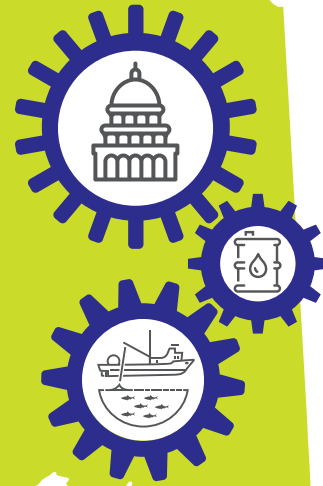


Did you know...
 the growth of home prices in Alaska has begun to slow?
 Learn more in this issue of *Alaska's Economy*.



ALASKA'S ECONOMY

It's everyone's business.

BRETT WATSON, RESEARCH PROFESSIONAL AT THE INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH AT THE UNIVERSITY OF ALASKA ANCHORAGE, SHARES HIS VIEWS ON THE ALASKA ECONOMY.



Dear reader,

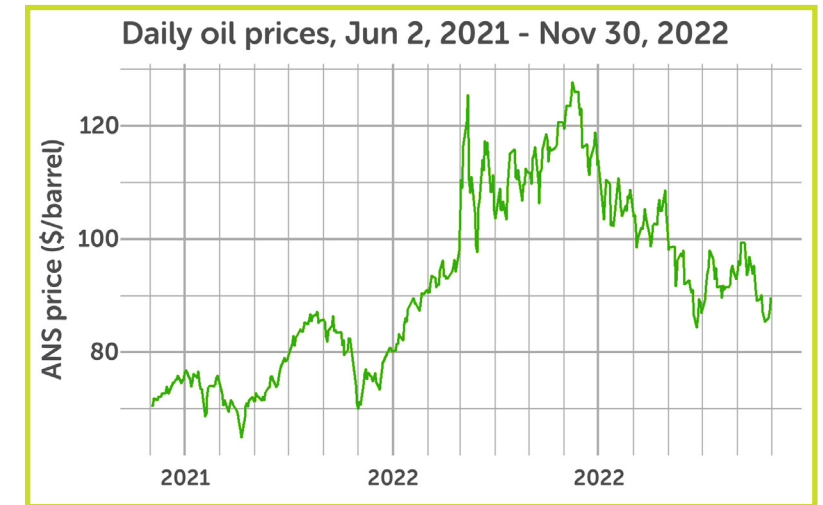
Alaska's economy has recovered significantly since the onset of the pandemic, yet it faces two major headwinds which may stall or reverse this positive economic growth. First, oil prices have returned to pre-Russian invasion of Ukraine levels. Continued declines would weaken both the oil industry and many other sectors, including state government.

The second factor is continued high inflation in the U.S. economy. The Federal Reserve seeks to achieve robust employment with low inflation. However, the November jobs report could indicate the Federal Reserve may need to apply more pressure in order to rein in inflation, which could set back Alaska's economic recovery.



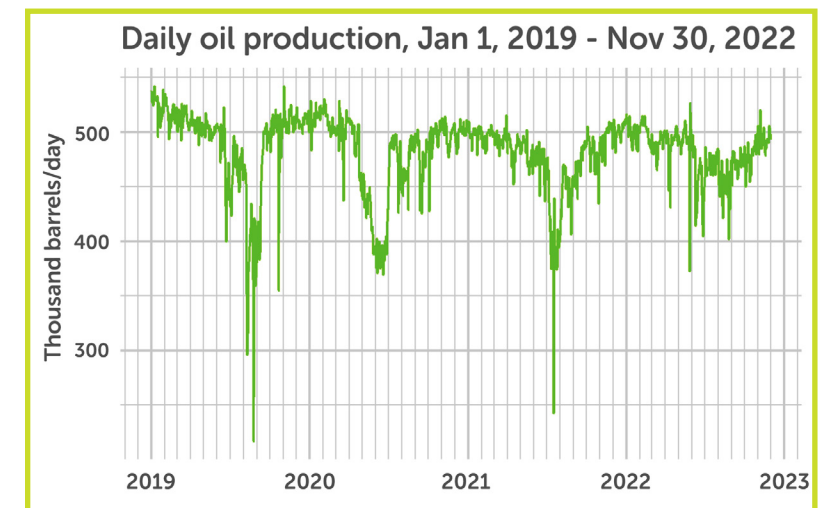
Oil prices down on average from October

Alaska's benchmark oil price, ANS West Coast, was \$89.63 on Nov. 30. Averaged over the last month, daily prices were \$92.58 per barrel, down about 40 cents from October's average. This compares to \$82.14 per barrel in November 2021, and \$42.92 per barrel in 2020. Prices have been below \$10 per barrel (the state's forecast for the current fiscal year) since Aug. 31.



Alaska oil production slightly above October levels

Daily oil production in Alaska was 493,000 barrels on Nov. 30. Daily production averaged 492,000 barrels in November, 13,800 more barrels per day than the October average. From the standpoint of gross value produced, the decline in price was offset by the increase in production. Daily gross value produced was over \$1 million per day higher in November than October.



PRSRST STD
 U.S. POSTAGE
 PAID
 ANCHORAGE, AK
 PERMIT NO. 175

Anchorage, AK 99510-0720

P.O. Box 100720

ALASKA
 First National Bank

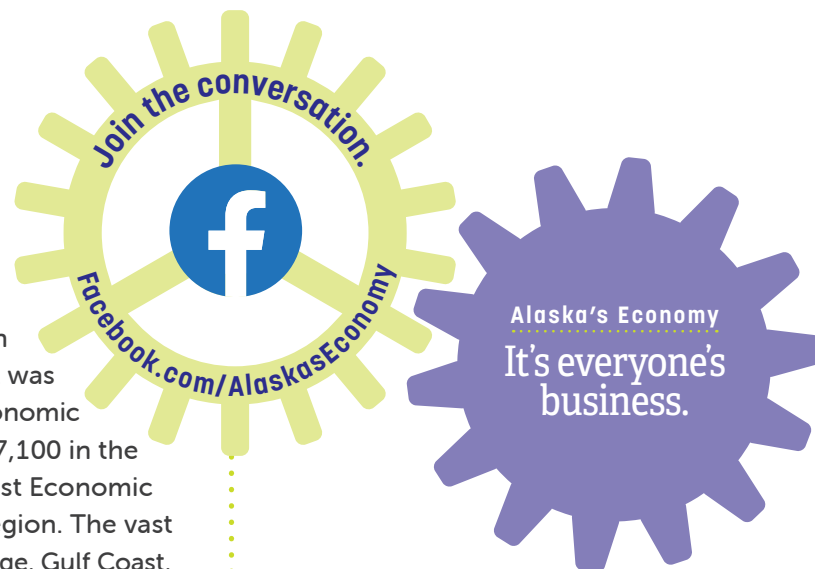


ALASKA'S ECONOMY



Regional employment by major sector

Total in employment in Alaska was 316,900 jobs in October (the most recently available month of data from the state Department of Labor), 10,800 fewer jobs than in October 2019. Total October 2022 employment was 146,000 in Anchorage, 30,100 in the Gulf Coast Economic Region, 43,800 in the Interior Economic Region, 17,100 in the Northern Economic Region, 34,300 in the Southeast Economic Region, and 18,200 in the Southwest Economic Region. The vast majority of employment for the Railbelt (i.e., Anchorage, Gulf Coast, and Interior) comes from the private service sector. The public sector (federal, state and local government) provides a larger share of employment in remote parts of the state. While the pandemic only had a minor impact on the relative size of these major sectors (private services, goods producing, and government) for most regions in the state, the Northern Economic Region's loss of 1,600 goods producing jobs in oil and gas was large enough that private service jobs now employ the most people. ▼



November jobs report could signal increased Federal Reserve (Fed) interest rates

November job levels were higher than many analysts anticipated with total employment increasing by 263,000 jobs. The robust labor market was also reflected in wage growth of 0.6% from October to November. This marked the third consecutive month of wage growth. Wage estimates in September and October were also higher than expected. While under certain circumstances job and wage growth would be more welcome, it is likely worrisome news to the Fed as it works to combat inflation. The Fed is likely to continue to raise interest rates and may need to bring about at least a mild economic downturn in order to achieve its inflation targets. ▼



Pandemic-affected industries see different levels of recovery statewide

Across Alaska, regions have recovered differently to two industries particularly hard-hit by the pandemic: leisure and hospitality (businesses like hotels and restaurants), and retail establishments. In Anchorage, leisure and hospitality had 800 fewer jobs than in October 2019, compared to the loss of 4,200 jobs in October 2020. For retail establishments, however, there has been almost no recovery. Anchorage had 1,100 fewer retail jobs in October 2020 than in 2019, and still had 1,000 fewer jobs in October of this year. This pattern is mirrored in the Interior and in Southeast Alaska, where retail employment is still below 2020 levels, while leisure and hospitality jobs have made improvements. More positively, in the Gulf Coast Region, both industries are now above their October 2019 job levels. ▼



Alaska home prices stall

In October (the most recent month of available data), the housing website Zillow's home price index for Alaska was \$337,000. The index provides a smooth, seasonally adjusted measure of home prices in the middle of the market (in other words, this does not measure the average or median sales price for the month). As reflected in the chart below, the growth of home prices in Alaska has slowed in recent months. In October, the Zillow index rose just \$409 from the month before, the smallest growth since prices fell \$1,100 in November 2021. As recently as July, home prices (according to the Zillow index) were growing by \$3,000-\$6,000 dollars per month. This trend is occurring nationwide and reflects the significant increases in mortgage interest rates over the last few months, pricing buyers out of the market as a result. ▼

