

ALASKA'S ECONOMY

It's everyone's business.

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Dear reader,

Alaska's economy has shown resilience despite fluctuating oil prices and lower-than-expected production. The Alaska State Senate recently passed an operating budget balanced at \$78 per barrel and would run a surplus if current oil prices remain in the mid \$80s.

Lower inflation in Alaska means prices for goods and services are rising more slowly than the national average. However, housing prices, a major cost-of-living factor, can still increase due to local market conditions. Alaska's rise in housing costs is driving higher overall living expenses, prompting residents to move to more affordable states, thus contributing to out-migration.

Alaska's recovery to pre-pandemic employment levels has been slower than other states.



Alaska oil prices

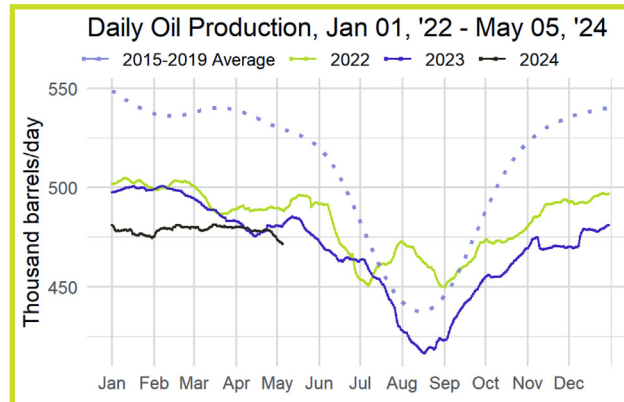
Alaska's benchmark oil price, ANS West Coast, was \$85.48 per barrel on May 3. In April, daily prices averaged \$89.05 per barrel, compared to \$82.83 in April 2023 and \$109.41 in April 2022.

The Alaska State Senate passed the 2024 operating budget, which includes trigger points set at \$78 and \$93 per barrel (lower and upper horizontal lines). Any additional revenue generated when prices range between \$78 and \$93 per barrel will be allocated to energy relief payments to supplement the appropriated Permanent Fund Dividend and savings in the State's Statutory Budget Reserve. Revenue exceeding \$93 per barrel will be deposited into the state's Constitutional Budget Reserve account. In 2023, oil prices stayed below \$78 per barrel for 53 days. ▶

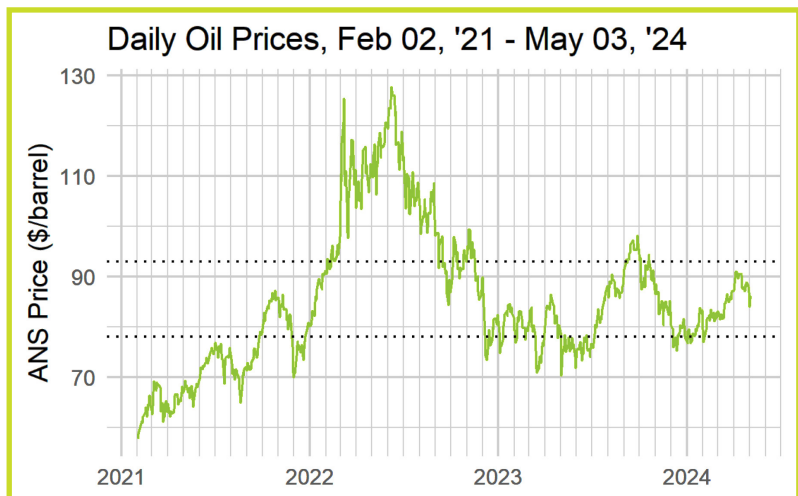


Alaska oil production

Daily oil production in Alaska was 457,000 barrels on May 5. In April, daily production averaged 475,165 barrels, compared to 480,000 in April 2023 and 490,000 in April 2022. ▼



Data from the Alaska Department of Revenue



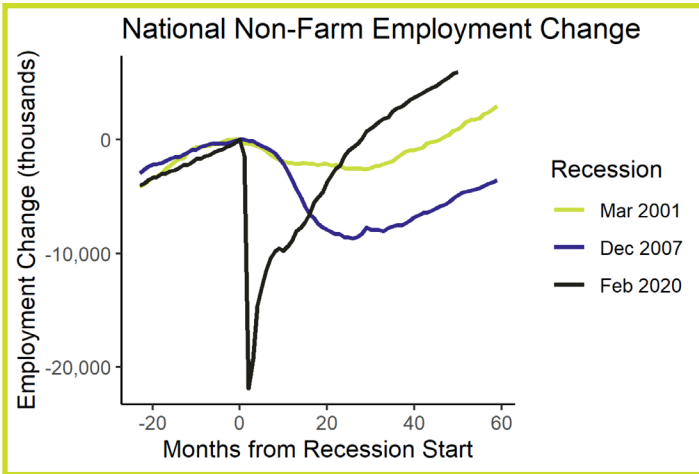
Data from the Alaska Department of Revenue

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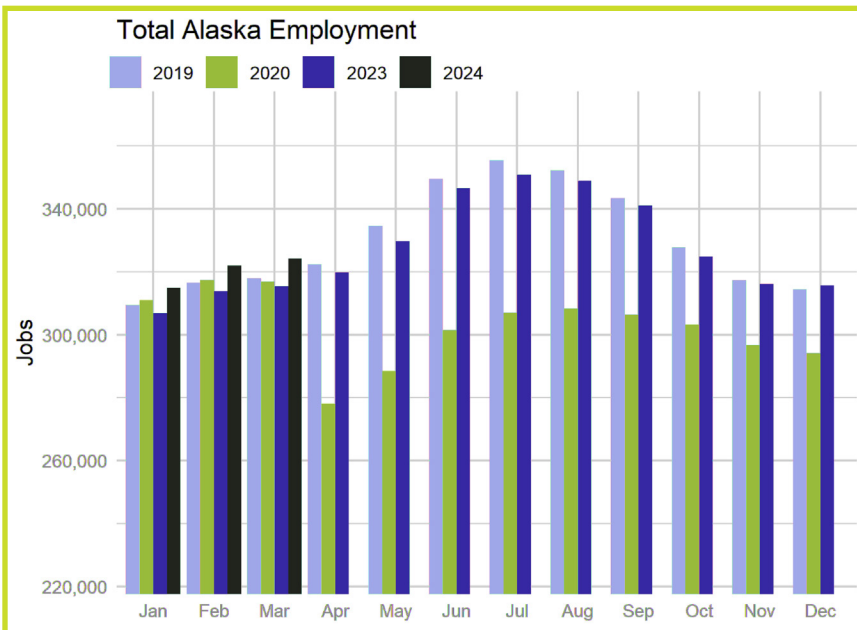


National employment growth

In April, the U.S. economy added 175,000 jobs, keeping the unemployment rate steady at 3.9%. This milestone marks 50 months since the pandemic recession began, during which the economy has gained 5.97 million jobs. The magnitude of this recovery is significant compared to other business cycle downturns. For example, 50 months after the mild recession in March 2001, employment had increased by only 900,000 jobs. In contrast, 50 months after the Great Recession (2007-2009), employment was still down by 4.88 million jobs. ▼



Data from the U.S. Bureau of Labor Statistics



Data from the Alaska Department of Labor and Workforce Development



Alaska employment continues to grow

Alaska's economy has seen positive growth in employment with an addition of 2,300 jobs in March and 8,900 jobs since 2023. It took Alaska longer to recover to its pre-pandemic employment levels compared to the national average. However, for the past few months, employment has been higher than pre-pandemic levels. Currently, there are approximately 6,400 more jobs than the same period in 2019. ◀



Migration drives home prices and vice versa

People tend to move from high- to low-cost areas. When people move to a new location, the demand for housing increases, thereby affecting the prices of homes. It is unsurprising to find Metropolitan Statistical Areas (MSA) where prices are low and both net in- and out-migration occur. High-priced markets (mainly in California) experience net out-migration. However, three cities, Destin, Florida, Bozeman, Montana, and Barnstable Town, Massachusetts, had high in-migration rates and high listing prices in 2020.

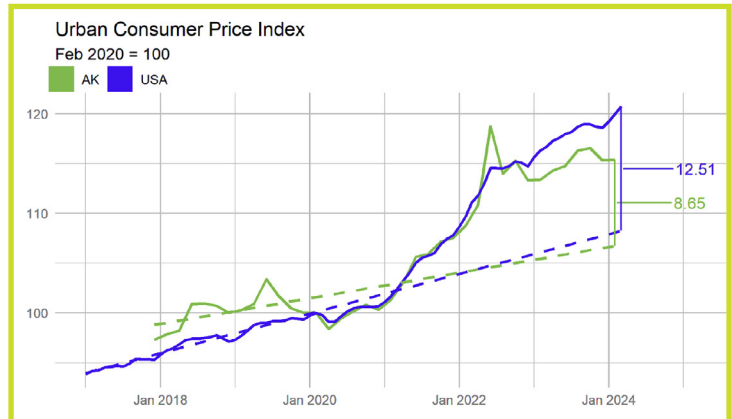
The typical Anchorage home in 2020 was listed for \$197 per sq. ft., making it the 63rd most expensive market in the country, next to Boise, Idaho at \$198 (62nd) and Grand Junction, Colorado at \$199 (61st). From 2020 to 2023, Anchorage saw 0.8% net out-migration, Boise saw 7% net in-migration and Grand Junction saw 3% net in-migration.

Fairbanks had a median home price of \$142 per sq. ft., which is comparable to Logan, Utah's \$141. However, the migration patterns tell a different story. From 2020 to 2023, net out-migration from Fairbanks was 0.36%, while Logan saw net in-migration of 0.38%. ▼



Alaska inflation running cooler than national trend

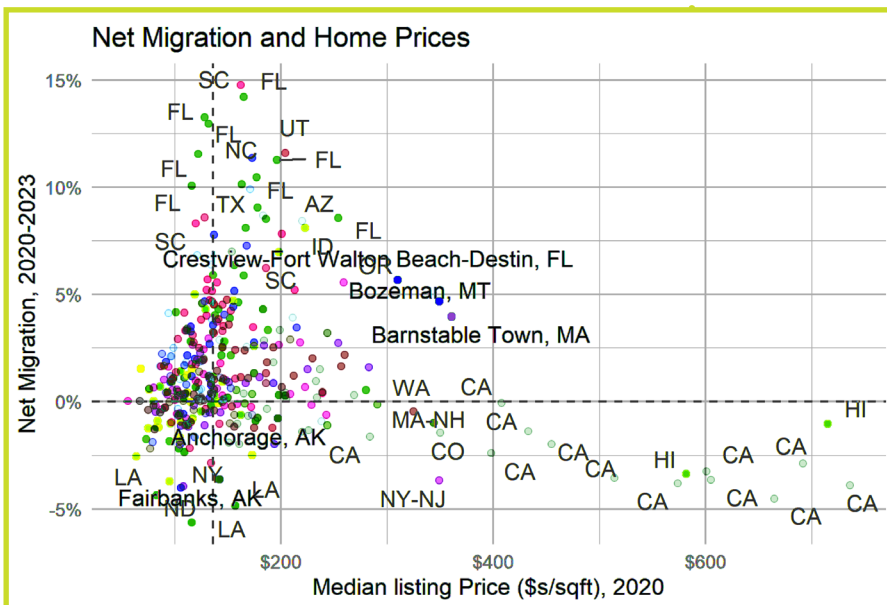
The solid lines in the graph represent actual consumer price index values and the dashed lines represent the trend in the consumer price index before the pandemic. The gap between the solid and dashed lines represents the cumulative inflation above what was expected before the pandemic.



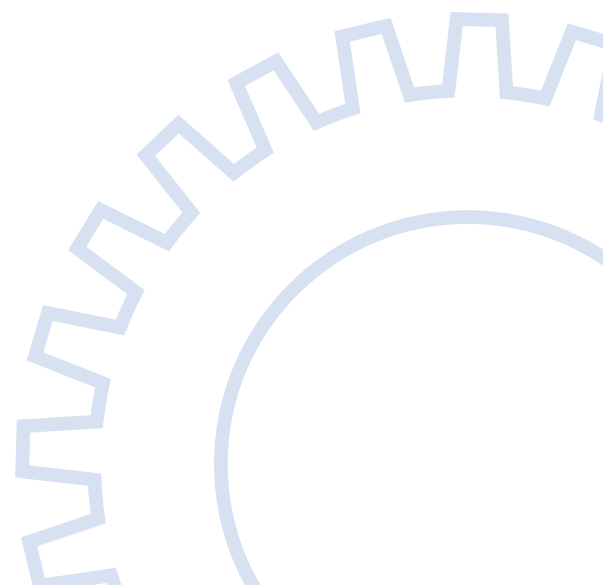
Data from the U.S. Bureau of Labor Statistics

The latest inflation reports for February 2024 showed that consumer prices in urban Alaska have increased by 0.06% since December 2023. This marks a 1% decrease compared to September 2023 but a 1.7% increase since February 2023. This contrasts with national inflation trends, where prices have risen by about 1.2% between December 2023 and February 2024 and are now 0.8% higher than September 2023. Prices have increased by approximately 8.65% in Alaska and 12.51% in the U.S. since the beginning of the pandemic.

Nationally, in March 2024, food prices increased by 0.3%, energy prices decreased by 1.6%, and prices on all other components of the consumer basket increased by 0.2%. ▲



Data from the Metropolitan Statistical Area, U.S. Census Bureau and Realtor.com Economic Research



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Did you know...

Alaska has added
8,900 jobs since 2023?

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



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