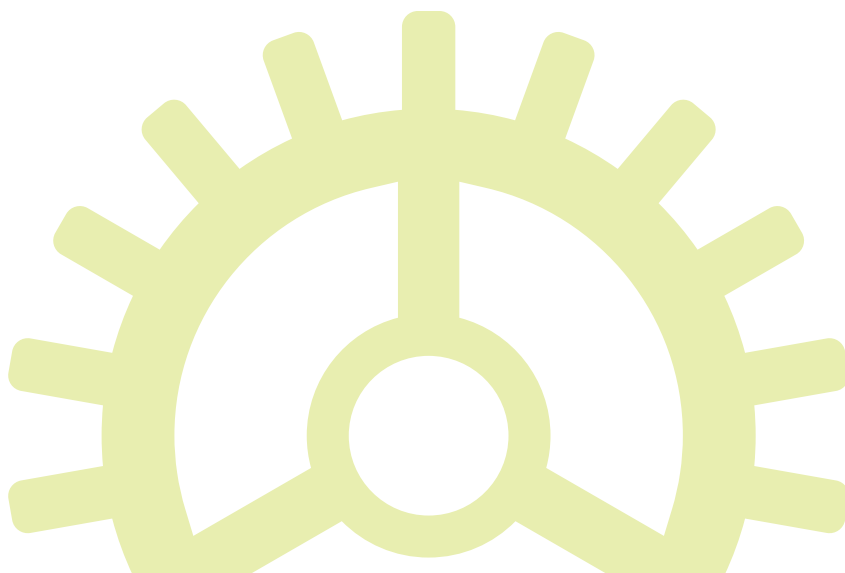
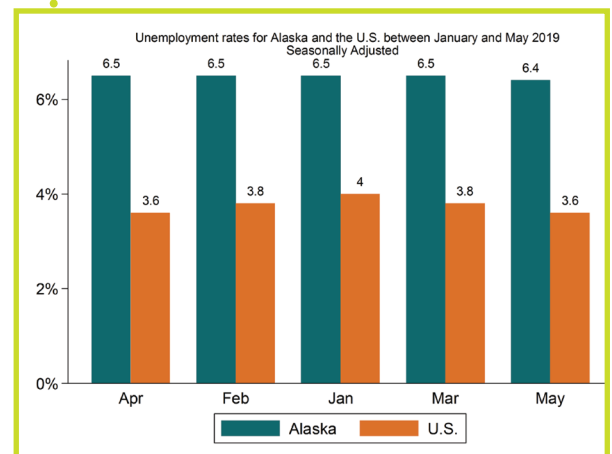
Eight straight months of employment gains

As a result of the severe oil price decline, Alaska experienced its longest recession (three years) with employment losses occurring every month between October 2015 and September 2018. The cumulative losses between September 2015 and September 2018 amounted to 12,400 jobs. Since October 2018, the Alaska economy seems to have turned the corner and employment has been growing for eight straight months. Relative to the same eight-month span last year, employment is averaging about 1,325 more jobs. ▼



Seasonally adjusted unemployment in Alaska drops to 6.4% in May

Alaska's seasonally adjusted unemployment rate fell to 6.4% after holding steady at 6.5% for nine months. The comparable national rate remained at 3.6%. Alaska's current seasonally adjusted unemployment rate of 6.4% is the lowest it has been since December 2007. The gap between the U.S. unemployment rate and the Alaska rate continues to be large at 2.8%. ▼



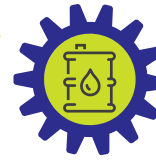
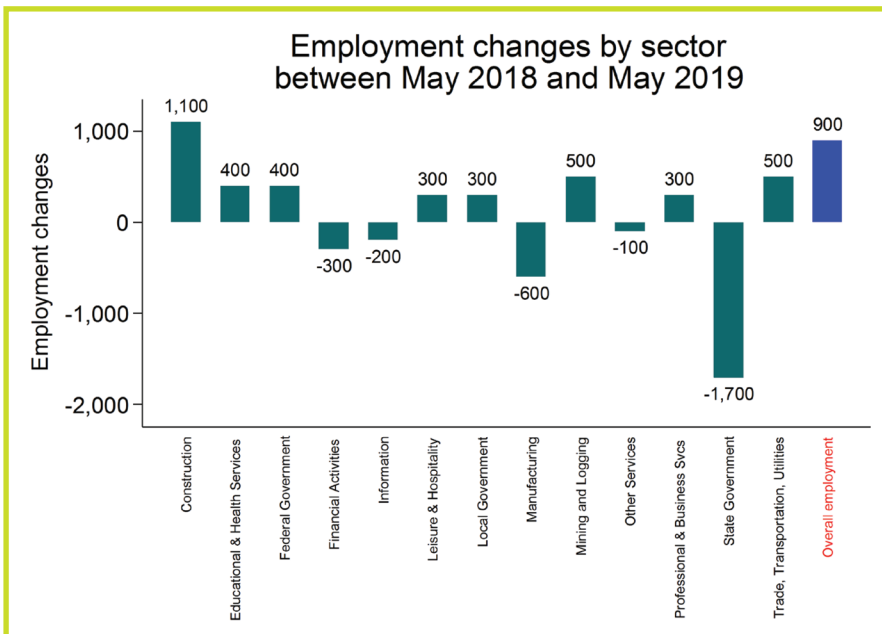
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May employment 900 jobs higher than last year

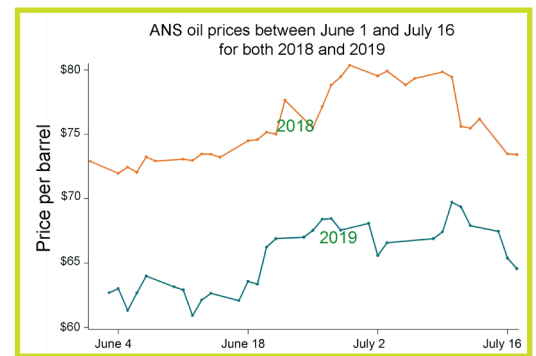
According to the monthly employment statistics compiled by the Alaska Department of Labor, construction added the greatest number of jobs over the year (1,100), followed by oil and gas (500). Manufacturing, which is mostly seafood processing, recorded the biggest over-the-year decline at 600 jobs lost. Financial activities fell by 300 jobs and the information sector fell by 200.

Alaska had 400 more federal jobs and 300 more local government jobs than last May. State government employment fell by 1,700 due to a technical timing issue. Because school ended slightly earlier this year at the University of Alaska, the data shows those jobs ending one pay period earlier than in 2018. If not for that, the state government job count would have been about the same as last year. ▼



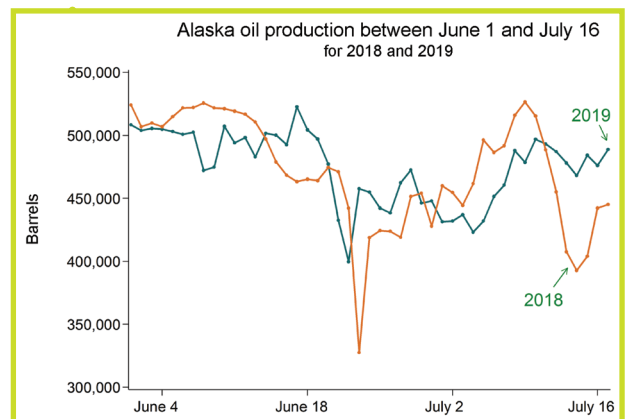
Alaska North Slope (ANS) oil prices averaged \$65 per barrel between June 1 and July 16

Between June 1 and July 16, oil prices averaged almost \$10 less than the same period last year. For the calendar year, ANS oil prices are averaging \$66.8 per barrel, which is \$5 below the average price in the same period during 2018. ▼



ANS oil production averaged 474,737 barrels per day between June 1 and July 16

ANS oil production for the month and a half after June 1 averaged 474,737 barrels per day, about 2,000 barrels more than production levels from the same period last year. For the calendar year, production is averaging 503,541 barrels per day, 20,248 barrels or 3.8% below last year. ▼



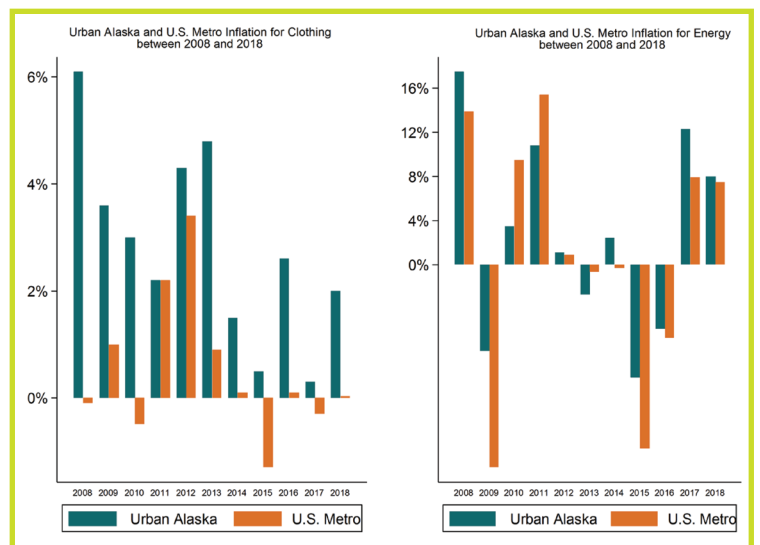
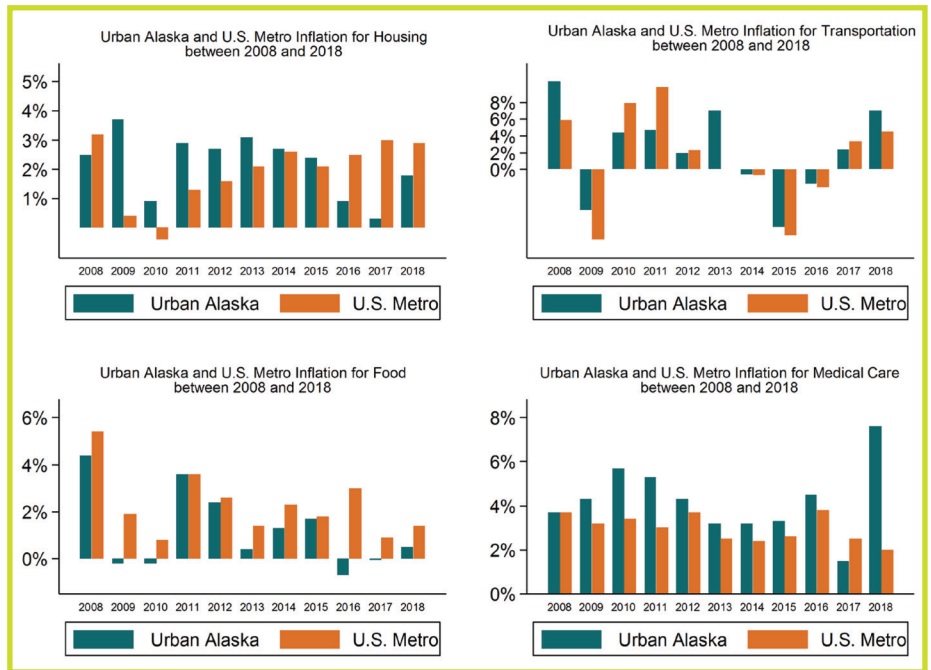
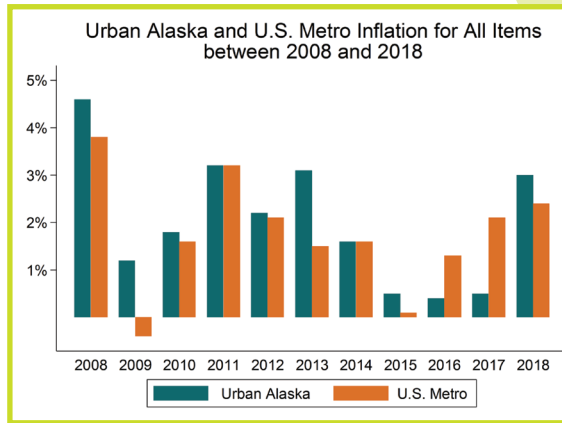


Consumer prices increased by 3% in 2018

A recent report by the Alaska Department of Labor shows that 2018 consumer prices jumped 3%. This was the highest inflation rate in five years and the first time in three years that Alaska's costs increased faster than the rest of the nation. ▶

Decomposition by category shows that medical care costs, while a small part of the index, continue to grow significantly faster than the rest of the country. In 2018, medical care costs grew by 7.6% in Alaska and only 2% nationwide. Unsurprisingly, housing costs, which include rent and owners' equivalent rent, grew slower in Alaska than the rest of the country given the state of the U.S. economy. ▶

Clothing prices continue to increase considerably faster than the rest of the country while energy costs continue to be volatile in both Alaska and the U.S. as a whole. ▶



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Did you know...
the cost of medical care
grew by 7.6% in Alaska?
Read more about changing
consumer costs in this issue
of *Alaska's Economy*.



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