

Alaska Economic Outlook 2012

A Presentation in Conjunction with

World Trade Center Alaska

Jonathan King

January 19, 2012



Sit right back and you'll hear a tale....

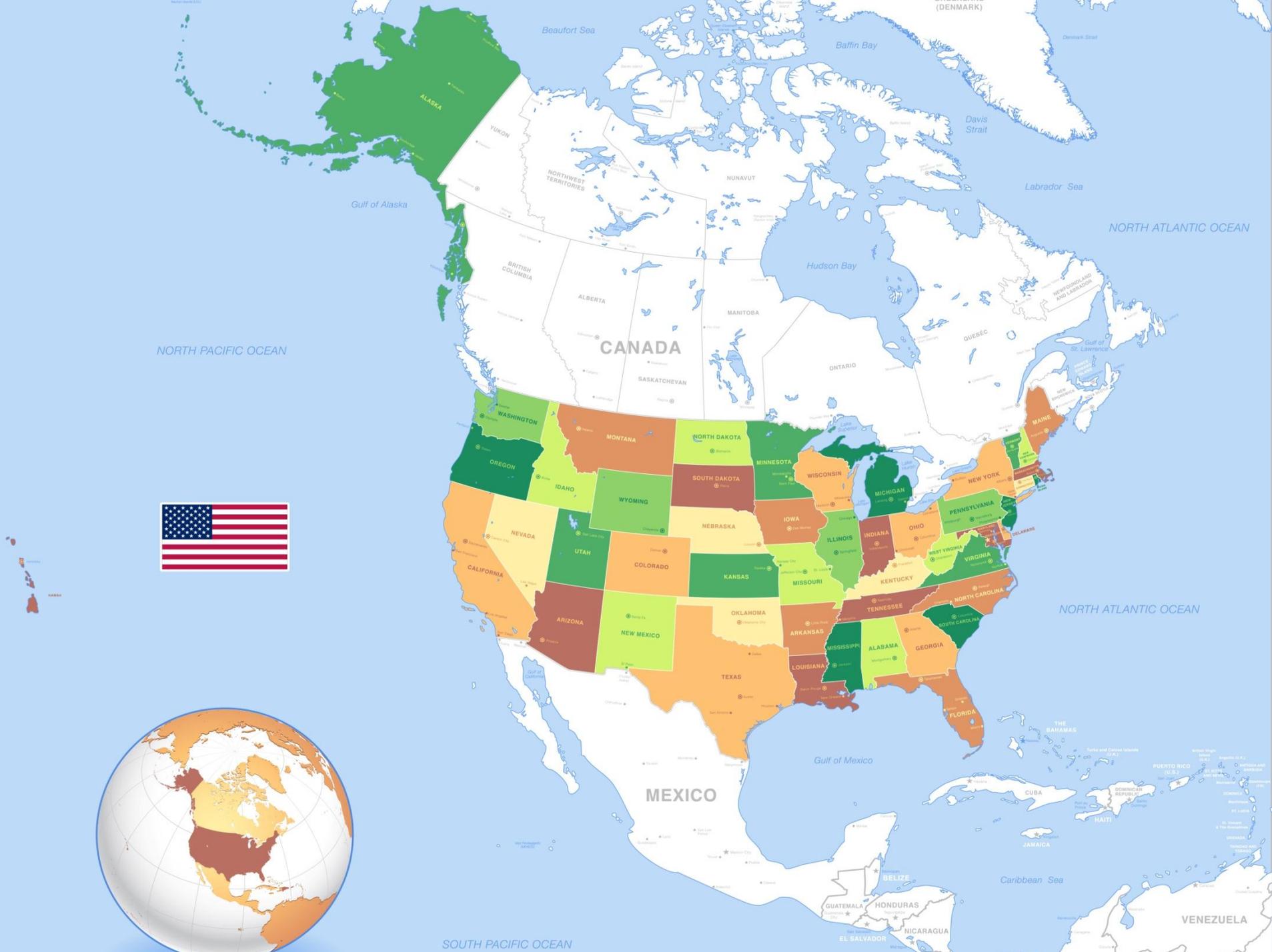


■ Gross State Product (\$!)

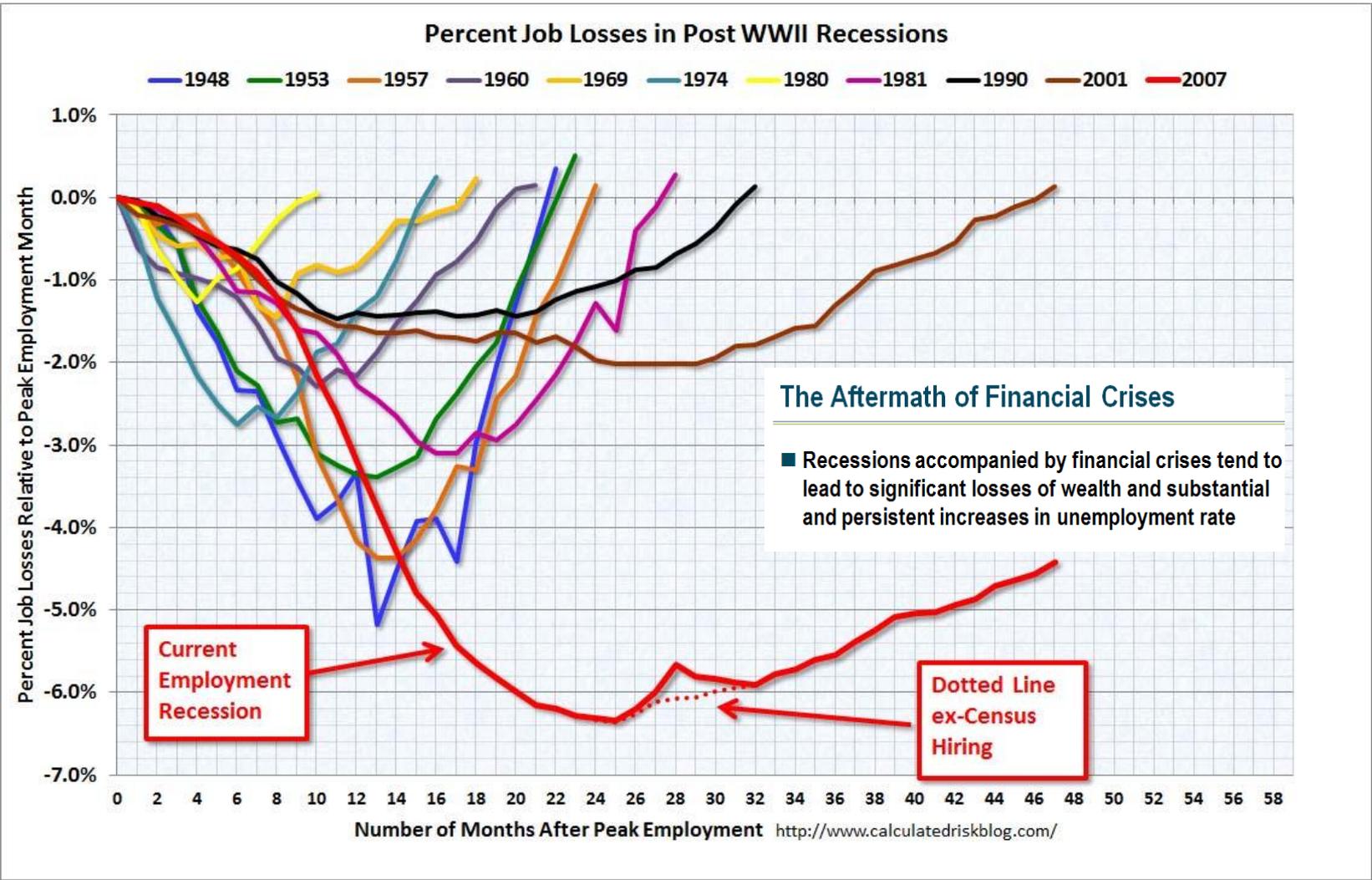
- Includes the value of all goods and services less the cost of goods used in the production; a measure of the wealth created by labor and capital in Alaska

■ Jobs!

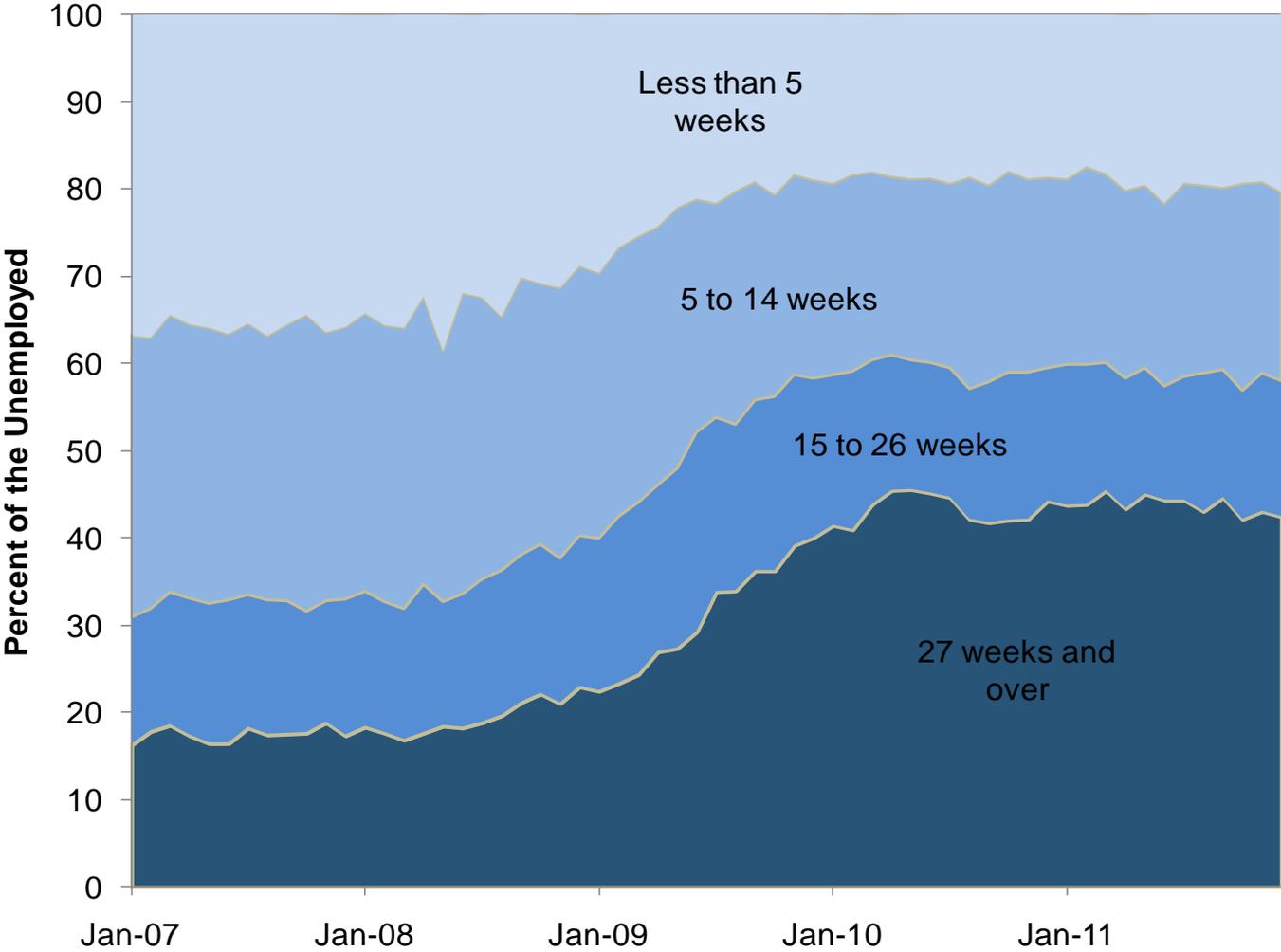
- Includes military and self-employed residing in Alaska
-



We Face Fundamental Structural Issues in Employment

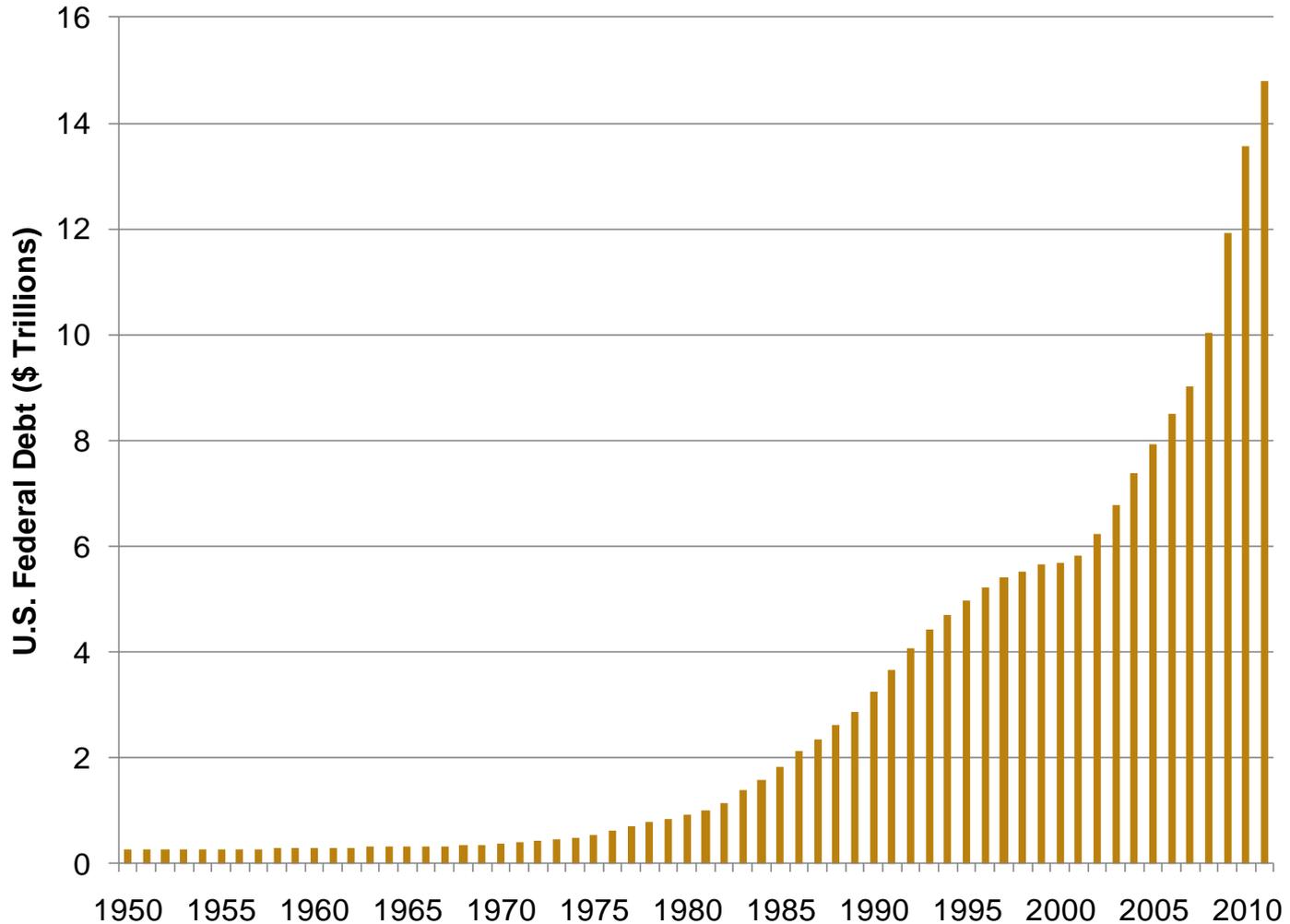


The Unemployed are More Likely to Stay There

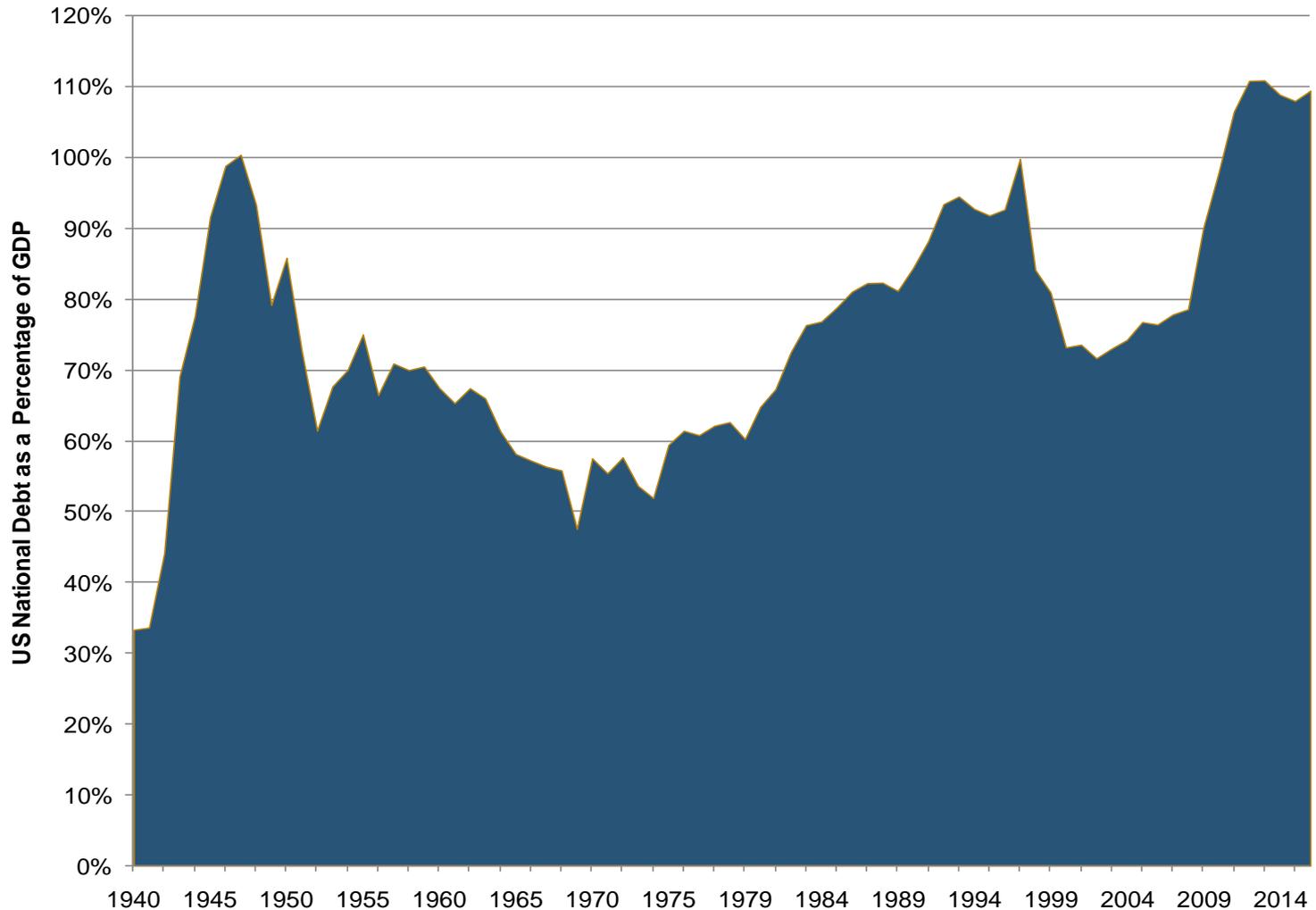


Source: Bureau of Labor Statistics

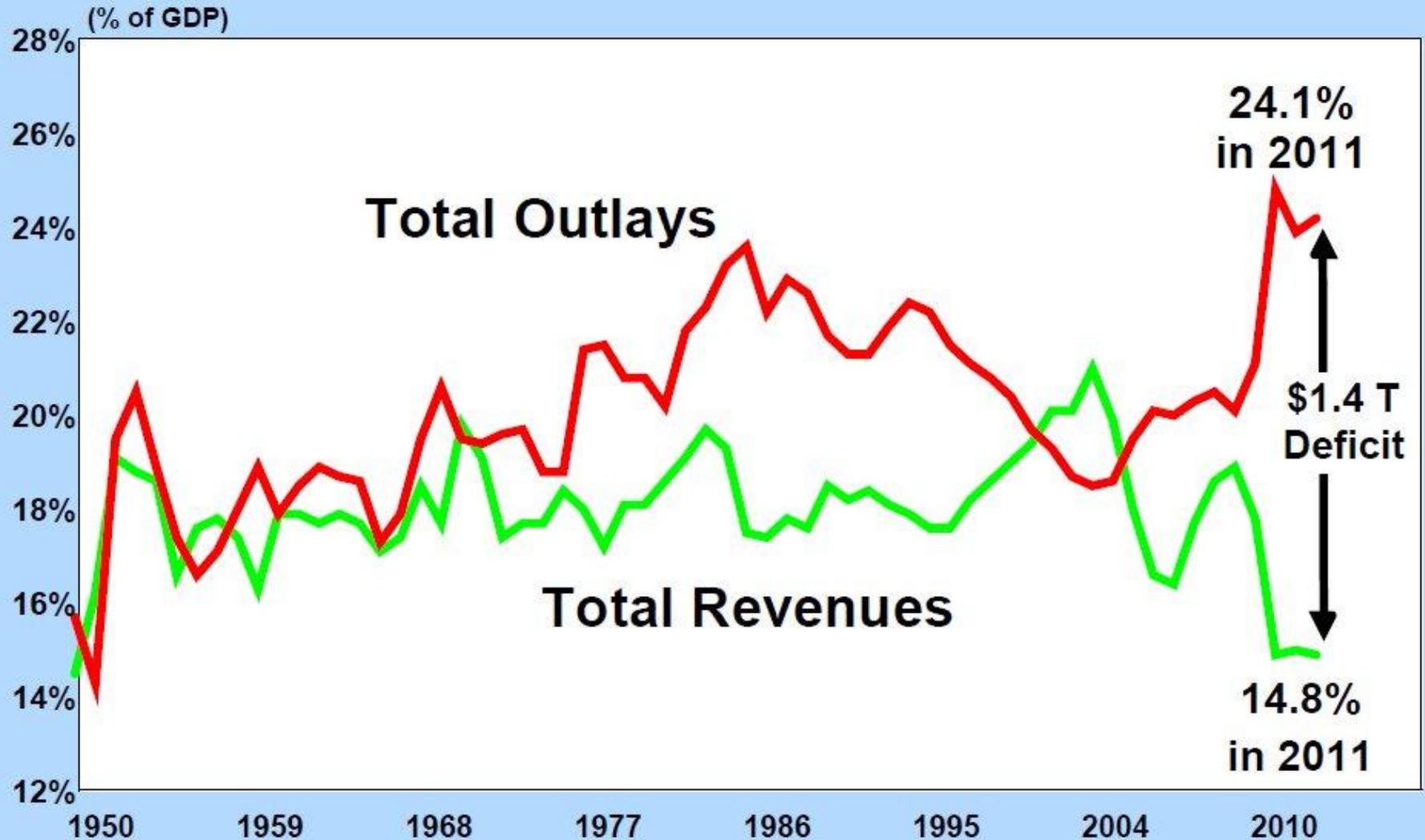
The Mountain of Eternally Increasing Debt?



The Debt/GDP Ratio Matters as Much as the \$ Figure



Spending and Revenues



Do You Feel Like Something is Broken?



F

NICH ANDERSON 2-15-11
HOUSTON CHRONICLE

Most States are Still Dealing with Budget Shortfalls

29 States Have Projected or Have Addressed Shortfalls for Next Year



Source: CBPP survey

Center on Budget and Policy Priorities | cbpp.org

But Not Alaska.....



- Unemployment Rates:

National	8.5%
State	7.2%
Anchorage	5.5%
Juneau	4.9%
Fairbanks	6.3%
 - Job Growth in 2011:
+5,200 jobs
 - GF Revenue (Unrest):
\$7.6B ('11), \$8.9B('12)
-

And our Household Confidence is Up!!!



- Our index is slowly moving up.

■ Q2 2010 51.7

■ Q4 2011 55.8

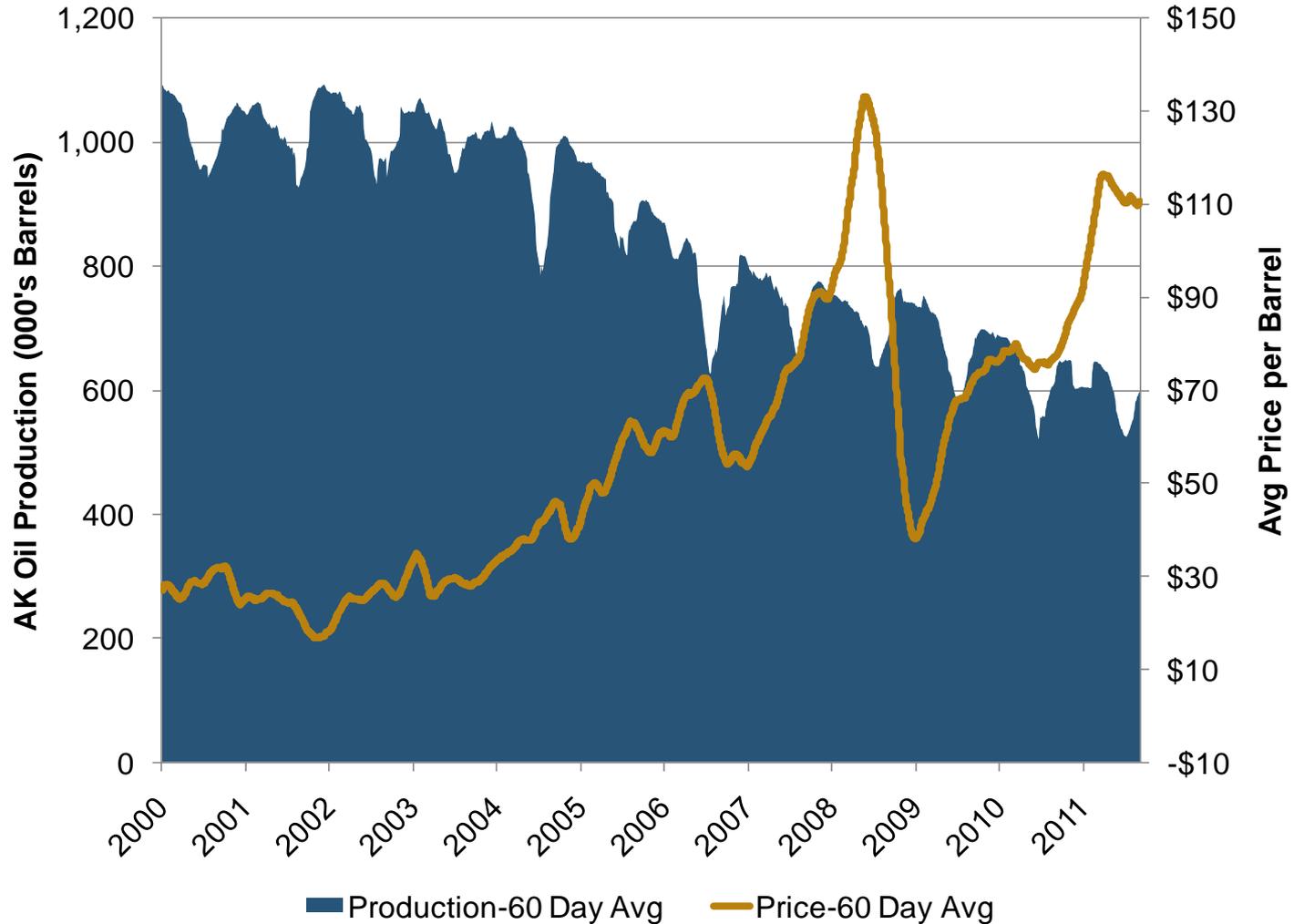
- Percent Saying Conditions are Good or Very Good

■ Households 51.3%

■ Community 38.3%

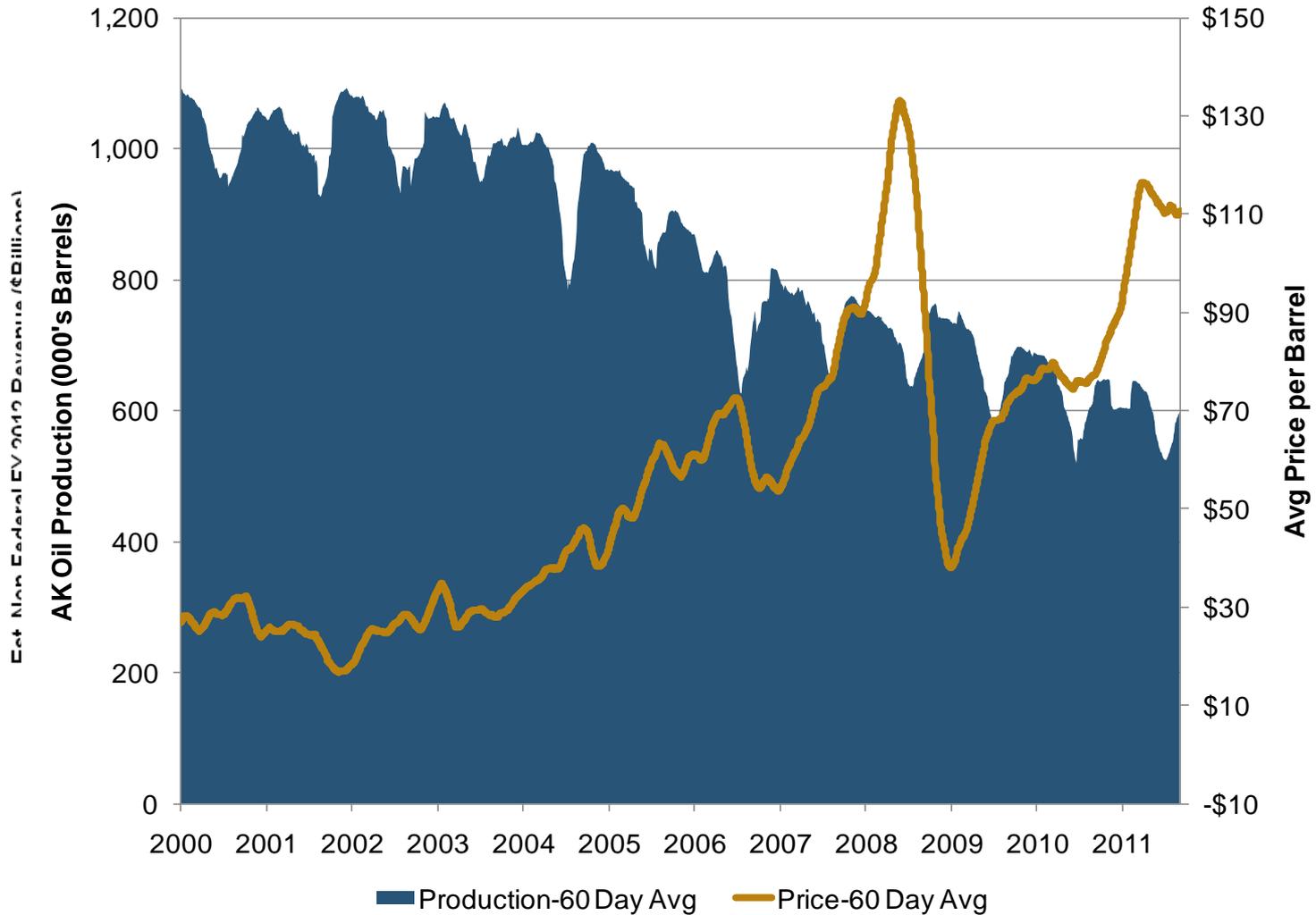
■ State 36.3%

Really, it's not all Sunshine and Lollipops

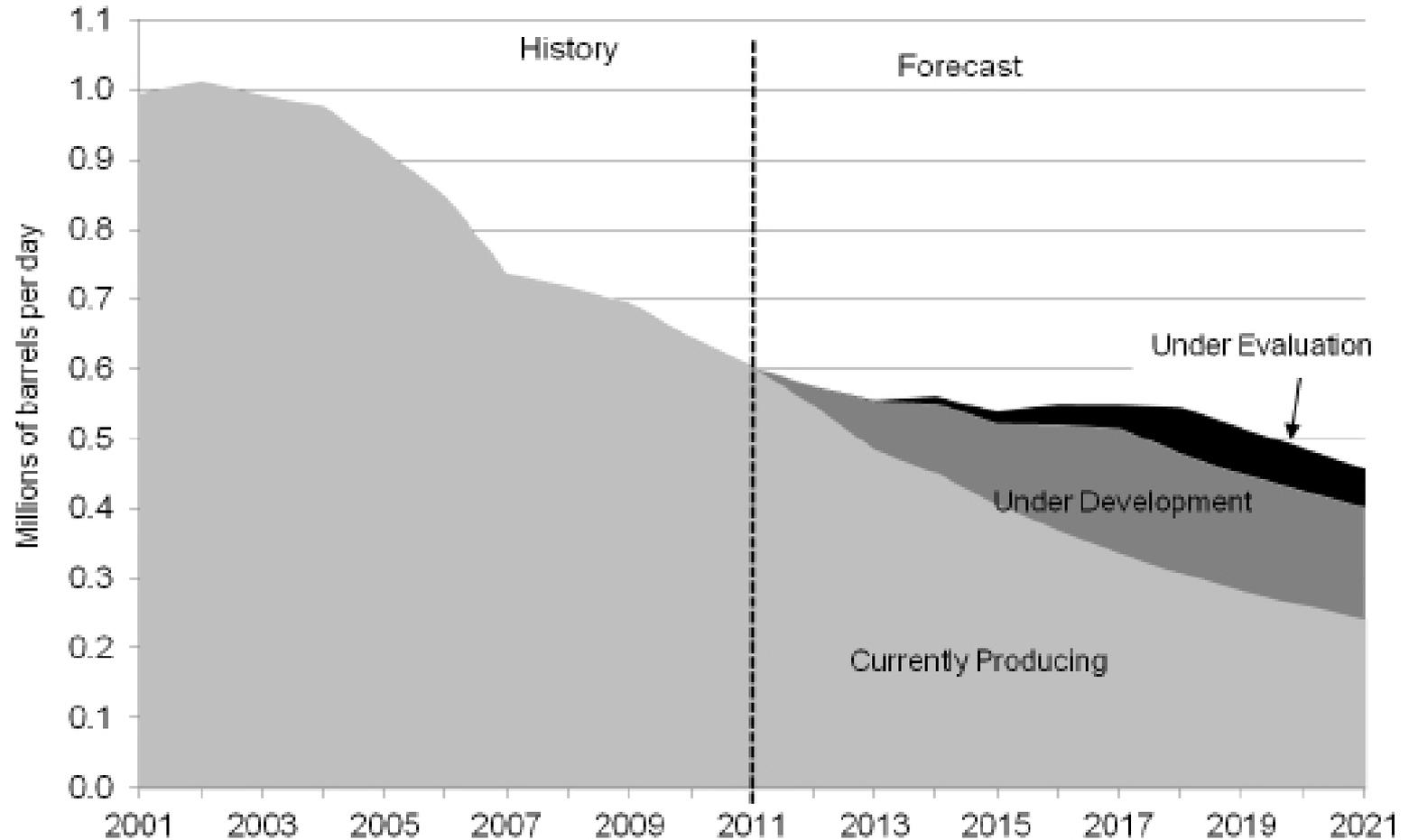


Numbers which may worry us....

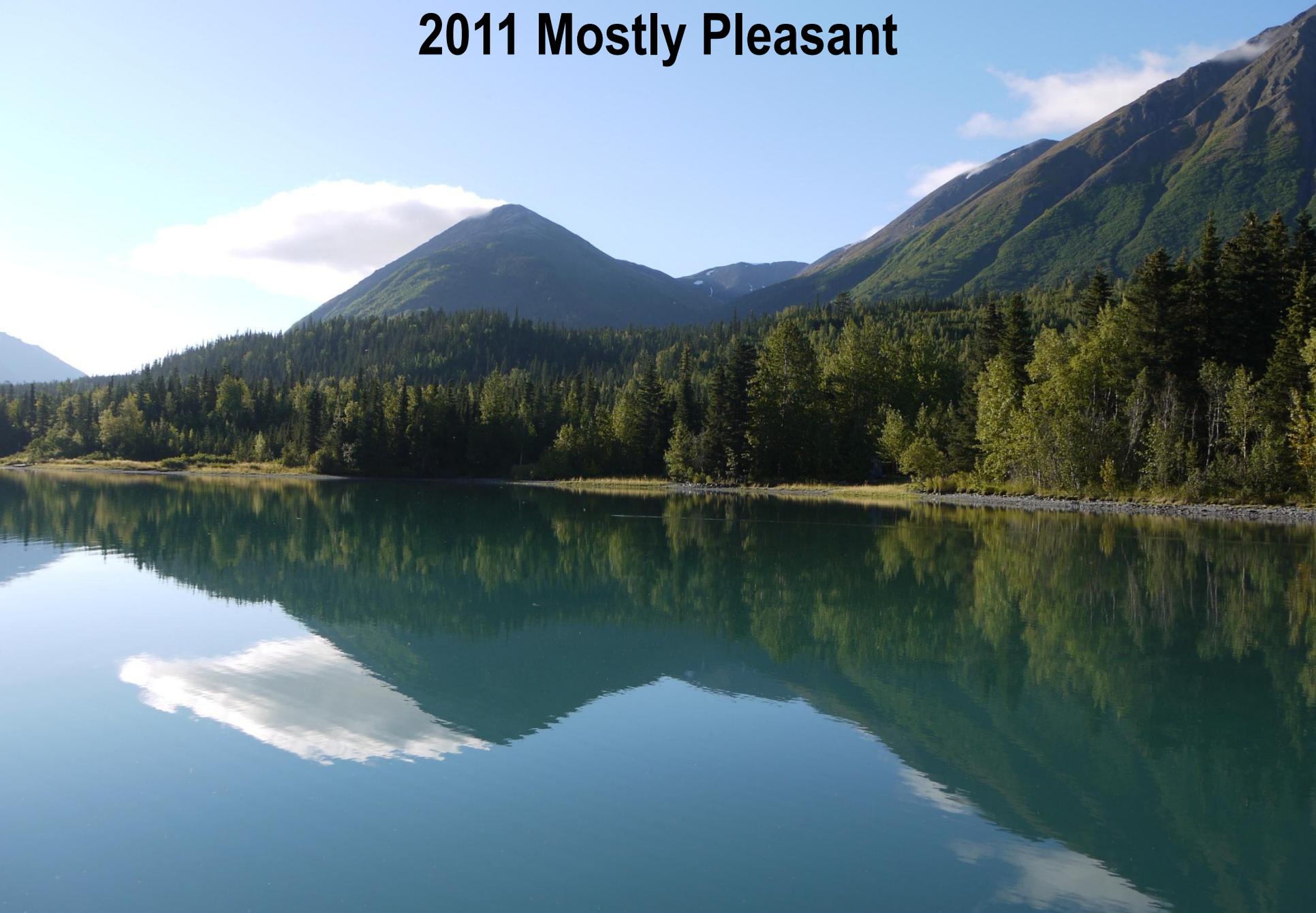
6



Dependent on Future Investment to Tread Water



2011 Mostly Pleasant



2011 Jobs Predictions in Review



- Prediction:
Moderate job growth ($\uparrow 1.0\%$) led by health and education, natural resources and trade.
 - Reality:
Employment advanced ($\uparrow 1.6\%$) led by health and education, leisure and hospitality, and natural resources. Manufacturing (seafood processing) also had a good year on a percentage basis.
-

2011 GSP Prediction in Review



■ Prediction:

- We predicted GSP would be roughly flat at \$48B, but could hit \$50B if oil prices averaged in the low \$90s.

■ Reality:

- *Oil prices averaged roughly \$108 and GSP reached a record \$52B (est).*
-

Juneau in 2011: Either Up A Lot or Not Up At All

- Employment up 1% driven by natural resources, professional services, health and education, & seafood processing,
- Numerous no growth sectors.

Sector	YOY Change (%)			
	Statewide	MOA	Fairbanks	Southeast
Total Nonfarm Wage and Salary	1.6%	1.4%	0.0%	1.0%
Mining and Logging	5.8%	7.1%	8.3%	13.3%
Construction	-1.3%	-6.0%	-7.7%	0.0%
Manufacturing	3.9%	0.0%	0.0%	3.0%
Trade, Transportation, and Utilities	1.1%	1.2%	1.3%	0.0%
Information	0.0%	-2.4%	0.0%	0.0%
Financial Activities	-0.7%	0.0%	-6.7%	0.0%
Professional and Business Services	0.0%	1.6%	0.0%	6.9%
Educational and Health Services	4.3%	4.2%	0.0%	3.9%
Leisure and Hospitality	3.5%	3.8%	0.0%	0.0%
Other Services	0.0%	5.3%	0.0%	0.0%
Government	0.5%	-0.3%	-0.8%	-0.4%

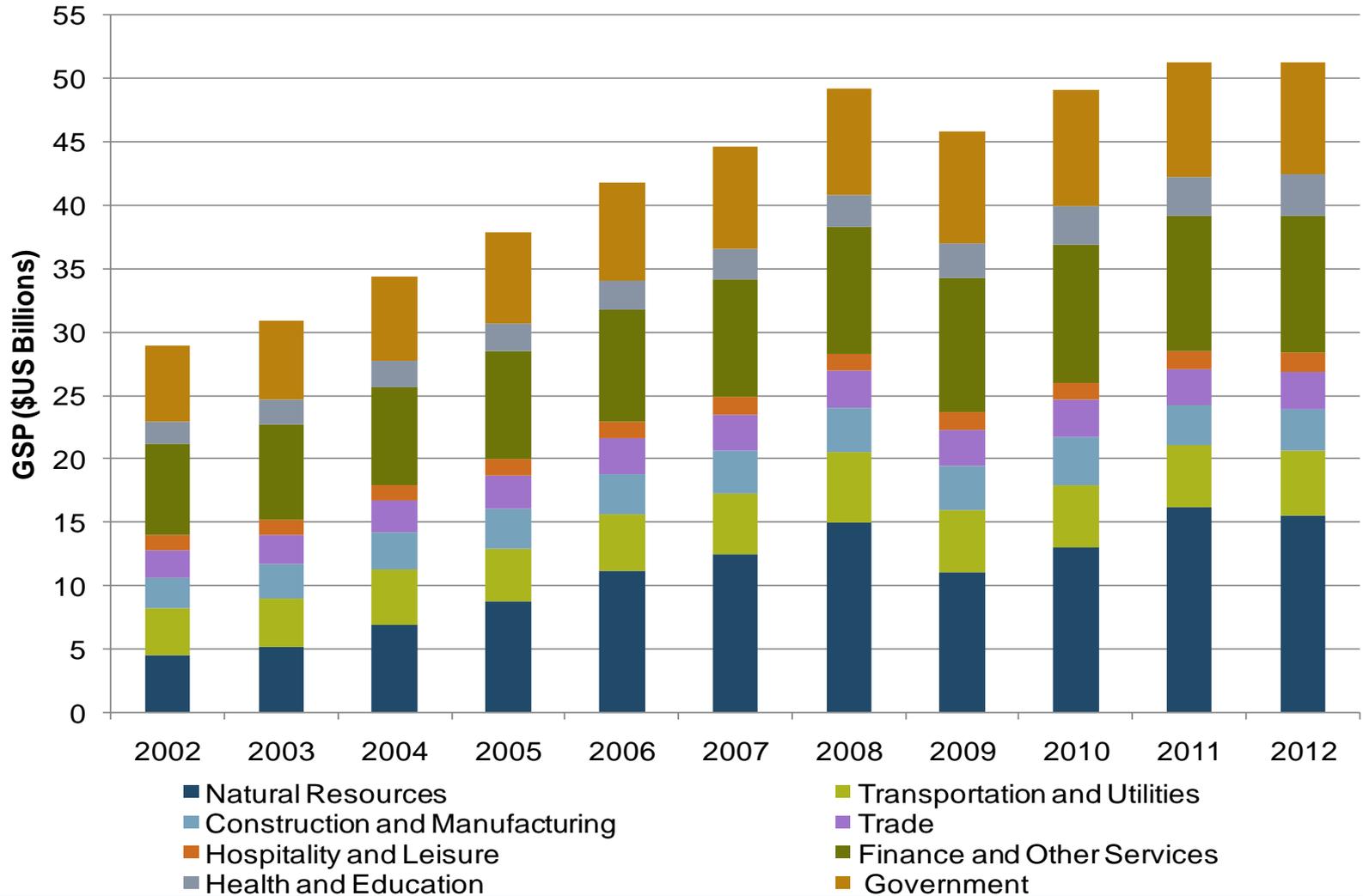
Looking Forward to 2012



2012: Muddling Through (Mild Growth)

- Continued mild growth....
 - Another decent year for oil, mining, fisheries...
 - SOA and private spending on capital projects becomes increasingly important as....
 - Reduced federal spending and layoffs become headwinds as 2012 progresses.
 - Reductions in USACE construction funds and employment.
 - 30% decline in federal transportation funding.
 - Watch out for external shocks...
 - Europe
 - US economic recovery
-

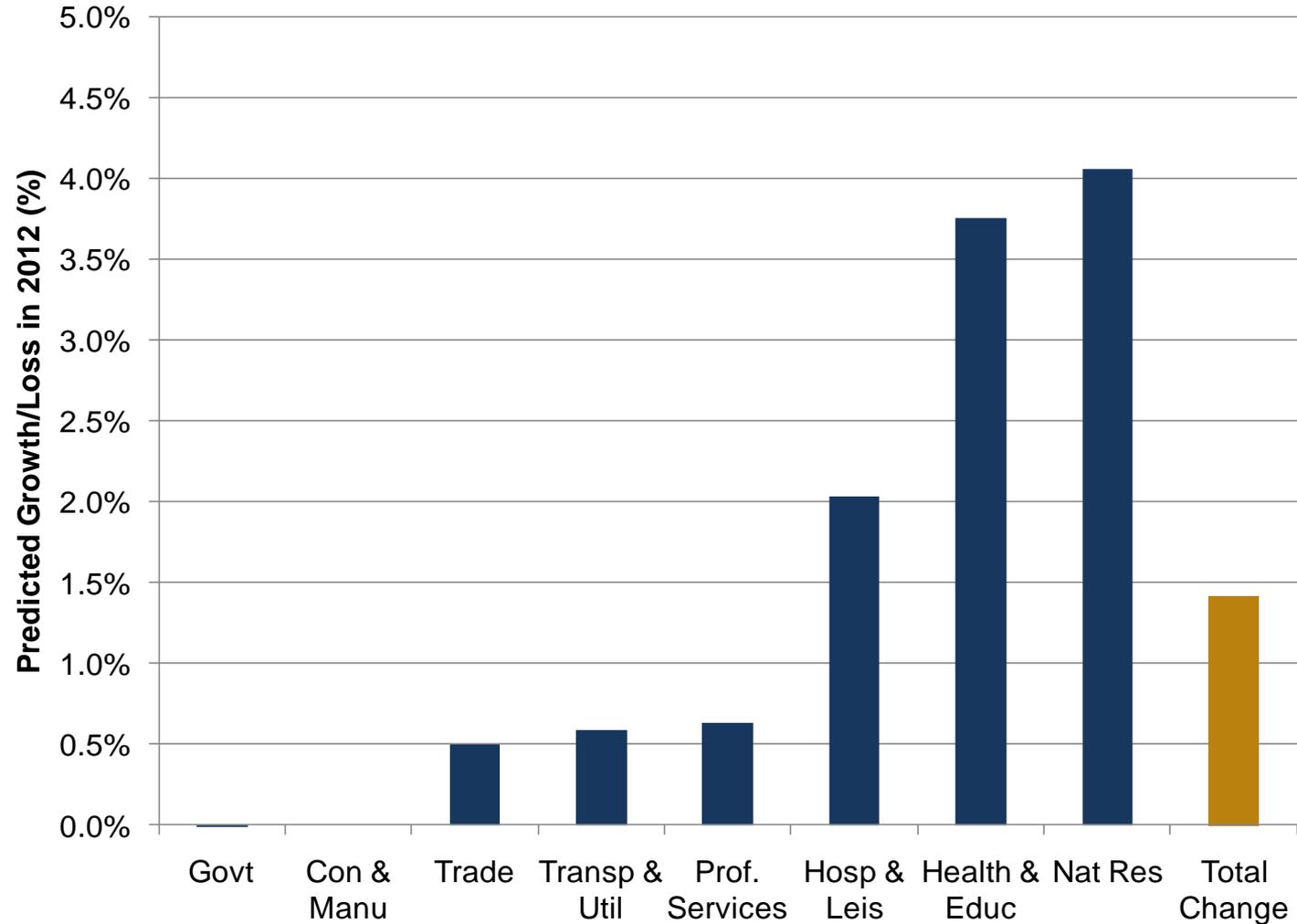
2012 GSP: Flat as Pancake



Gross State Product By Sector

Industry	Change in GSP	
	\$Million	Percent
Natural Resources	-600	-4%
Transportation and Utilities	280	5%
Construction and Manufacturing	30	1%
Trade	200	7%
Hospitality and Leisure	60	4%
Finance and Other Services	60	1%
Health and Education	220	7%
Government	-240	-3%
Total Change	10	0.0%

2012 Jobs: Similar to 2011



2012 Jobs: Similar to 2011

Industry	Change in Jobs	
	Number	Percent
Natural Resources	1,200	4.1%
Transportation and Utilities	400	1.6%
Construction and Manufacturing	0	0.0%
Trade	700	1.4%
Hospitality and Leisure	900	2.0%
Finance and Other Services	600	0.7%
Health and Education	2,000	3.8%
Government	-100	-0.1%
Total Change	5,700	1.3%

2013: What's the Weather at the End of the Road?



Thank You!

