

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.



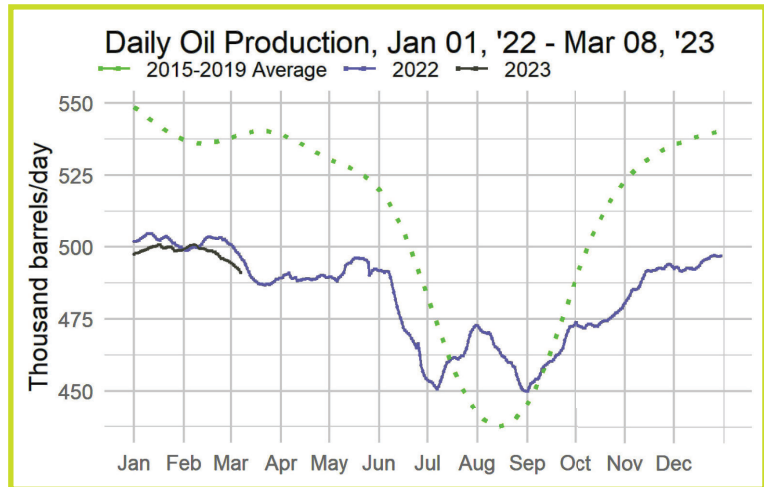
Dear reader,

Alaska's latest job numbers from January show the state is now about 4,000 jobs (or 1.3%) short of where it was in January 2020, prior to the pandemic recession. One medium-term catalyst for economic growth is recently passed federal infrastructure spending that will flow into projects in the next few years. Construction spending in 2023 is forecasted to be \$817 million more than last year's spending. Finally, while Alaska's economy is highly seasonal, with more summer activity than winter activity, this seasonality has been on a slight decline for the last seven years. Now with a full year of post-pandemic data, 2022 does not appear to have reversed this trend.



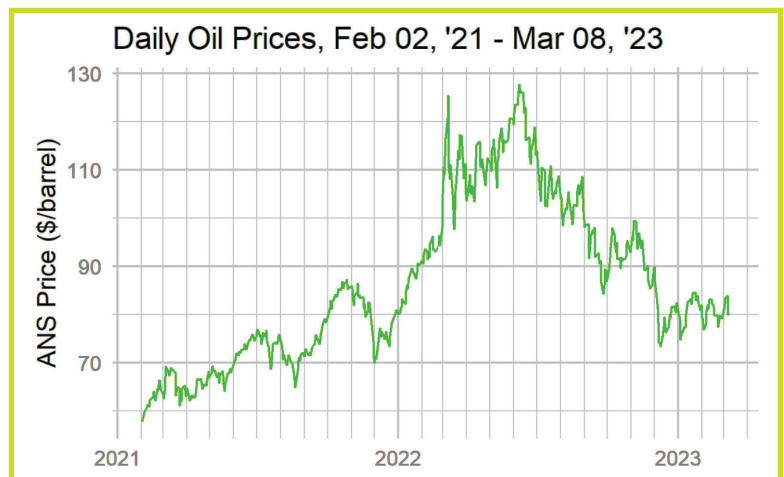
First quarter oil production trailing last year

Daily oil production in Alaska was 475,000 barrels on March 8. In February, daily production averaged 488,998 barrels. This compares to 489,000 barrels in February 2022, and 494,000 barrels in February 2021. The Biden administration has approved ConocoPhillips' proposed Willow project in the National Petroleum Reserve. At peak production, the project could add as many as 180,000 barrels per day to the pipeline. ▼



Oil prices remain in low \$80s since November 2022

Alaska's benchmark oil price, ANS West Coast, was \$80.28 on March 8. Averaged over February, daily prices were \$80.25 per barrel. This compares to \$93.54 per barrel in February 2022, and \$61.88 per barrel in February 2021. Prices have fluctuated around \$80 per barrel for several months and have not been above \$85 per barrel since November 2022. ►

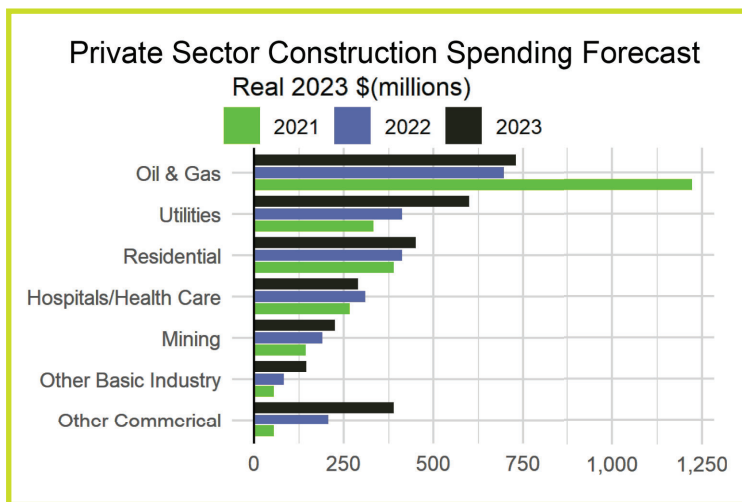


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Private sector construction spending forecast

The most recent Construction Spending Forecast¹ estimates total private sector construction spending in 2023 to reach \$2.83 billion, an increase of \$520 million compared to last year's inflation-adjusted forecast. Construction spending is forecasted higher in most industries assessed but particularly in the utilities and other commercial sectors, which includes planned renovations to several large retail and warehousing facilities. Oil and gas and mining construction are projected to be only modestly higher than last year. ▼

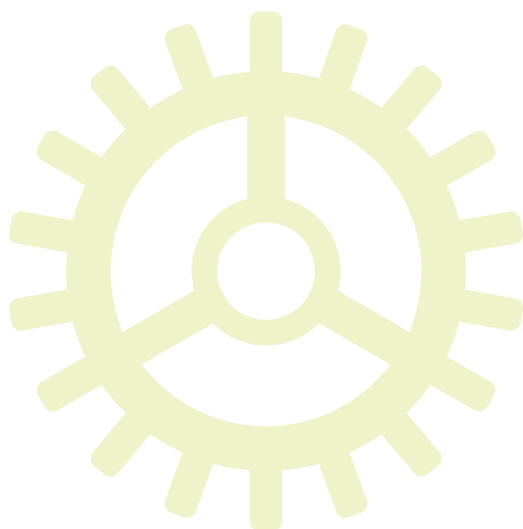
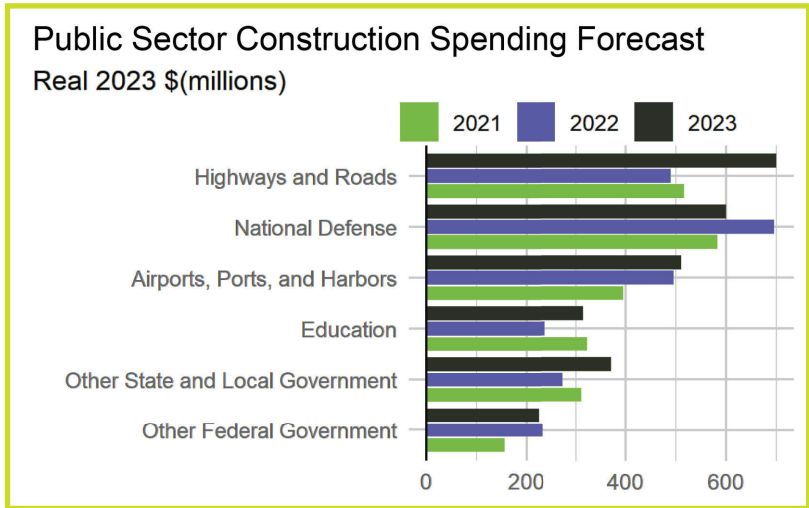


¹ Prepared by McKinley Research Group for the Associated General Contractors of Alaska/Construction Industry Progress Fund



Public sector construction spending forecast

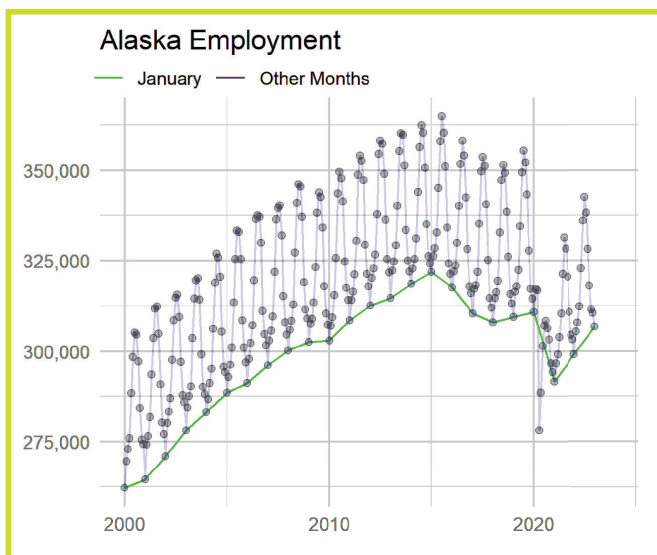
The Construction Spending Forecast estimates total public sector construction spending in 2023 of \$2.4 billion, which is an increase of \$297 million compared to last year's inflation-adjusted forecast. National defense construction spending is forecasted to be almost \$100 million less than last year, but forecasted increases in highway and road spending, education, and other state and local spending will more than offset the defense spending decline. ▼





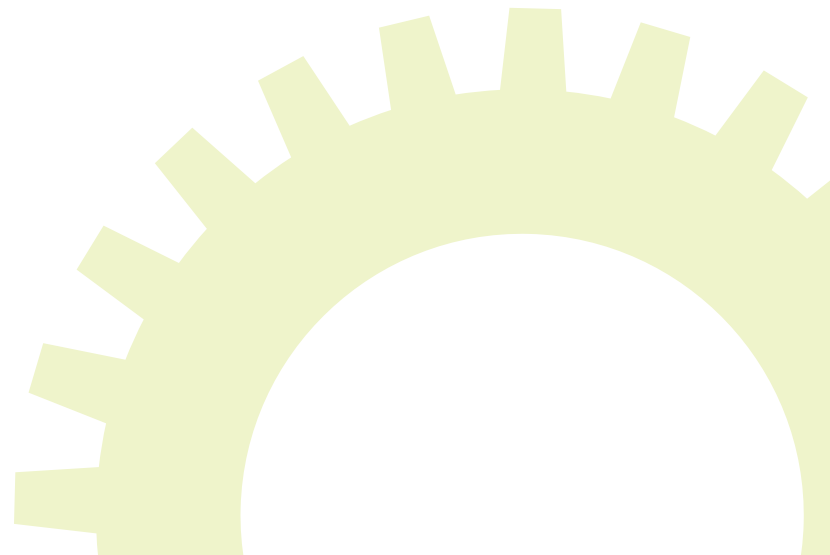
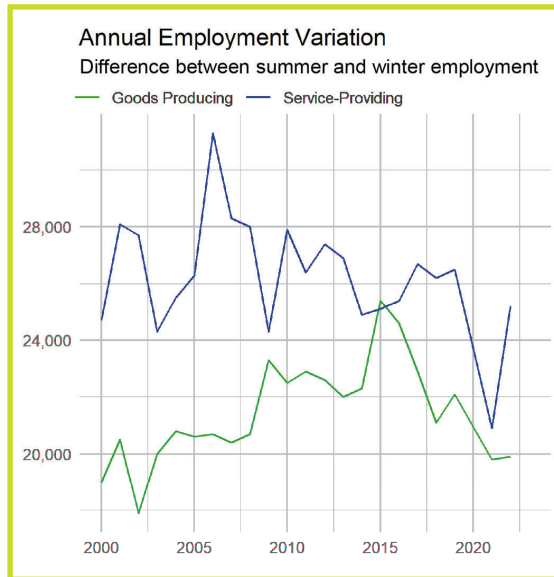
Alaska's January employment

Alaska's latest employment numbers from January show that the state's economy added 7,700 jobs since January 2022. The state is still 4,100 jobs short of where it was in January 2020. Oil and gas represents the largest share of this deficit. It still has 2,800 fewer jobs than in January 2020. ▼



Seasonality in Alaska employment

Alaska's employment is highly seasonal. Recent summers have seen 40,000 more jobs than winter months (as seen on the Alaska Employment graph). Both the service and goods-producing sectors contribute to the state's seasonality. Seafood processing and construction and, to a lesser extent, oil and gas and mining are the main drivers of seasonality in the goods-producing sector. Summer tourism is a key driver of seasonality in the service sector. The seasonality of goods-producing industries has been declining since 2015, mostly as a result of less variability in oil and gas and construction employment but to some extent seafood as well. While seasonality has increased in some service sectors over the last 20 years (mostly related to summer tourism), this has been more than offset by declines in seasonality over that time for retail employment and, to a lesser extent, other service-providing industries. ▼

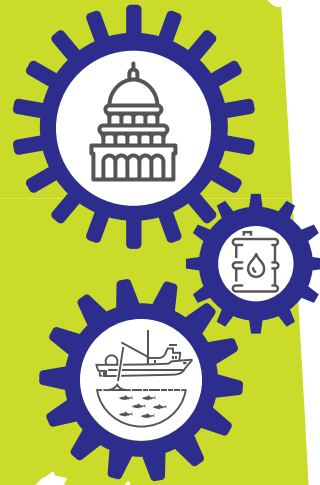


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Did you know...

Alaska's economy has added 7,700 jobs since January 2022?

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



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