

ALASKA'S ECONOMY

It's everyone's business.

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Dear reader:

Alaska's economy is experiencing multiple ripple effects due to the COVID-19 pandemic, putting immense strain on households, businesses, the state and local governments.

As the situation develops, we will continue to follow the ripple effects as they impact different sectors across the state.



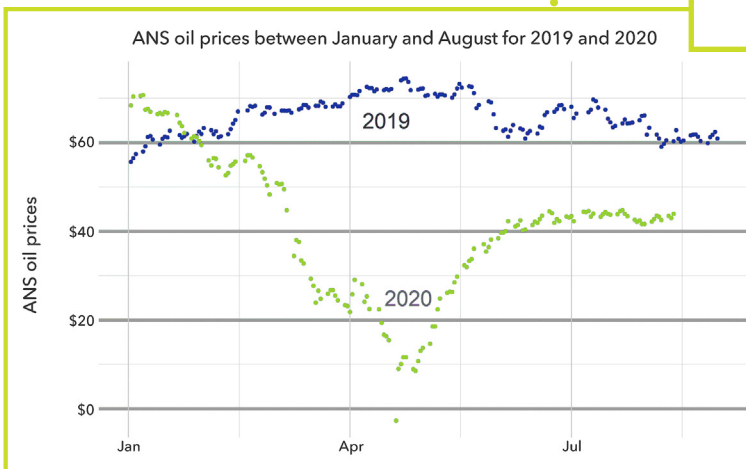
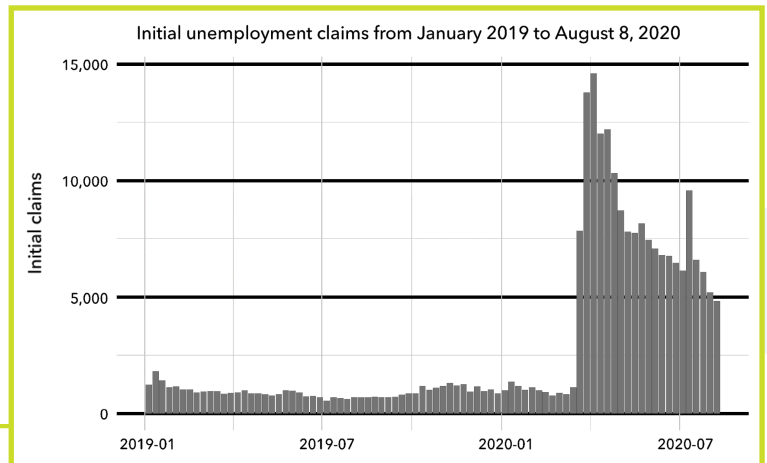
Initial unemployment claims¹ continue to decrease but remain elevated relative to 2019

The pandemic continues to send shockwaves through the Alaska economy. For the week ending August 8 there were 4,822 initial unemployment claims. This is the first week since the start of the pandemic where the state had fewer than 5,000 initial claims. The levels observed, however, are almost seven times the number of claims filed in the same week last year. Continuing claims² were at 33,901 which represents a sizeable decrease of 5,101 from the previous week. It is important to note that these numbers, reported at the beginning of the month, do not capture the effect of closing dine-in restaurants and bars in Anchorage. ▼



Alaska North Slope (ANS) oil prices over \$40 per barrel every day since July 5

ANS oil prices have significantly recovered since hitting negative territory on April 20. For the month of July, prices averaged \$43.47 which is \$22.53 less than the same month last year. For the first 12 days in August, prices are averaging \$43.07 per barrel. It is clear that prices have stabilized but are still only averaging \$40.46 between January 1 and August 12 which is nearly \$26 less than the same period last year. ▼



1 Initial unemployment claims refer to new filings for unemployment insurance. During this pandemic, they provide a sense of how many people are experiencing new job losses.

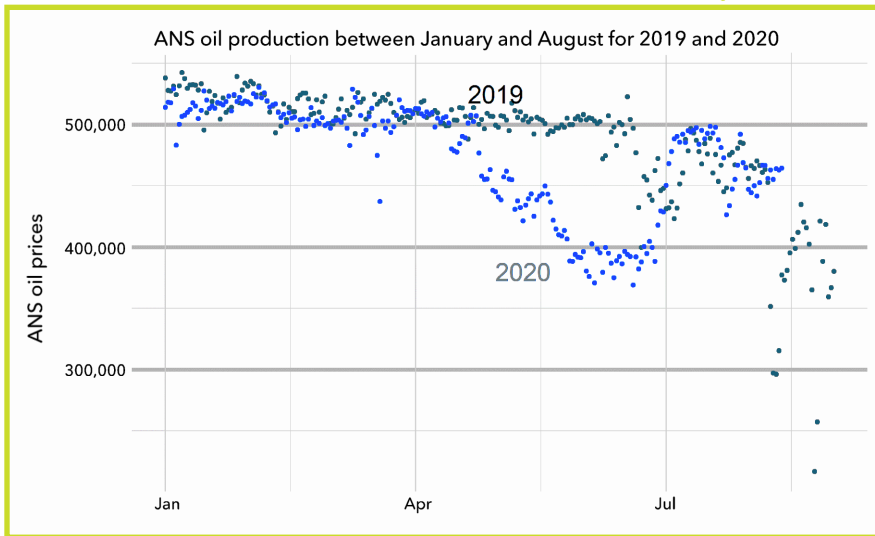
2 Continuing claims are unemployment claims made after the individual's first (initial) filing. The number of continuing claims roughly show how many people remain unemployed.

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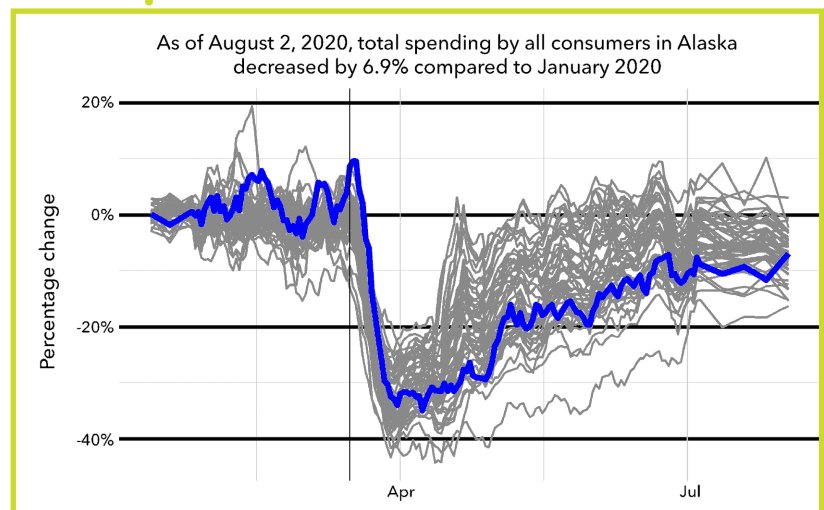
Production averaged 477,896 barrels per day in July

For the month of July, production averaged 477,896 barrels per day which is 11,840 more barrels per day than the same month last year. Production levels have significantly rebounded in July after averaging only 393,387 barrels per day in June. During the first 12 days of August, production averaged 457,352 barrels per day indicating continued stability. ▼



Spending across all categories has rebounded but remains below pre-pandemic levels

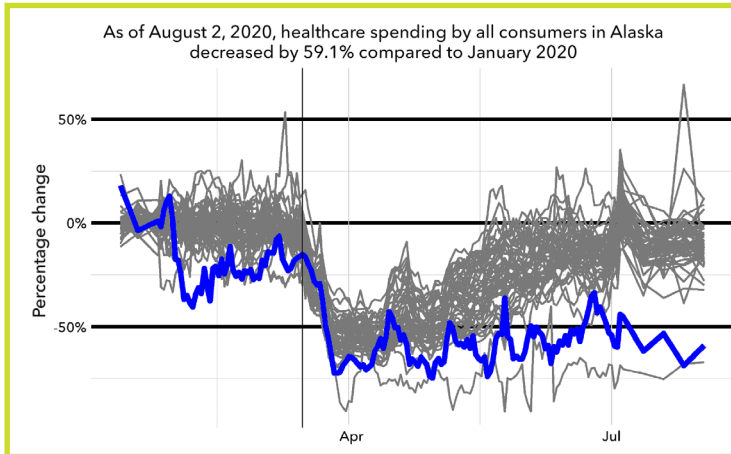
Data shows the effect of COVID-19 on total spending as well as for a few disaggregated categories. Consumer spending across all categories significantly decreased as a result of the pandemic and business closures. The graph to the right shows the change in spending relative to January. Alaska, represented by the blue line, experienced a sharp drop in spending like most other states, represented by gray lines, and has been slowly climbing back to pre-pandemic levels. As of August 2, spending is about 7% below January levels. It is important to remember that, in normal years, spending and employment are considerably higher during the summer season. ►





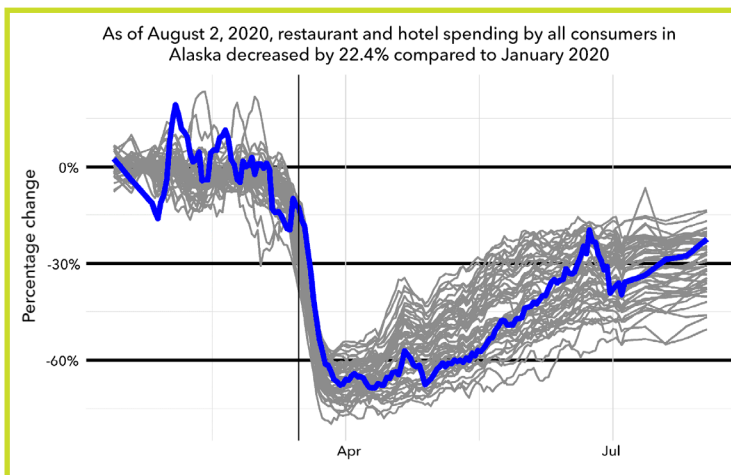
Healthcare spending by consumers is still well below pre-pandemic levels

As of August 2, healthcare spending decreased almost 60% compared to January levels. Healthcare spending has yet to rebound in Alaska and is lagging behind the rest of the states, represented by the grey lines, by a significant margin. These reductions in spending will likely weigh heavily on the sector if they last for an extended period of time. ▼



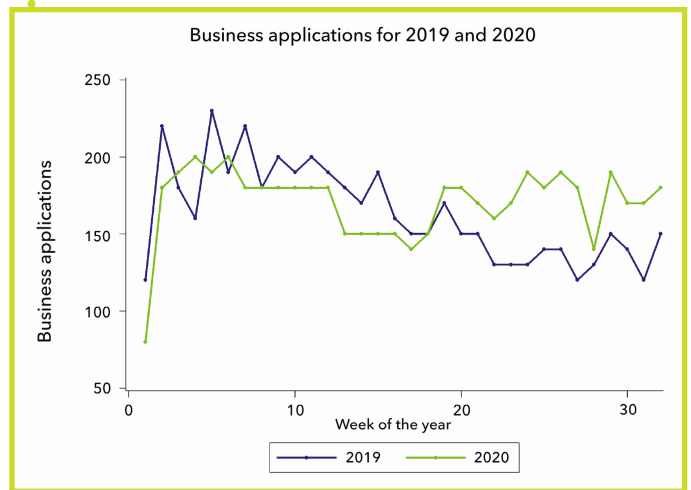
Restaurant and hotel spending has rebounded significantly but remains below January levels

The leisure and hospitality industry, which includes hotels and restaurants, has been deeply affected by the pandemic, closures and declines in foot traffic. Spending in restaurants and hotels in April was more than 60% below January levels but has considerably recovered since then. As of August 2, spending is 22.4% below the benchmark period in January, which shows the sector still has a long way to go. It is also important to note these numbers do not reflect the most recent Anchorage mandates. ▼



Business applications have significantly increased in Alaska over the last four months

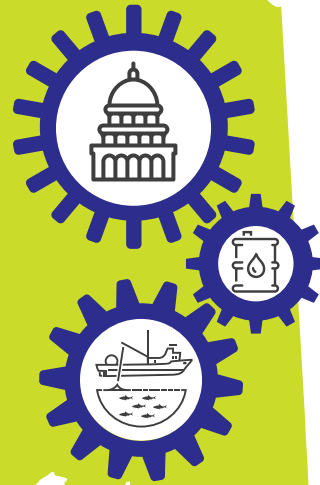
The number of business applications since the 20th week of the year are about 28% higher than last year. Recessions are usually associated with an increase in entrepreneurship as laid-off workers tend to start businesses to replace lost wages. ▼



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Did you know?

Through August, Alaska North Slope oil prices have been over \$40 per barrel every day? Learn more in this issue of *Alaska's Economy*.



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