

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.



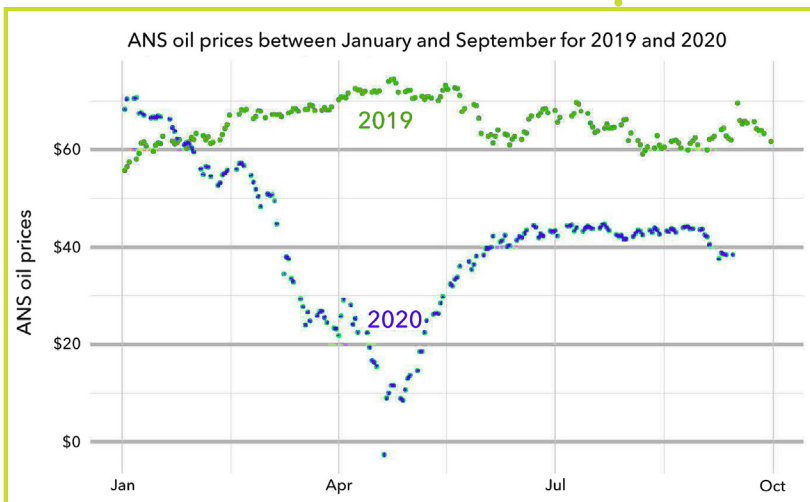
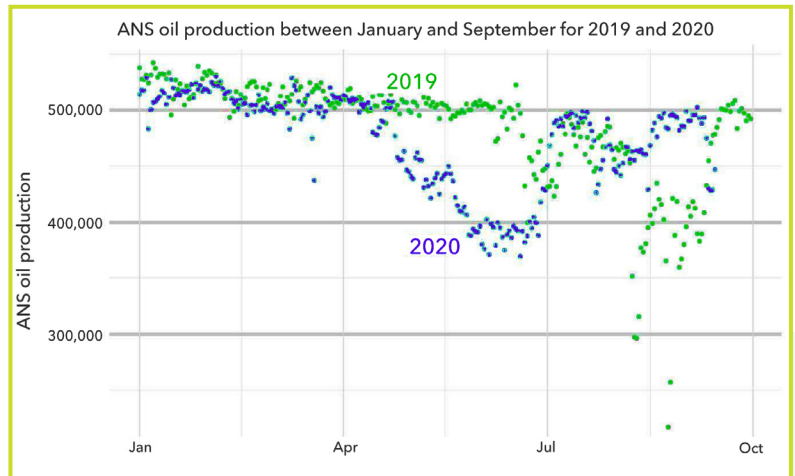
Oil prices averaged \$40.76 between January 1 and September 14

Alaska North Slope (ANS) oil prices have significantly recovered since hitting negative territory on April 20. For the month of August, prices averaged \$43.38 per barrel which is \$17.75 less than the same month last year. For the first 14 days in September, prices averaged \$40.09. For the week ending September 14, prices dipped below \$40 per barrel for the first time since June 4. Prices between January 1 and September 14 averaged \$40.76 per barrel which is nearly \$25 below the same period last year. ▼



Oil production steadily improves since June

Oil production has steadily improved since reaching its low in June. Production for the month of August averaged 472,166 barrels per day, considerably more than the same month last year when production only averaged 390,222 barrels per day. In the first two weeks of September, production averaged 475,443 barrels per day, which is nearly 50,000 barrels above the same two-week span last year. ▼



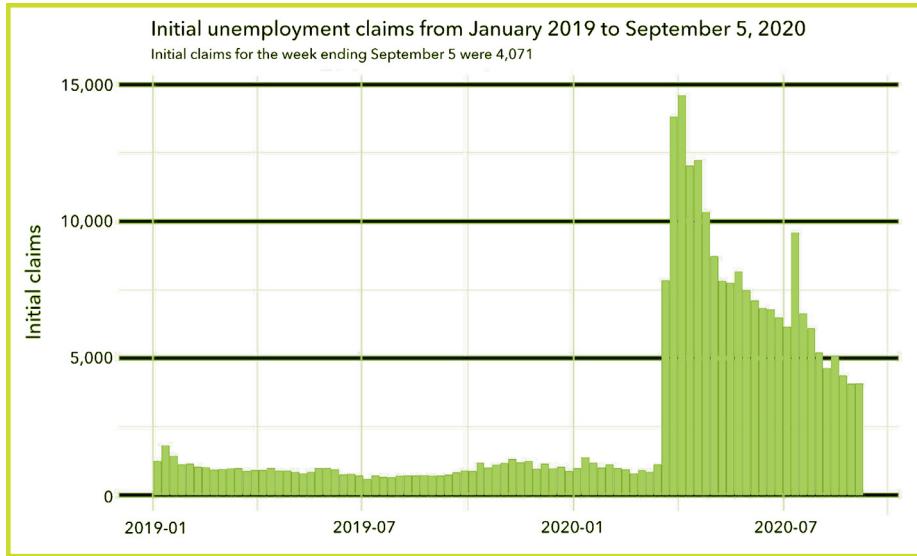
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Number of initial unemployment claims¹ for the week ending September 5 were 4,071

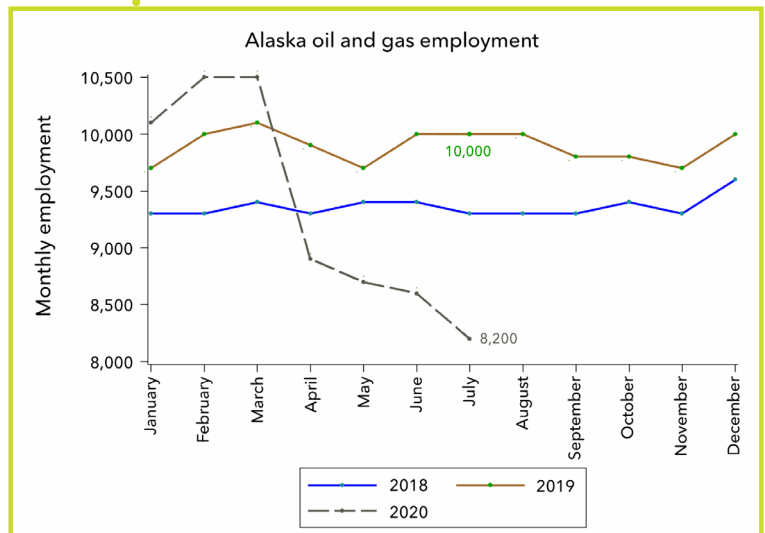
The Alaska economy is still experiencing the consequences of economic decline associated with COVID-19 disruptions, closures, and the considerable decline in consumer spending. The number of initial unemployment claims— a real-time economic indicator— shows that in the week ending September 5, there were 4,071 initial claims which is a slight increase relative to the previous week. These levels, while much higher than historical averages, are much improved relative to the number of claims from April. ▼

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.



Oil and gas sector employment for the month of July had 1,800 fewer jobs than the same month last year

The stabilization of oil prices and production has not yet materialized in job gains in the oil and gas sector. As of July, the sector had 1,800 fewer jobs than the same month last year. Due to the mid-term demand uncertainty, it is unclear how quickly the sector will absorb some of the laid-off workers. ▼

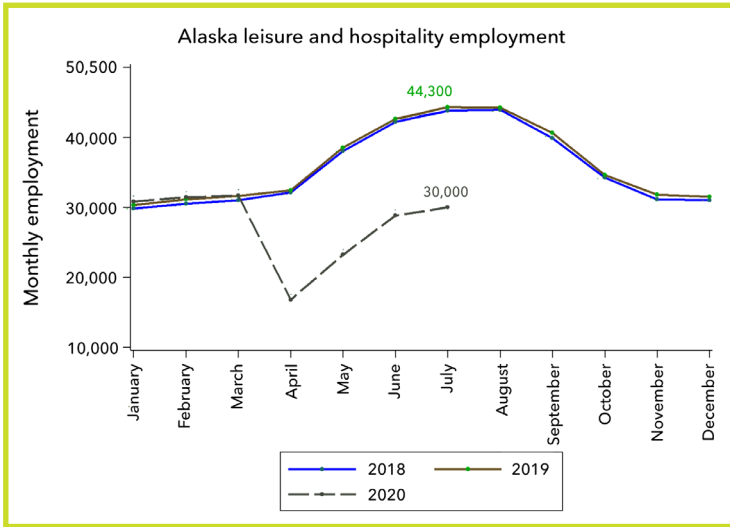




Leisure and hospitality sector had 14,300 fewer jobs in July 2020 than in July 2019

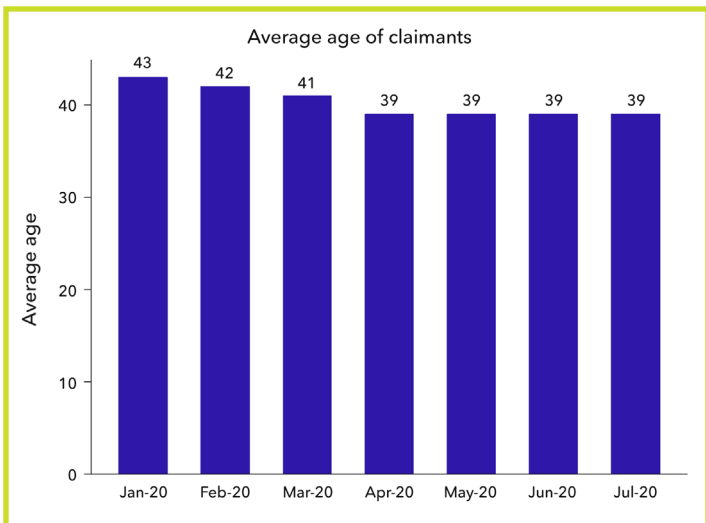
The leisure and hospitality sector continues to deal with the significant demand shock due to declines in travel, dining out, and general spending. As of July 2020, the sector had 14,300 fewer jobs than the same month last year. ▼

NOTE: This data contains both residents and non-residents. More than a third of the sector's workforce is typically comprised of non-residents.



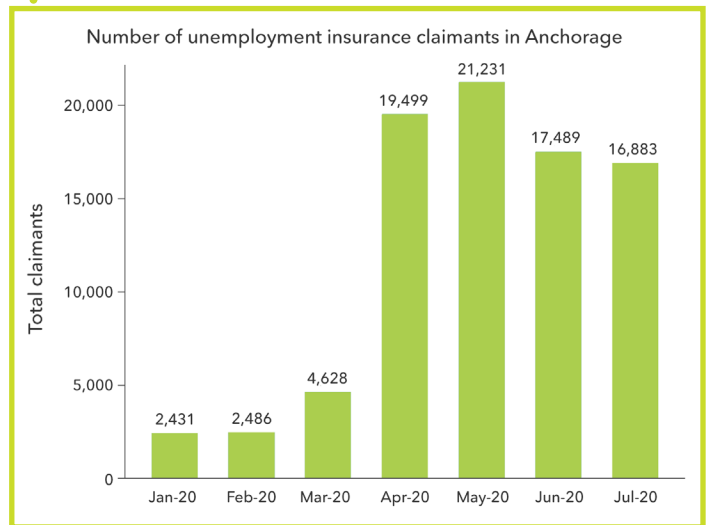
Average age of unemployed insurance claimants is 39

The average age of claimants has been 39 years old since the beginning of the pandemic, which is a few years younger than the average age of claimants in the month of January. This may reflect the fact that workers in the hardest hit industries such as leisure and hospitality tend to be younger. ▼



Characteristics of unemployment insurance claimants in Anchorage

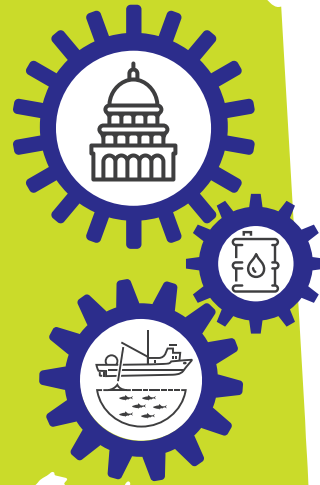
The Alaska Department of Labor recently released the characteristics of unemployment insurance claimants by borough for the period of January to July 2020. The data below focuses on the characteristics of Anchorage residents. It shows the number of claims peaked at 21,231 in May and was at 16,883 as of July 2020. The number of claims as of July 2020 is almost seven times the level of claims in January 2020. ▼



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Did you know?

Oil production has steadily improved since reaching its low in June. Learn more in this issue of *Alaska's Economy*.



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