

# 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,

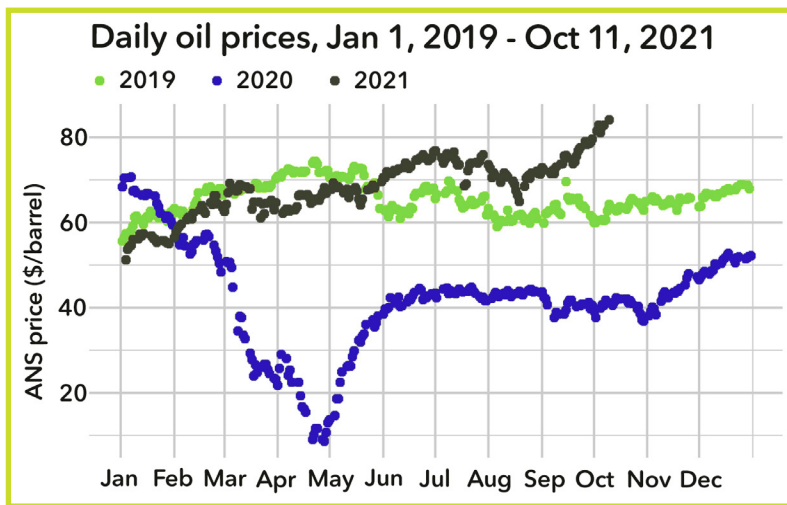
As the economy continues to feel the impacts of the pandemic, there are more available jobs than workers both in Alaska and nationwide.

The rate of U.S. workers quitting their jobs reached an all-time high in August, likely because it's easy for many to find a better or higher-paying job elsewhere. The industries seeing the highest number of employee exits are those most affected by the recent Delta-variation surge (particularly in the southern and midwestern United States, and in service sector jobs like restaurants and retail.) The number of people who have or are actively looking for a job has grown since the initial wave of the pandemic, especially for workers age 55-59.



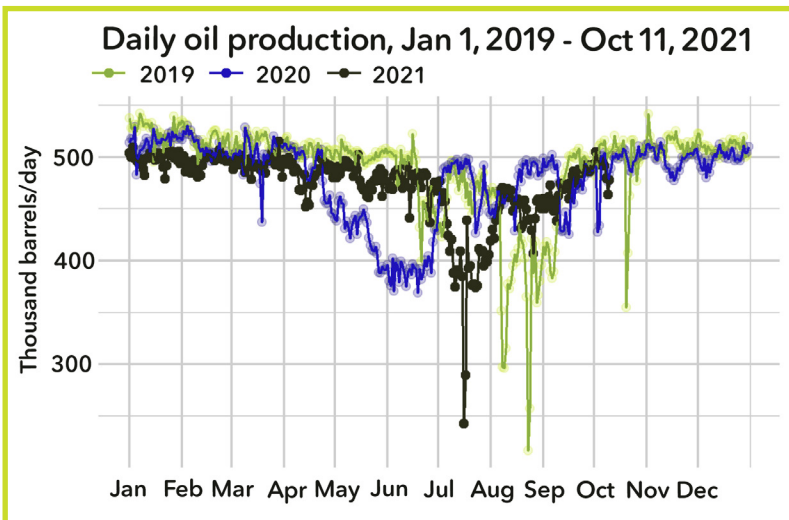
### Oil prices rise above \$70 per barrel

Alaska's benchmark oil price, ANS West Coast, was \$84.08 on October 11. Daily prices averaged \$74.85 per barrel in September. This compares to \$40.43 per barrel in the same month of 2020, and \$63.83 per barrel in 2019. Alaska has seen only 18 days of oil prices above \$80 per barrel since 2014. If prices remain at this level, it is likely to provide a boost to investment for the industry, which has shed a significant number of jobs since 2014. ▼



### Oil production in last three years

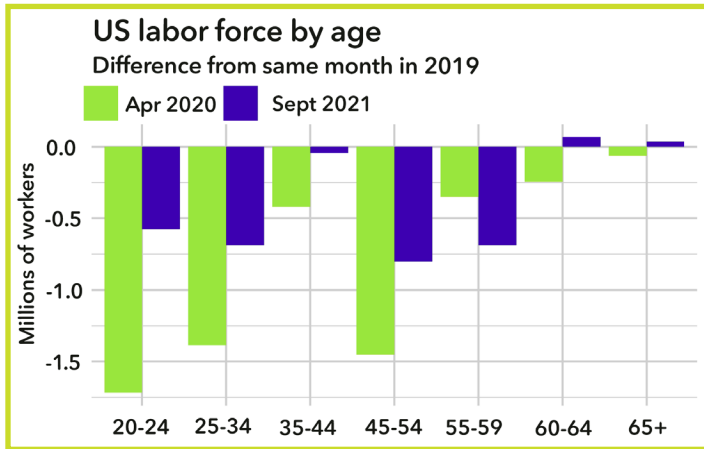
In September, daily oil production averaged 471,000 barrels. This compares to 473,000 barrels daily in September 2020 and 463,000 barrels daily in September 2019. ▲





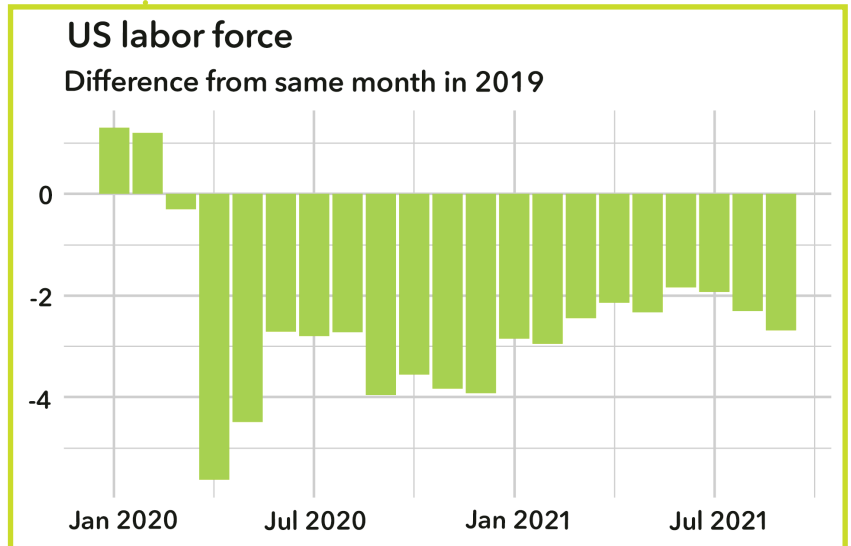
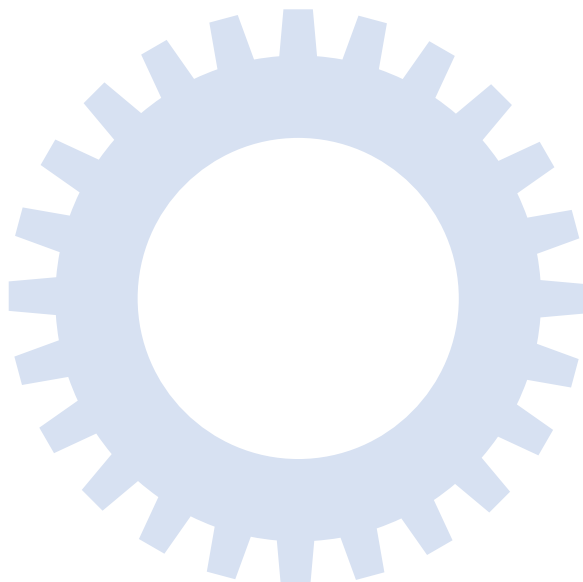
### Slow re-entry into workforce and early retirements pressure labor market

The labor force was about 2.7 million fewer people in September 2021 than September 2019. Breaking this number down by age group, there are large declines in the labor force of 20-34 year-olds and 45-59 year-olds. The number of 60+ year-olds in the labor force modestly increased from its September 2019 level. The labor force of 35-44 year-olds had much smaller changes from their pre-pandemic levels. Certain age groups have re-entered the labor force at higher rates relative to their pandemic lows in April 2020. For younger workers under 35, there were 3.1 million fewer workers in April 2020 than April 2019, but this had fallen to 1.3 million by September 2021 in a recovery of about 1.8 million people. However, for ages 45-59, 1.8 million Americans left the labor force in April 2020. This number has recovered to only 1.5 million. This could be explained by this group taking early retirement. ▼



### National labor force remains below 2019 levels

The national labor force measures the total number of people who are currently employed and those who are unemployed but looking for a job. People leave the labor market when job prospects are unfavorable or for personal reasons like education, family care, injury/disability, or retirement. In February 2020, there were an estimated 164 million civilians in the workforce. In April 2020, this number fell to 156 million. In September 2021, the labor force was 161 million people. This is about 2.7 million fewer people than in September 2019. The situation in Alaska mostly mirrors the national numbers. ▼

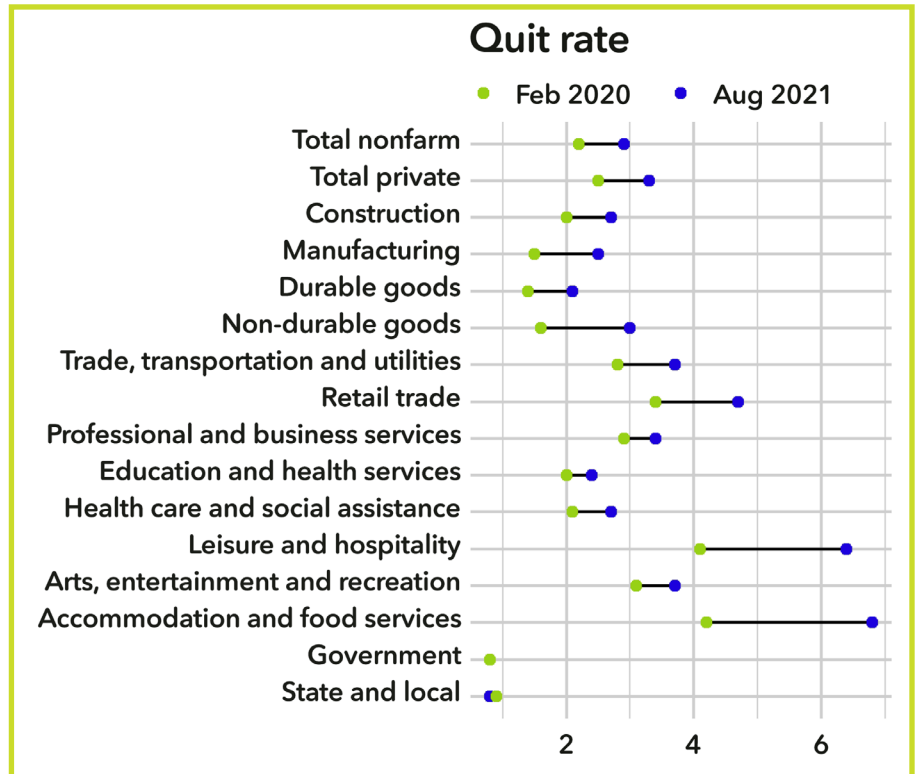


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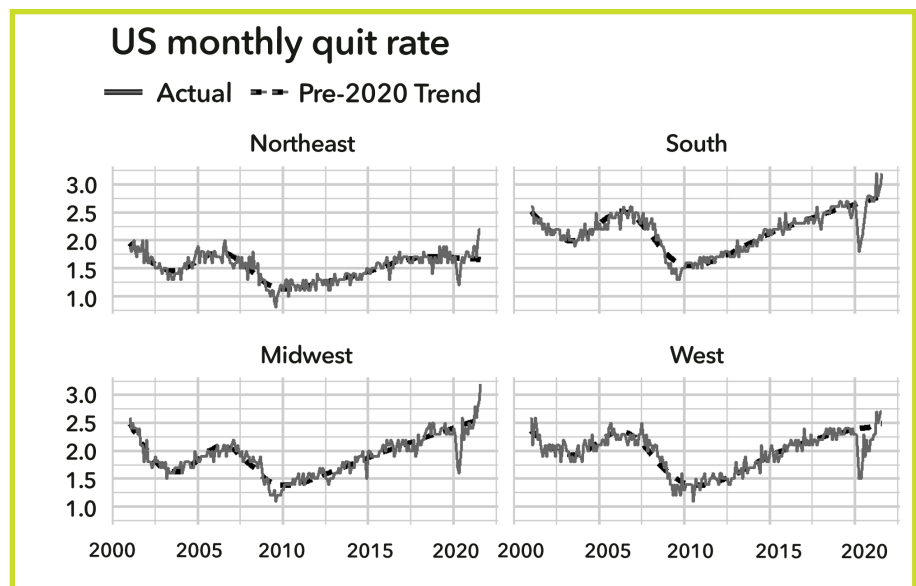
## Service industries see high quits nationally

Breaking down the national quit rates by industry, the sectors with the highest quit rates in August 2021 are accommodation and food services (6.8%), leisure and hospitality (6.4%), and retail trade (4.7%). While these sectors had the highest quit rates prior to the pandemic, quits were amplified the most in these sectors. ▼



## South and Midwest see surges in worker exits

Despite the U.S. having 5 million fewer jobs than before the pandemic, the labor market remains tight. One sign of this is the quit rate, or the fraction of employed persons who quit their jobs in a given month. Typically, quits increase nationally when employees feel they can easily find another, potentially better, job. Quit rates were high in the U.S. in August 2021. This is especially true in the south and midwest of the United States, where the rates of 3.2% are far above their previous record high of 2.7%. In the Western Region, which includes Alaska, the quit rate had increased from 2.3% prior to the pandemic to 2.7%. ►

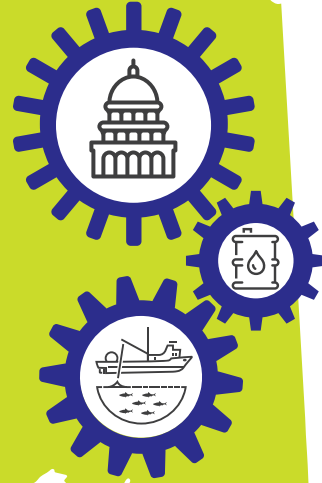


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Did you know...

the labor force was about  
2.7 million people less in  
September 2021 than  
September 2019?

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



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