

# 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,

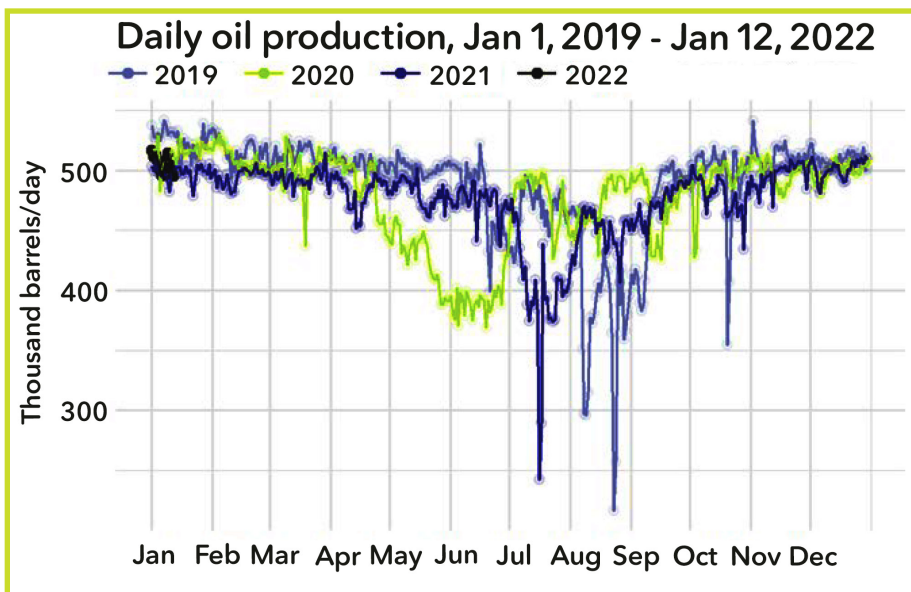
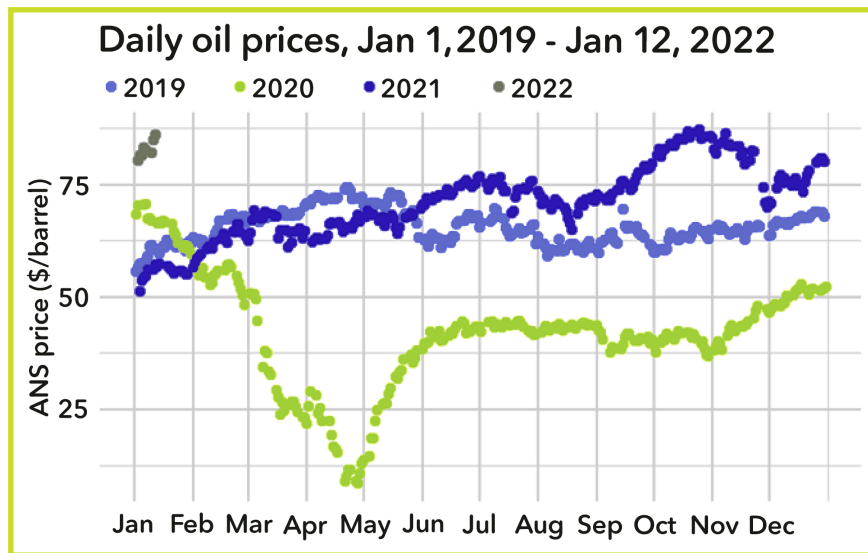
Oil prices remain higher than their average over the last five years, which could potentially provide leeway in the state budget since prices fell in 2014. Nationally, economic recovery from the pandemic continues.

Consumers are feeling more comfortable using credit cards to take on debt and retail sales remain relatively strong. The impact of the pandemic on the leisure and hospitality industry is still being felt in Alaska and across the country.



### January oil prices in the mid-\$80s

Alaska's benchmark oil price, ANS West Coast, was \$86.05 on January 12. In December 2021 daily prices averaged \$76.13 per barrel. This compares to \$50.32 per barrel in the same month of 2020, and \$66.98 per barrel in 2019. ▼



### Oil production in the last three years

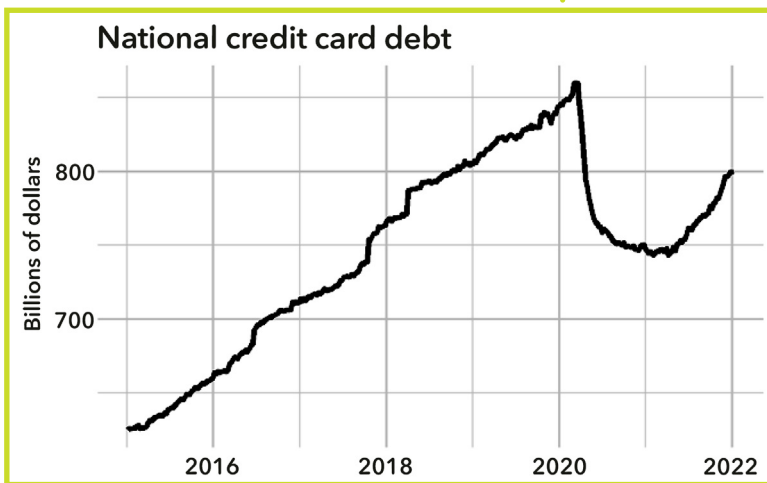
Daily oil production in Alaska was 495,000 barrels on January 12. In December 2021 daily production averaged 502,000 barrels. This compares to 500,000 barrels in the same month of 2020, and 510,000 barrels in 2019. ◀

# ALASKA'S ECONOMY



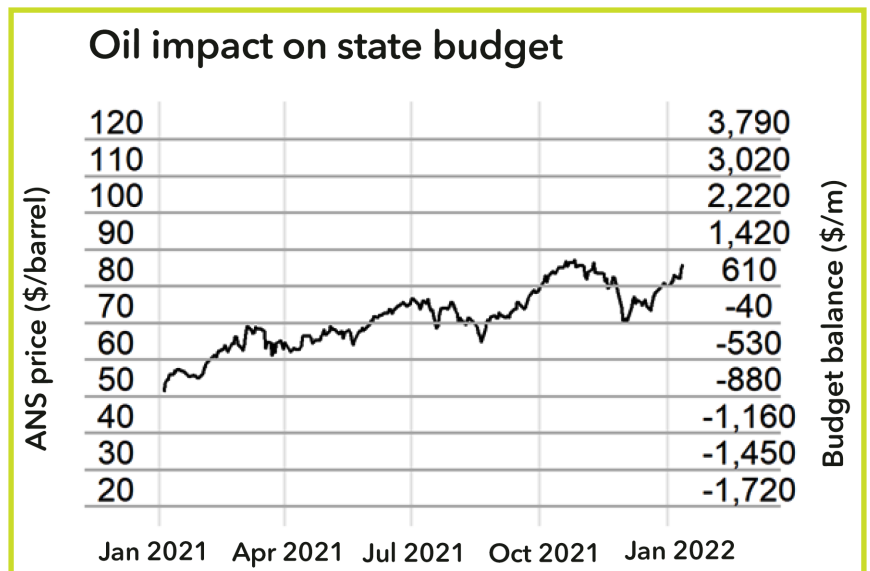
## Credit card debt in Alaska and U.S. remains high relative to pre-pandemic trends

After declining sharply in the onset of the pandemic, U.S. consumer credit card debt has been rising sharply since the second quarter of 2021. U.S. credit card debt ended just shy of \$800 billion dollars in 2021. This compares to the pandemic-era low of \$743 billion, but still below the high just prior to the pandemic of \$860 billion. ▼



## Oil impacts state budget

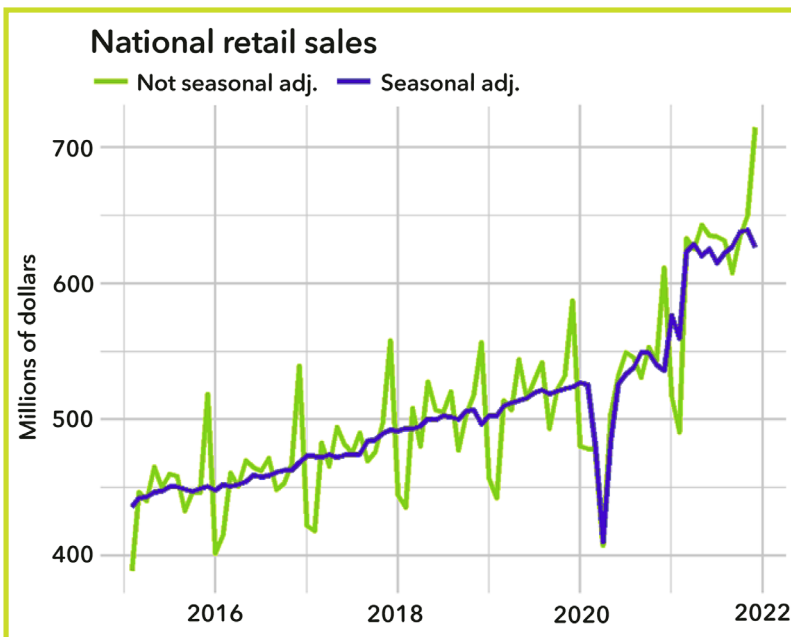
At current oil prices of \$80 per barrel, the State of Alaska is projected to have a \$610 million budget surplus under the governor's budget that was proposed in December. This surplus would more than double if prices continue their recent rise, and move into the \$90-\$100 per barrel range. However, at prices less than \$70 per barrel, the state is projected to run a deficit. Looking at prices since January 2021, roughly half the days have seen prices above \$71.50, and half the days have seen prices below \$71.50. ►





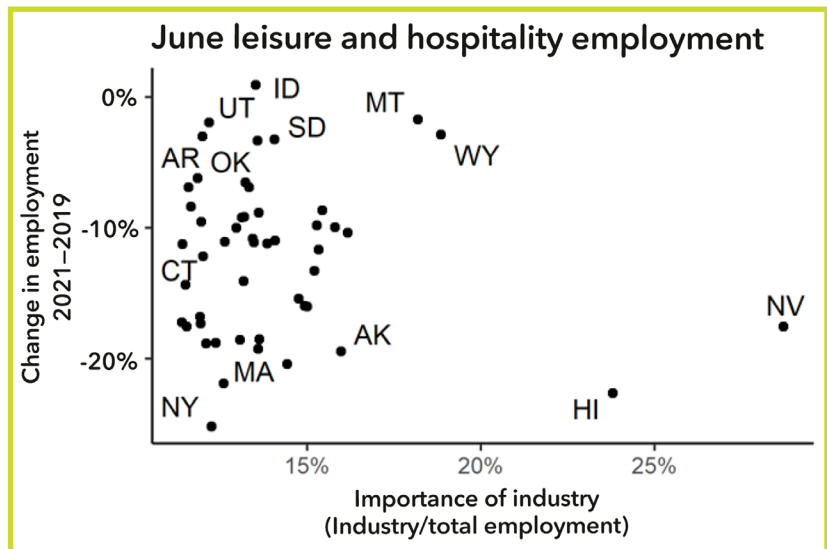
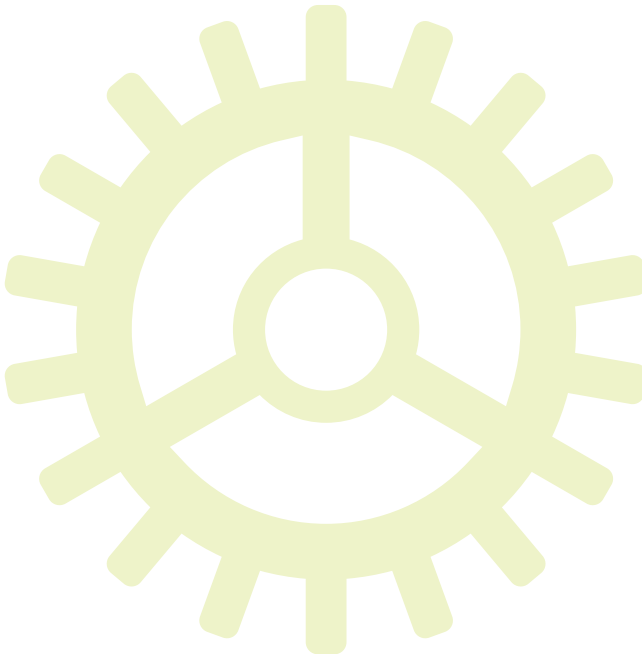
### Retail sales experience surprise decrease

Retail sales (adjusted for seasonal differences) in December 2021 fell 1.9% across the U.S. compared to the previous month, suggesting that holiday shopping may have happened earlier for many shoppers this season compared to previous years. This drop surprised market watchers, who were expecting retail sales to be flat month-over-month. December 2021 sales not adjusted for seasonal differences climbed to record levels of more than \$700 million dollars. ▼



### Leisure and hospitality sector struggles nationally

Alaska's leisure and hospitality industry is an important component to its overall economy, accounting for about one in every six jobs in June 2019. Only five states have a larger share of June jobs in this industry than Alaska. Hawaii and Nevada stand out because of their very high shares of jobs in the industry, and the significant losses of these jobs that have occurred in the last two years. Comparing June 2019 employment to June 2021 employment, Hawaii is still down more than 28,000 jobs in the industry (about a 23% decrease), while Nevada is down close to 63,000 jobs (18% decrease). Alaska was short about 8,300 jobs, a loss of around 19%. New York, Massachusetts, and Vermont have also seen significant losses in this industry. Only Idaho added jobs in leisure and hospitality from 2019 to 2021. ▼



# ALASKA'S ECONOMY

Did you know...

Retail sales  
reached record high levels  
in December 2021?

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



PRSR1 STD  
U.S. POSTAGE  
PAID  
ANCHORAGE, AK  
PERMIT NO. 175

P.O. Box 100720  
Anchorage, AK 99510-0720

**First National Bank**  
**ALASKA**

