

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,

The global demand for oil and Organization of the Petroleum Exporting Countries (OPEC) supply cuts have brought oil prices up to levels not seen since 2022. While the soaring cost of oil generally favors Alaska's economy, it also reinforces an upward pressure on national inflation. Accelerated inflation rates in July and August are attributed to the rise in oil and gas prices.

Alaska's year-over-year job growth has stalled. At the same time, Alaska labor force participation – the share of adults either working or actively looking for work – is now above its pre-pandemic trend, a sign that labor markets remain tight while hiring is moderate.

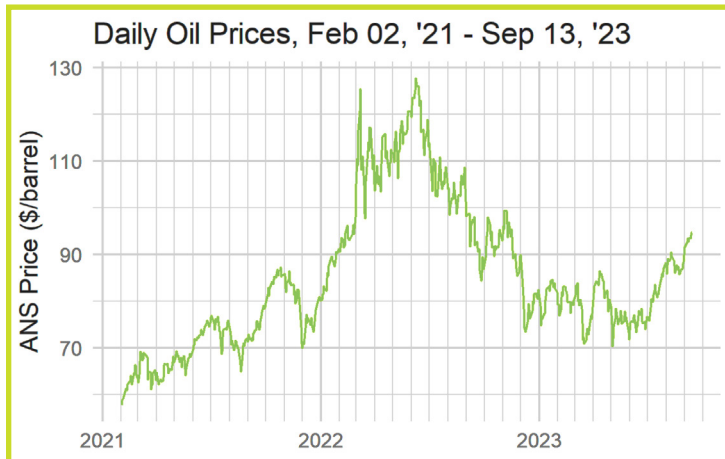


OPEC production cuts

Alaska's benchmark oil price, ANS West Coast, was \$94.70 per barrel on Sept. 13. In August, daily prices averaged \$87.80 per barrel, compared to \$102.96 in August 2022 and \$70.28 in August 2021.

Global oil prices experienced an upward surge amid signs of tighter supply. Output reductions by major oil producer nations Saudi Arabia and Russia have been in force since May, increasing oil prices while oil demand remains elevated. Both nations have announced plans to maintain supply reductions through the end of the year. ▼

Data from the Alaska Department of Revenue



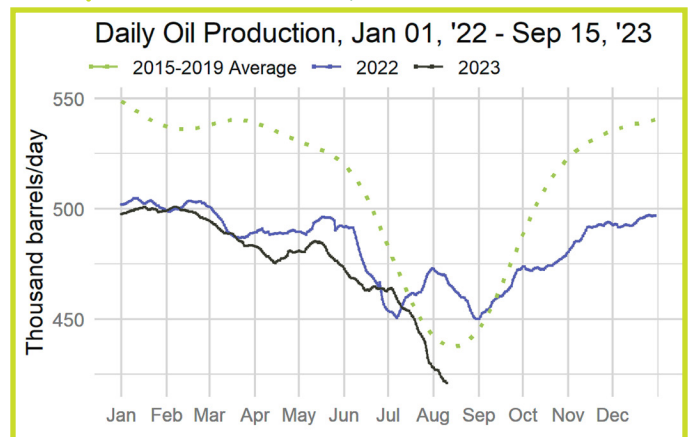
Federal govt. cancels ANWR oil and gas leases

Daily oil production in Alaska was 452,000 barrels on Sept. 13.

In August, daily production averaged 421,701 barrels, compared to 451,000 in August 2022 and 447,000 in August 2021. While North Slope production generally declines in late summer and early fall, overall production for 2023 is below average.

In September, the Bureau of Land Management canceled the Alaska Industrial Development and Export Agency's (AIDEA) Arctic National Wildlife Refuge (ANWR) oil and gas leases. The Biden administration cited flaws in the environmental impact statement process, including failure to adequately analyze a reasonable range of alternatives and properly quantify downstream greenhouse gas emissions. AIDEA has announced that it will challenge the decision. ▼

Data from the Alaska Department of Revenue



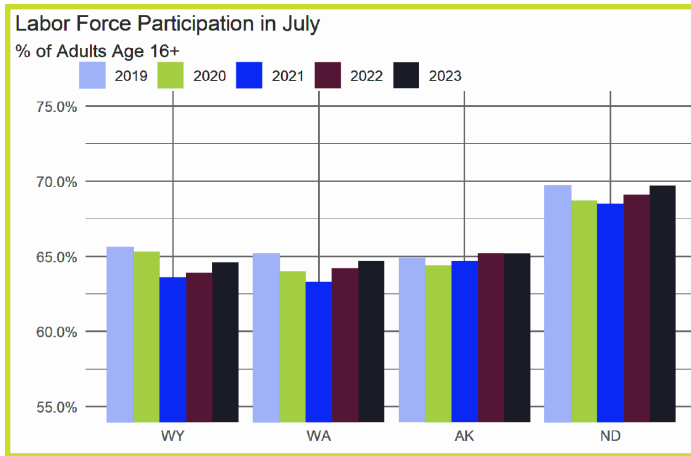
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Alaska labor force participation

In July, Alaska's labor force participation rate was 65.2%. Compared to peer states, Alaska's steady recovery surpassed Wyoming (64.6%) and Washington (64.7%). In July 2019, Alaska saw 64.9% of its available workforce in the labor pool. Compared to peer states, Alaska is the only state seeing more people participate in the labor force today than prior to the pandemic. ▼

Data from the Bureau of Labor Statistics Current Population Survey

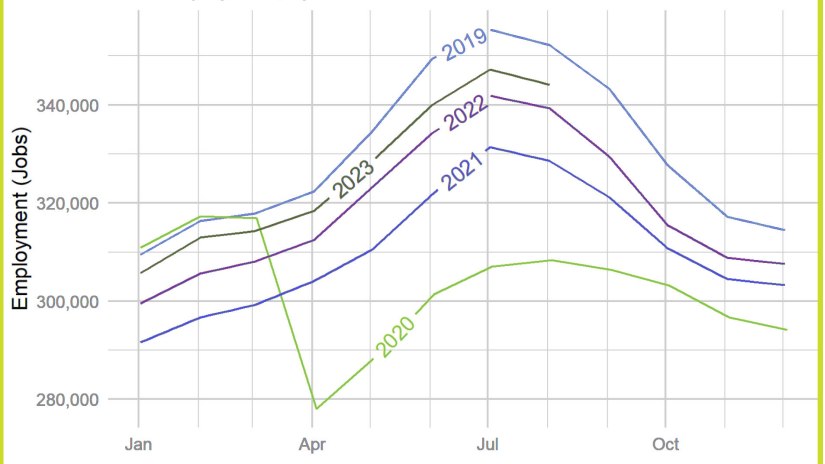


Alaska August employment

In August, the estimated Alaska nonfarm jobs totaled 344,100. That's about 8,100 jobs short of where the state's economy was pre-pandemic in August 2019, but 4,800 more jobs than August 2022. While year-over-year job growth has been positive since 2020, August represents the slowest year-over-year growth since December 2022. These numbers are consistent with the national picture, where growth was modest. ►

Data from the Alaska Department of Labor and Workforce Development

Alaska Employment
Total Non-farm Employment, by month

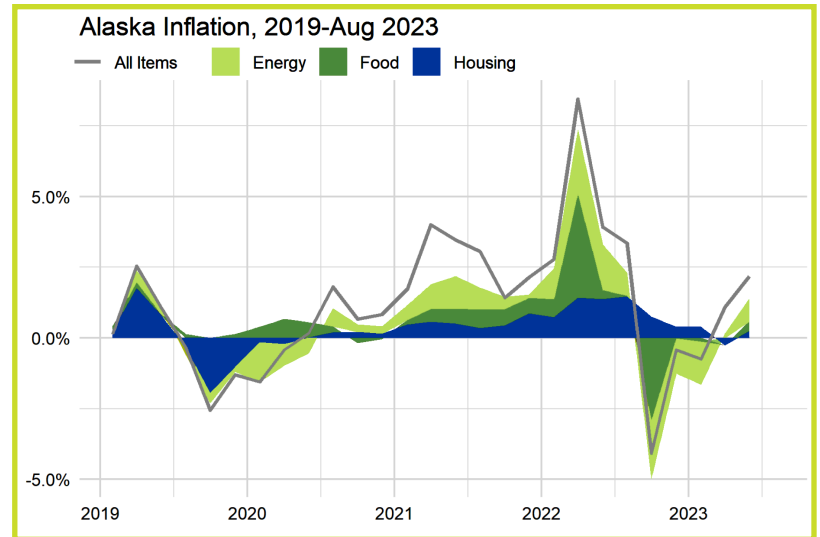




Alaska inflation

During the last year, prices in Alaska have risen by 2%. The upsurge was driven primarily by energy price increases, mostly gasoline, which saw an 11% gain over the last two months. Food and housing also increased over this period but to a lesser extent than energy. Prices for groceries grew by 1.4%, led by elevated prices for nonalcoholic beverages (+4.4%) and fruits and vegetables (+3%). ▼

Data from the Bureau of Labor Statistics Consumer Price Index

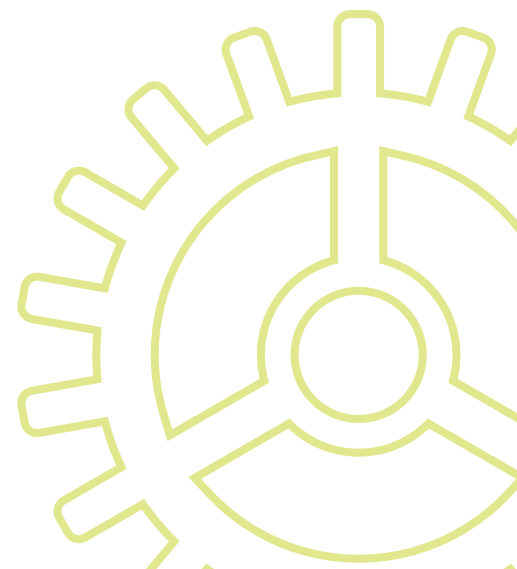
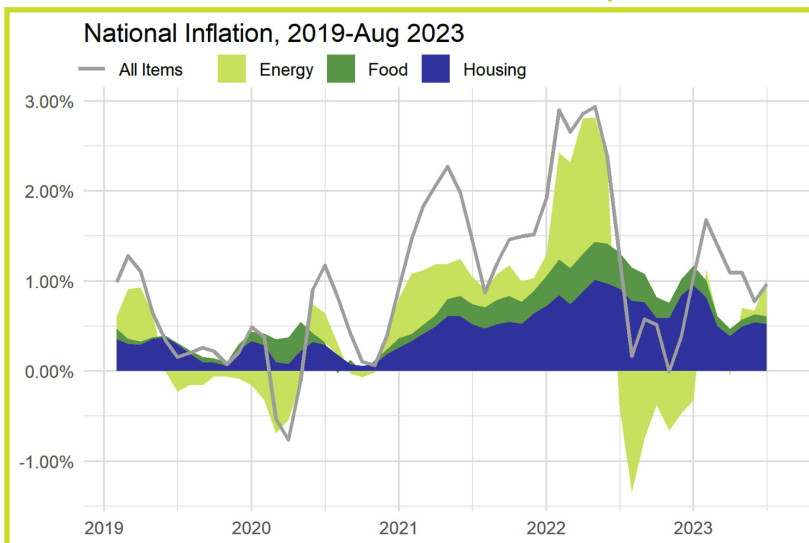


National inflation

Nationally, prices have risen by 3.7% over the last year. The upsurge in energy prices accounted for half of the increase. Food prices saw a modest increase of 0.4% between June and August. Used vehicle prices declined for the third month in a row and have declined 6.6% since 2022.

Earlier in the year, the U.S. Federal Reserve projected the country to enter a mild recession sometime in the fall or winter. However, recent economic data provide a more positive outlook. The Fed now projects that the U.S. will not enter a recession in 2024. ▼

Data from the Bureau of Labor Statistics Consumer Price Index

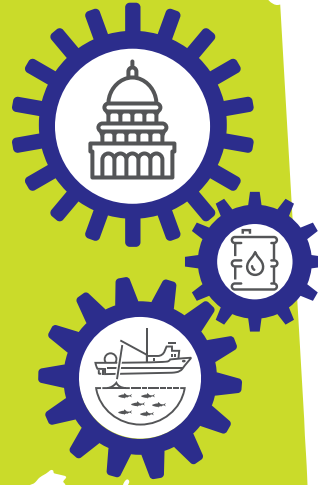


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Did you know...

The U.S. Federal Reserve projects that the U.S. will not enter a recession in 2024?

Learn more in this issue of *Alaska's Economy*.



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