

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.



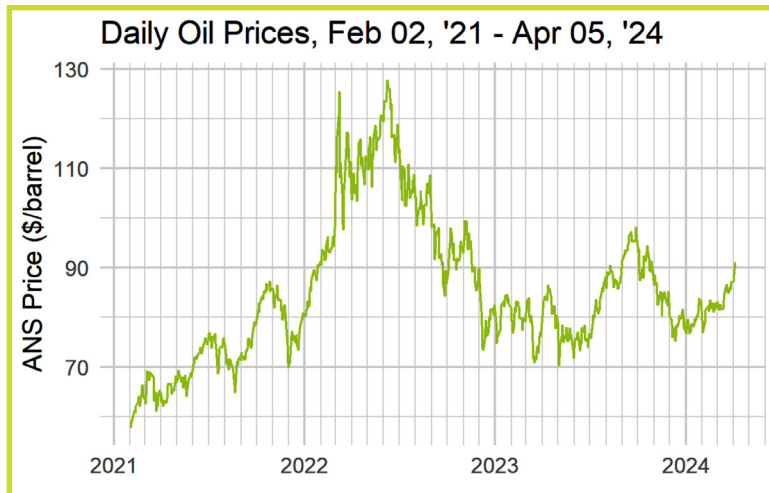
Dear reader,

The employment statistics for December 2023 and January and February 2024 have exceeded those of the corresponding months before the pandemic, marking a significant milestone in Alaska's economic recovery. The industries spearheading this recovery include healthcare, construction, and logistics. The information, mining (including oil and gas), leisure and hospitality, and local government industries are still grappling with the challenges of returning to their pre-pandemic levels. Despite these challenges, the statewide unemployment claims (a key labor market indicator) remain historically low, further bolstering the state's economic outlook.



Oil above \$90 per barrel for the first time in 2024

Alaska's benchmark oil price, ANS West Coast, was \$91.05 per barrel on April 5. In March, daily prices averaged \$84.11 per barrel, compared to \$76.86 in March 2023 and \$110.41 in March 2022. ▼



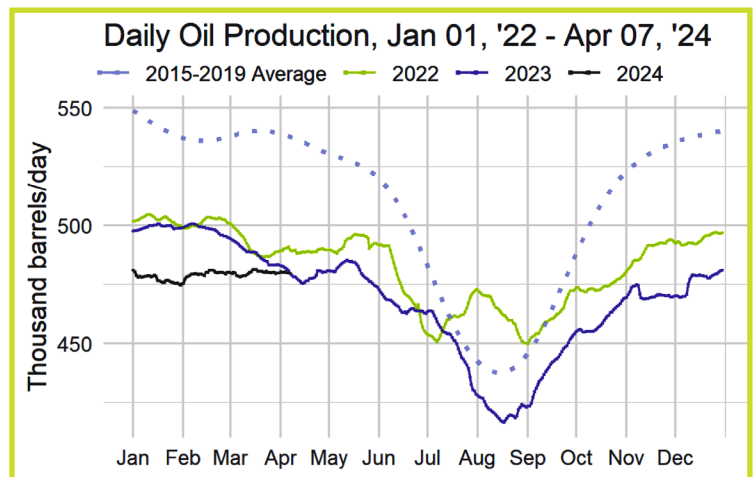
Data from the Alaska Department of Revenue



Alaska oil production

Daily oil production in Alaska was 479,000 barrels on April 7. In March, daily production averaged 479,867 barrels, compared to 484,000 in March 2023 and 489,000 in March 2022.

In the past two years, there has been a decrease in oil production during the month of March. The primary cause of this decline is natural depletion, which has been mitigated to some extent by Hilcorp's development work in Prudhoe Bay. It is anticipated that production will increase in the upcoming years, beginning with Phase One of the Pikka project in 2026, followed by the Willow project. ►



Data from the Alaska Department of Revenue

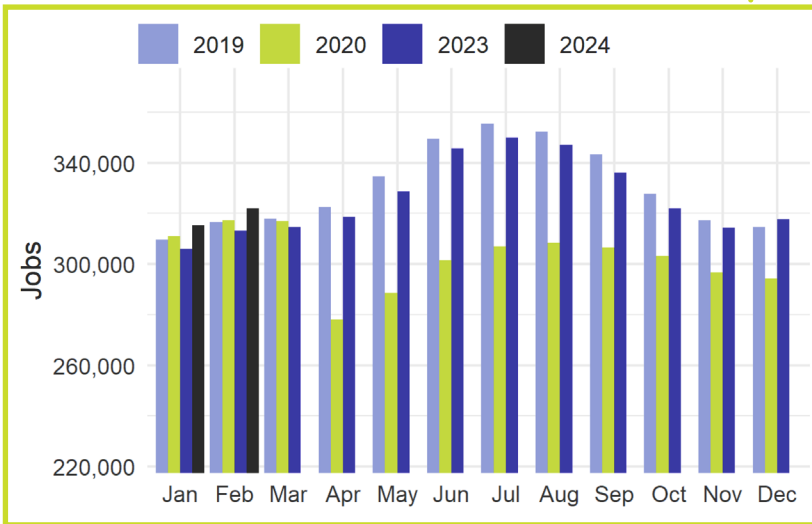
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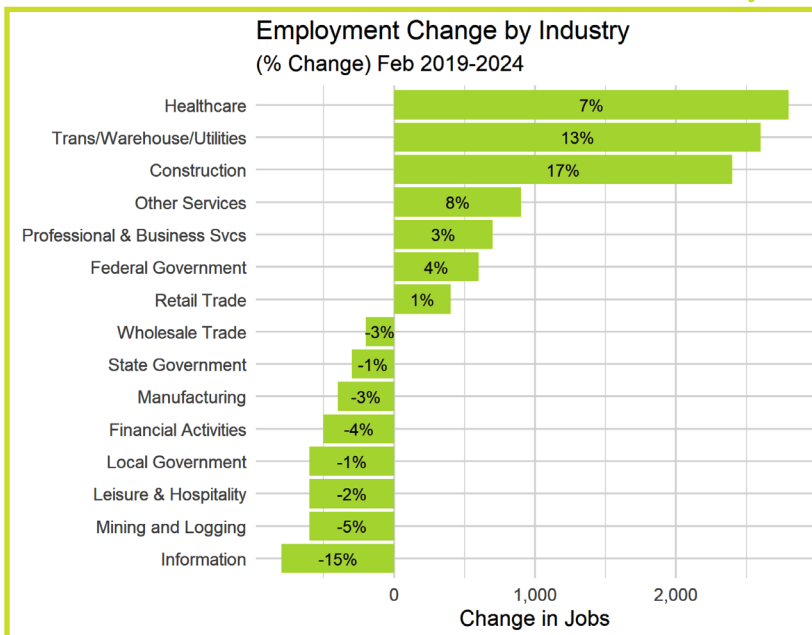
Alaska employment returns to pre-pandemic levels

Alaska's employment figures have experienced significant improvements in recent months.

In December 2023, the total non-farm employment in the state surpassed its pre-pandemic level, with a recorded figure of 317,700 jobs statewide, representing a 1.02% increase from December 2019. The positive trend continued into January and February 2024, with total employment standing at 315,300 (+1.87% from 2019) and 322,100 (+1.79% from 2019), respectively, indicating a steady recovery of the job market in Alaska. ▼



Data from the Alaska Department of Labor and Workforce Development



Job gains in healthcare, logistics and construction

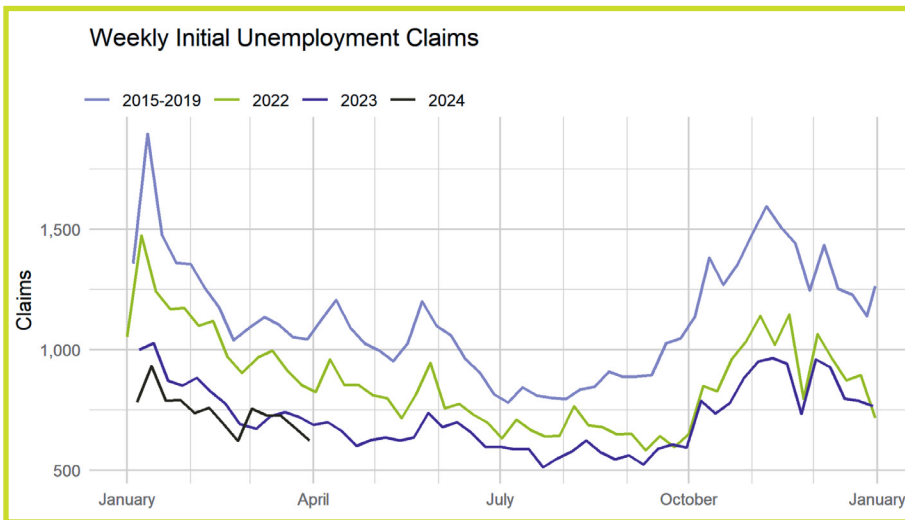
Several industries in Alaska have undergone expansion and contraction between February 2019 and 2024. The healthcare; transportation, warehousing, and utilities; and construction industries have witnessed significant growth in employment opportunities during that period. However, it is noteworthy that only a few industries have registered growth, while others have struggled to regain their pre-pandemic employment levels. The information industry, in particular, has experienced a significant decline with 800 fewer jobs, followed by mining and logging, leisure and hospitality, and local government, which are all 600 jobs below their pre-pandemic employment levels. ◀

Data from the Alaska Department of Labor and Workforce Development



Unemployment claims remain at record lows

Alaska's initial 2024 unemployment claims, which indicate the number of individuals who recently became unemployed and are seeking unemployment benefits for the first time, have shown a promising pattern of decline. This is a significant development for the labor market. Historically, unemployment claims in Alaska have tended to decline through the late summer, in line with a broader uptick in economic activity. For the week ending March 30, 623 individuals filed for unemployment benefits, representing a significant decrease from 721 claims filed during the same period in 2023, 856 in 2022, and 1,051 in a typical pre-pandemic year. This decline in initial claims signals reduced job losses and a potential shift towards job creation in the state, which could contribute to the overall economic recovery. ▼



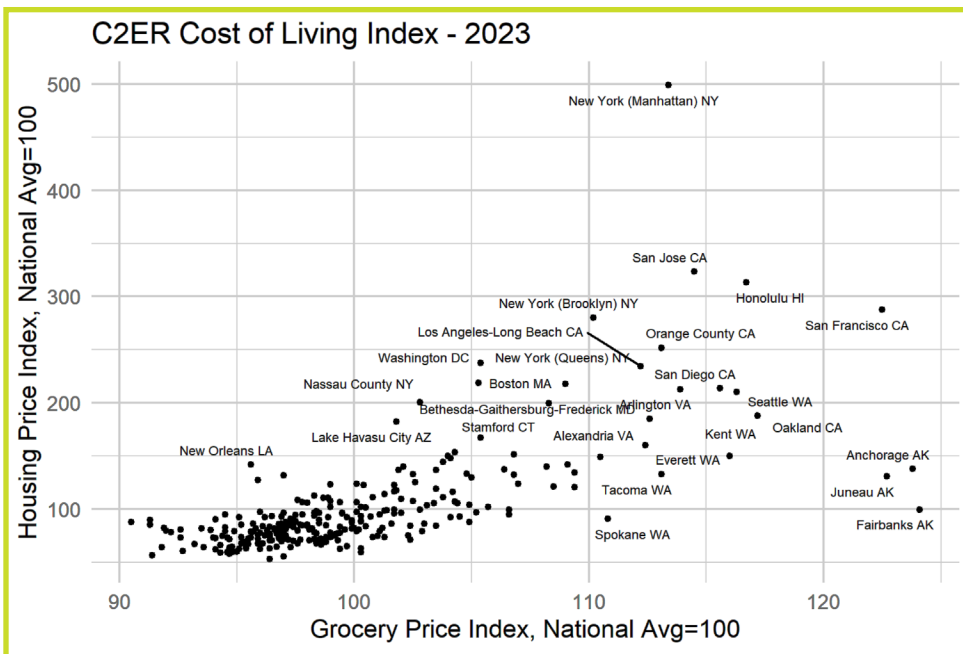
Data from the U.S. Employment and Training Administration



Alaskans experience higher living costs than national average

The Council for Community and Economic Research (C2ER) is a renowned organization that produces a Cost of Living Index. This index serves as a valuable and reasonably accurate measure of the difference in cost of living across urban areas. It comprises several components, with the cost of housing and groceries being two of the most significant.

Its latest data describes the geographic differences in the cost of living in 2023. Alaska's three largest cities, Anchorage, Fairbanks, and Juneau, have approximately 25% higher living costs than the national average. Housing costs, which constitute 28% of the cost of living, are 38% and 31% higher than the national average in Anchorage and Juneau, respectively. Furthermore, Alaska's three metros have the highest grocery costs in the index, with prices around 23% above the national average, compared to 17% higher for metros like Honolulu and Seattle. ◀

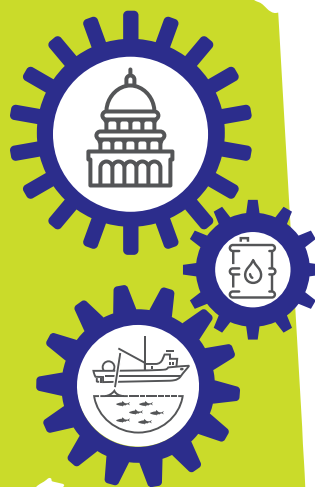


Data from the Council for Community and Economic Research

Did you know...

Alaska's total non-farm employment has surpassed pre-pandemic levels?

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



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