



ALASKA

NORTH TO OPPORTUNITY

ALASKA'S ECONOMIC REPORT

FOURTH QUARTER, 2016



INTRODUCTION

The State of Alaska Department of Commerce, Community and Economic Development, Division of Economic Development (DED) compiles this quarterly report to assist in the assessment of Alaska's economic health and business climate.

Legacy economic trends like energy prices and overall cost of living are examined alongside emerging rural and urban trends, allowing for a comprehensive assessment of Alaska's regional economic landscape. The data used in this report is statistical information from state and federal resources combined with anecdotal information collected from regional economic development and community organizations throughout the state. The combination of the two allows for a unique, realistic look at the economic drivers of Alaska's economy from a statewide and regional perspective.

KEY FINDINGS

Commodity Prices: Most commodity prices showed encouraging signs in the fourth quarter. Oil, natural gas and key mineral prices including zinc, copper, and coal saw increases, while gold and silver saw downward movement. Alaska salmon prices rose in 2016, largely due to reduced farmed salmon stocks abroad.

Consumer Prices: According to the quarterly community price comparison that DED compiles, prices for consumer goods (bread, milk, eggs, and gas) decreased between the third and fourth quarters of 2016 by more than 6 percent. The statewide monthly average for the community price comparison declined from \$15.55 in January 2016 to \$14.63 in December 2016.

Employment: Alaska's seasonally adjusted unemployment rate rose from the previous year for the first time since 2010. The year ended with a seasonally adjusted rate of 6.7 percent, up 0.2 percentage points from 2015. The size of the labor force fell 1.15 percent, falling below 360,000 for the first time since 2009. While Alaska's unemployment rate creeps back up, the national unemployment rate continues to fall. The seasonally adjusted national unemployment rate in 2016 was 4.9 percent.

Freight and Cargo Transportation: Freight moving through Alaska declined in 2016. Maritime cargo and railroad cargo were lower in 2016 than 2015. The decline in maritime cargo continues a multi-year trend. Air cargo in 2016 was above the most recent five-year average.

EXPORT AND IMPORT VALUES

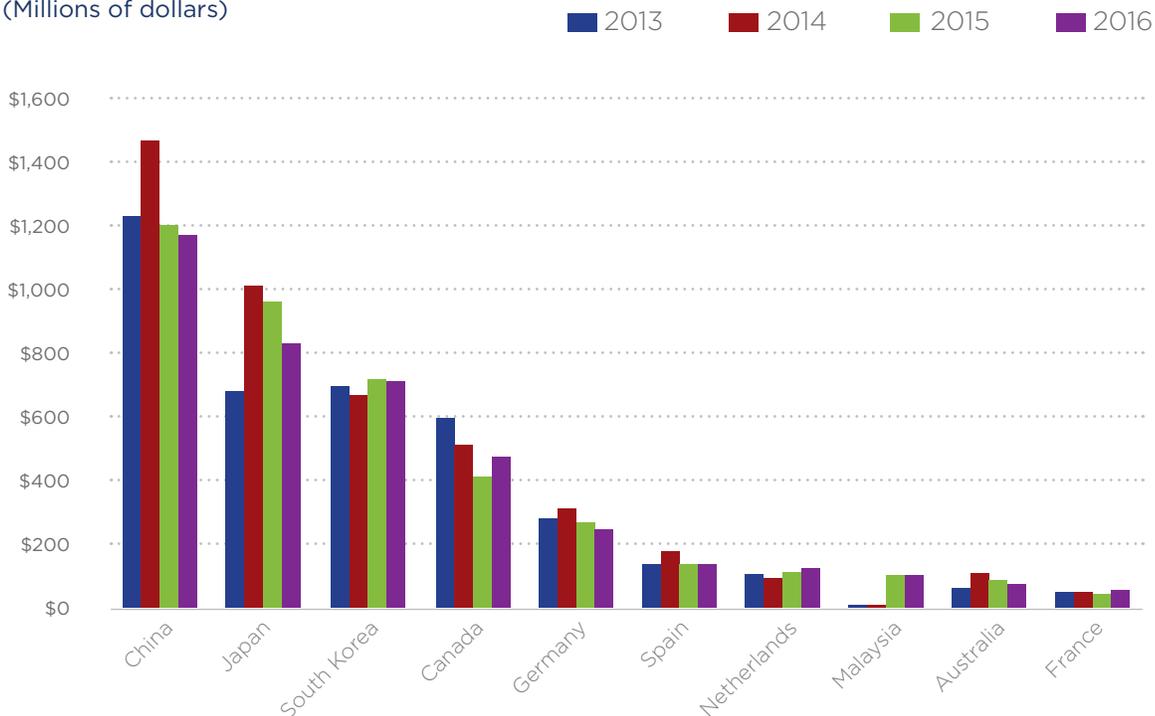
International exports from Alaska consist mostly of mineral ores, seafood products, and petroleum products. In 2016, zinc was once again the most valuable export product, accounting for 20 percent of the value of all of the state's international exports. Other non-manufactured commodities made up the bulk of goods exported from Alaska. Of the nearly \$4 billion of goods exported in 2016, 93 percent were non-manufactured commodities, typically raw resources. The total value of goods exported in 2016 (\$4.3 billion) was lower than the previous year and also lower than the most recent five-year average of \$4.58 billion.

Alaska International Exports of Goods (Billions of dollars)



Source: U.S. Census Bureau

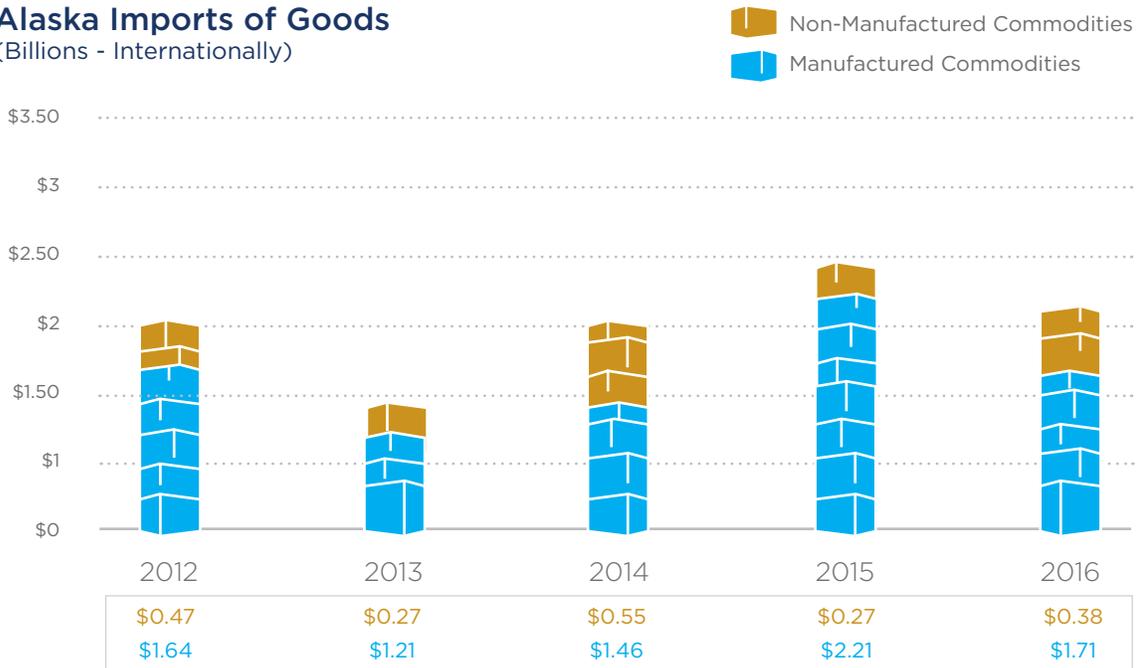
Export - Alaska's Top 10 International Trading Partners (Millions of dollars)



Source: U.S. Census Bureau

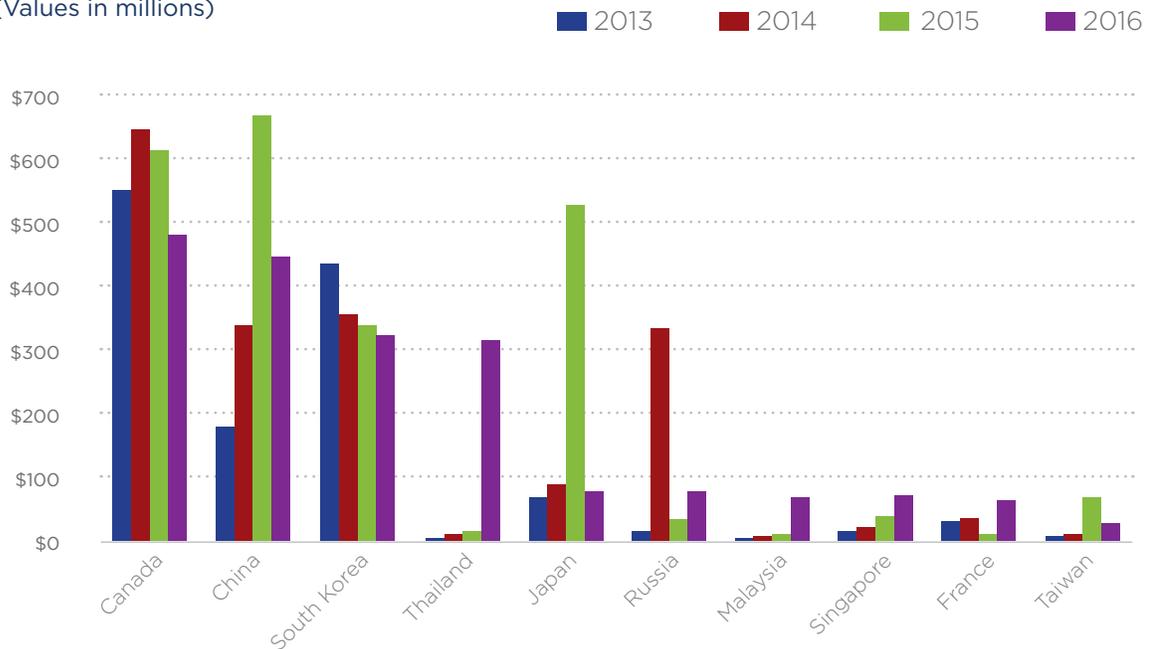
In 2016, Alaska's general imports amounted to \$2.09 billion of goods. Of those goods, manufactured commodities made up \$1.71 billion. Total imports were down from 2015, but above the most recent five-year average. Petroleum products (including heating fuel, jet fuel, and kerosene fuel) were the largest imports by value, making up just over one-fifth of all imports in 2016.

Alaska Imports of Goods (Billions - Internationally)



Source: U.S. Census Bureau

Import - Alaska's Top 10 International Trading Partners (Values in millions)



Source: U.S. Census Bureau

CARGO TRAFFIC

Nearly all cargo comes into the state via maritime shipping with smaller volumes arriving via air cargo and by truck over the Alaska-Canada (AlCan) Highway.

MARITIME CARGO

Alaska maritime cargo trends can be shown by looking at the outbound and inbound tonnage at the major ports serving Alaska: Seattle and Tacoma.

Alaska Tonnage (Ports of Seattle and Tacoma)

(Millions of metric tons)



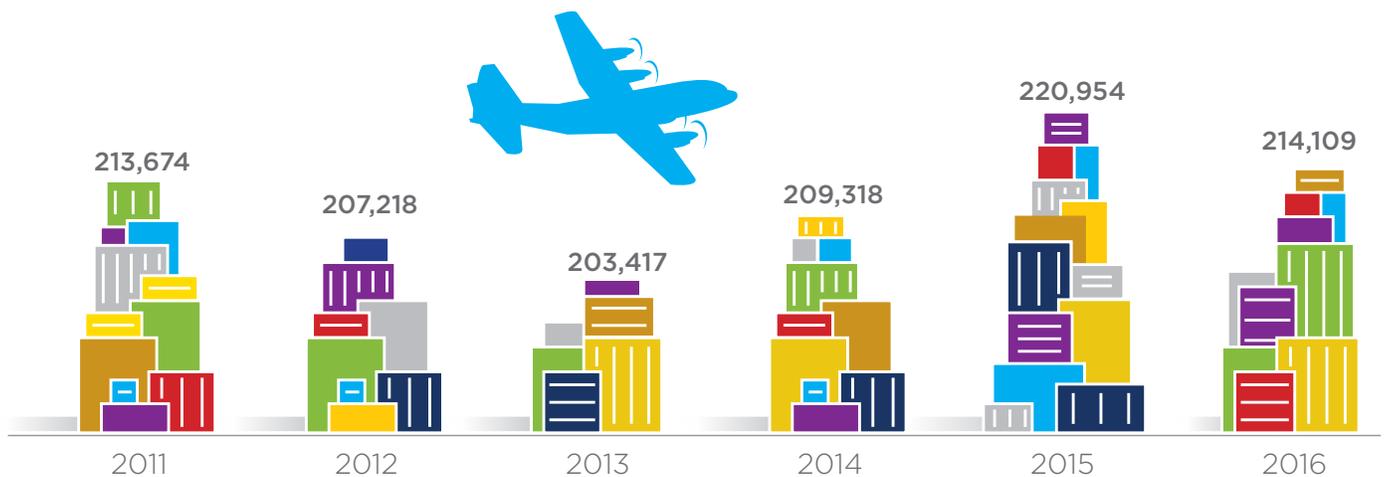
Source: The Northwest Seaport Alliance

ALASKA AIR CARGO THROUGHPUT

Alaska's airports are a major component of the state's transportation system, helping export and import goods and transport supplies to remote areas. Anchorage and Fairbanks are home to two of the largest airports in the state, handling most of the air cargo in Alaska.

Alaska Air Cargo Throughput (ANC and FAI)

(Metric tons monthly average)



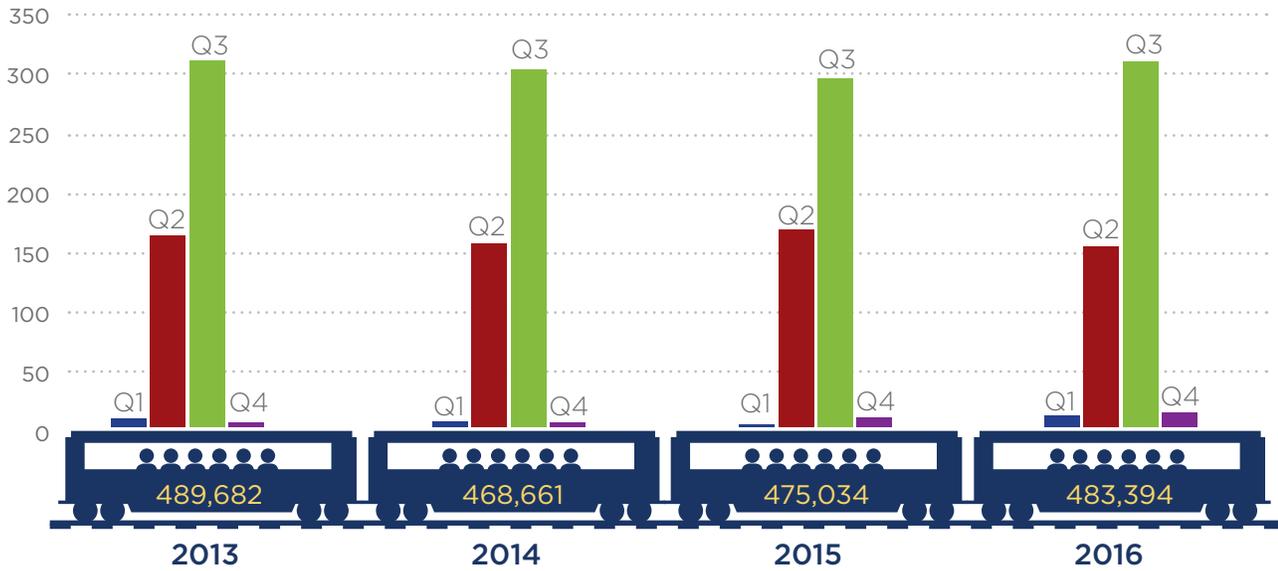
Source: Alaska Department of Transportation & Public Facilities

ALASKA RAILROAD STATISTICS

The Alaska Railroad's passenger numbers show a distinct seasonal variation where the majority of railroad passengers travel during the peak summer visitor season that spans quarters two and three.

Alaska Railroad Passenger Volume

(Thousands of passengers)



Source: Alaska Railroad Corporation

The Alaska Railroad's freight tonnage also shows significant seasonal fluctuations with the bulk of freight being transported in the summer months. Year over year, freight numbers have been trending down with the loss of the Flint Hills Refinery and significantly reduced coal exports having major effects on freight tonnage.

Alaska Railroad Freight Tonnage

(Millions of tons)



Source: Alaska Railroad Corporation

ALCAN BORDER CROSSINGS - FREIGHT VEHICLES

Freight vehicles crossing the ALCAN border provide another measure of Alaska's transportation activity.



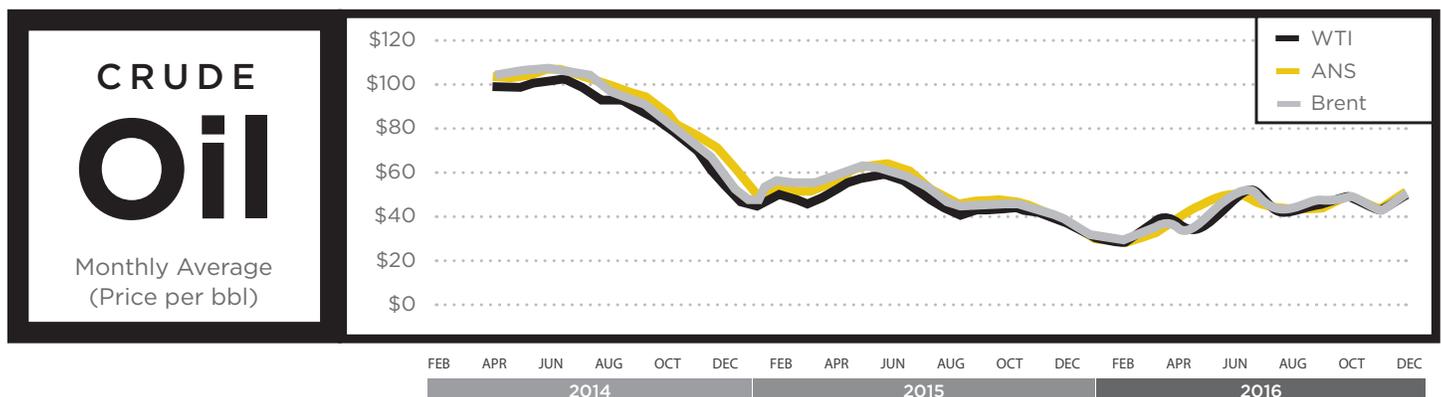
Source: Port of ALCAN, Office of Field Operations

COMMODITY PRICES

Oil Price

Oil prices continue a moderate rebound and stabilization. The monthly average spot price of Brent crude oil increased by \$9/barrel in December 2016 to \$53/barrel. At their November 30, 2016 meeting, members of the Organization of Petroleum Exporting Countries (OPEC) announced a framework for supply reductions of 1.2 million barrels/day starting in January 2017 among most OPEC members. Several non-OPEC producers also announced their intentions to freeze or reduce production. These decisions contributed significantly to rising oil prices in December 2016. The U.S. Energy Information Administration (EIA) expects global oil inventories to continue to rise, but at a generally slower rate in 2017 than the 2016 average of 0.9 million barrels/day.

The expected persistence of excess global oil supply in the near term, is expected to limit significant price increases in 2017. The EIA's Short-Term Energy Outlook released in January 2017 forecasts that North Sea Brent crude oil prices will average \$53 per barrel in the first half of 2017 and \$54/barrel in the second half of 2017. EIA expects that West Texas Intermediate (WTI) prices will average about \$1/barrel lower than Brent prices in 2017.



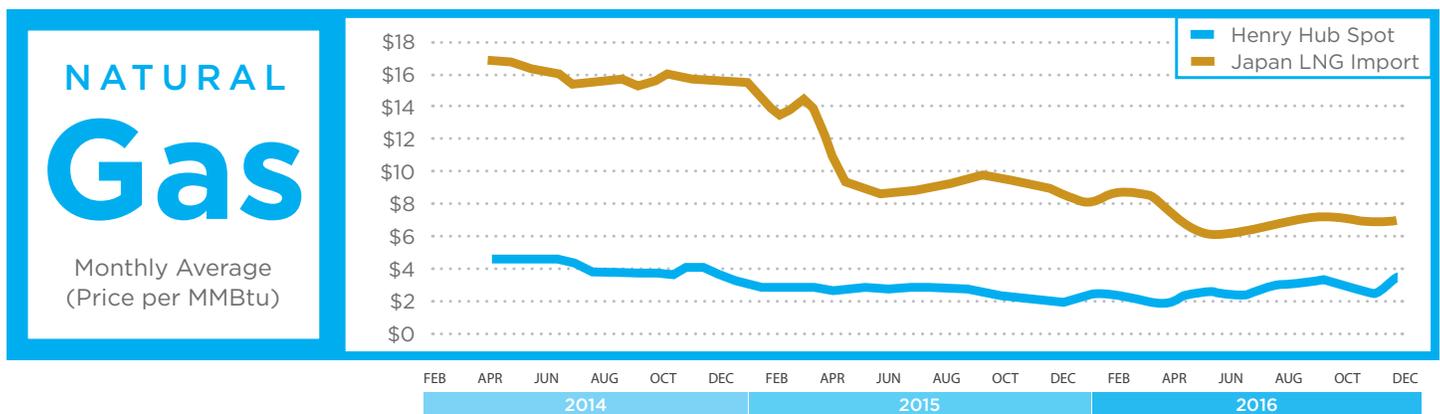
Sources: U.S. Energy Information Administration and State of Alaska Department of Revenue Tax Division

Natural Gas Price

According to the EIA's January 2017 Short-Term Energy Outlook, the Henry Hub natural gas spot price averaged \$2.51 per million British thermal units (MMBtu) in 2016, and it is expected to increase to an average of \$3.55/MMBtu in 2017. The EIA Short-Term Energy Outlook indicates that prices increased in 2016 because of high natural gas use for electricity generation during the hot summer and because of declining production. Henry Hub spot prices in December 2016 averaged \$3.59/MMBtu, when inventories fell below the five-year average. This was the first time the price averaged more than \$3/MMBtu for a month since December 2014.

EIA estimates that the annual average share of U.S. total utility-scale electricity generation from natural gas was 34 percent in 2016 and the share from coal was 30 percent, marking the first time that a fuel other than coal provided the largest share of electricity generation on an annual basis. However, EIA estimates that forecast natural gas use in the electric power sector, which increased by 4.2 percent in 2016, will fall by 4.4 percent in 2017 as rising natural gas prices contribute to increasing coal use for electricity generation.

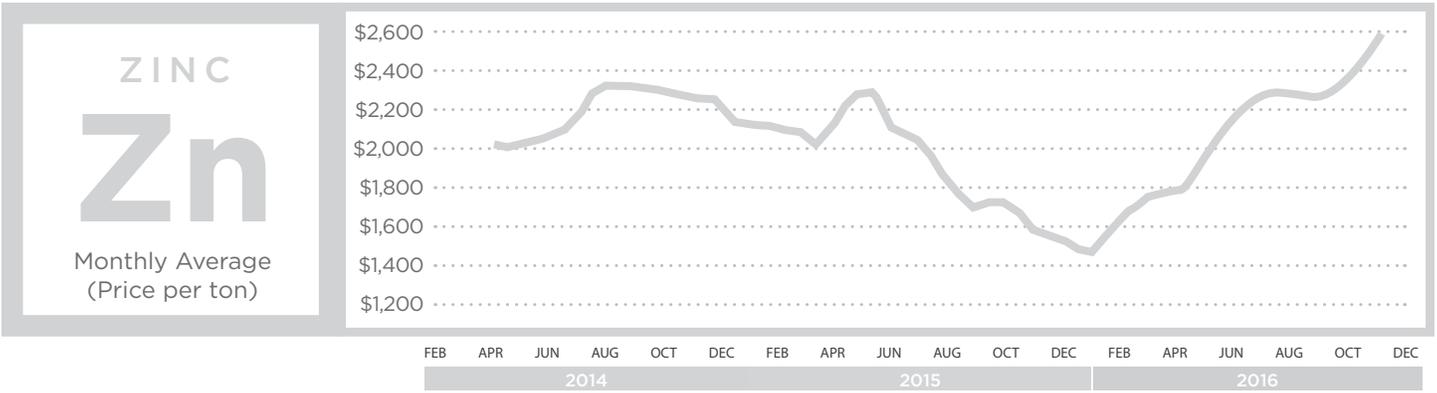
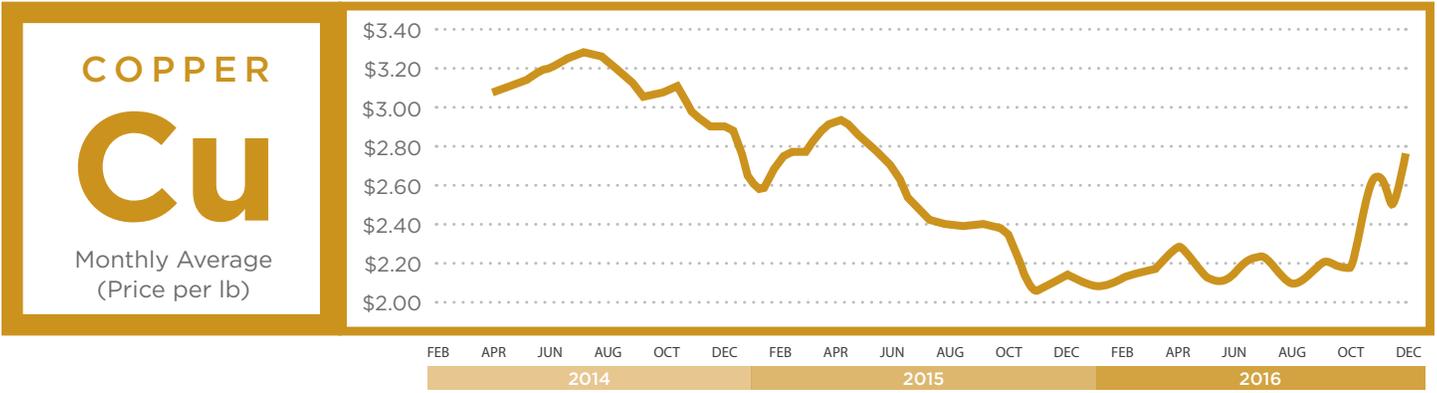
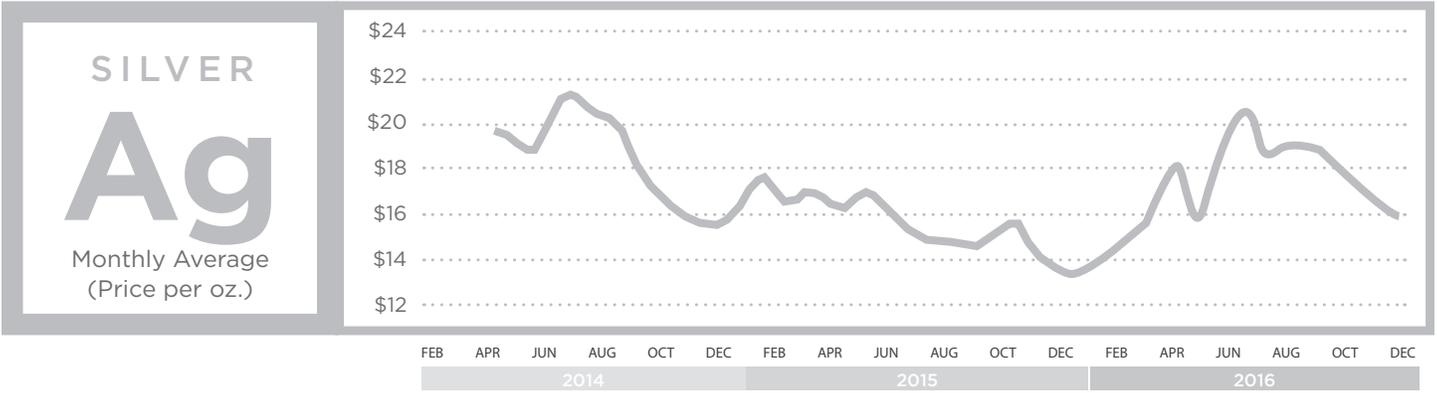
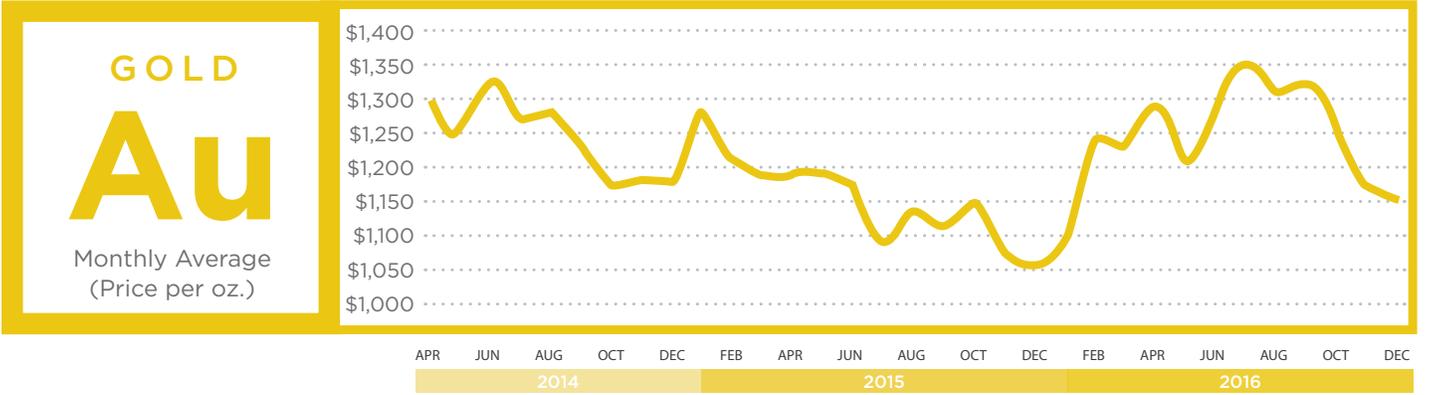
According to the EIA, liquefied natural gas (LNG) exports increased from almost zero in 2015 to an average of 0.5 billion cubic feet per day (Bcf/d) in 2016 with the startup of Cheniere's Sabine Pass LNG liquefaction plant in Louisiana, which sent out its first cargo in February 2016. LNG exports are expected to average 1.4 Bcf/d in 2017 as Sabine Pass ramps up capacity in the middle of the year. With expected growth in gross exports, net imports of natural gas decline from 1.7 Bcf/d in 2016 to 0.7 Bcf/d in 2017. The U.S. is expected to become a net exporter of natural gas in the year 2018.



Sources: U.S. Energy Information Administration and World Bank

Metal Prices

On the campaign trail, now President Donald Trump pledged to support significant infrastructure investment in the U.S., focusing on bridges, tunnels, roads, railroads, airports, etc. This buildout would require industrial commodities, increasing investor interest in minerals. In the fourth quarter of 2016, zinc continued its year-long rally, averaging \$2,670.98 per ton in December 2016. Copper also made large gains, while silver and gold had significant drops. Although the uptick in zinc prices can be promising for Alaska zinc mines, gains in the zinc market can be eroded by the restart of small zinc mines in China; as such, investors are cautious of the extent of the increase and duration of the period of strong prices. Investors expect copper supply growth to continue at a modest pace, and further price rises in 2017 could be mitigated by this increased supply.

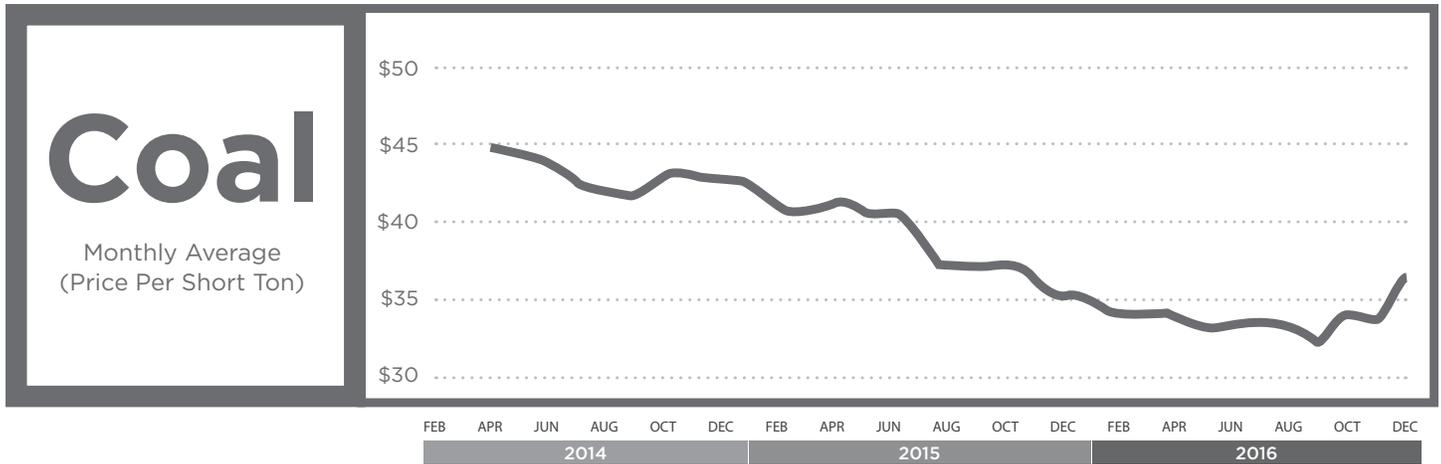


Sources: Gold, Silver, and Copper - Investing.com | Zinc - London Metal Exchange

Coal Price

The January 2017 EIA Short-Term Energy Outlook estimates that nationally, coal production declined by 158 million short tons (MMst) (18 percent) in 2016, to 739 MMst, which would be the lowest level of coal produced since 1978. The decline in coal production in 2016 would be the largest annual decline in terms of both tons and percentage based on data going back to 1949. In 2017, growth in coal-fired electricity generation is expected to lead to an increase of 51 MMst (7 percent) in total U.S. coal production, with the majority of the increase coming from the Western and Interior U.S. regions.

Also according to the January 2017 EIA Short-Term Energy Outlook, EIA estimates U.S. coal exports for all of 2016 declined by 18 MMst (24 percent) to 56 MMst, the lowest annual level since 2006. Exports are expected to be 54 MMst in 2017 and in 2018.



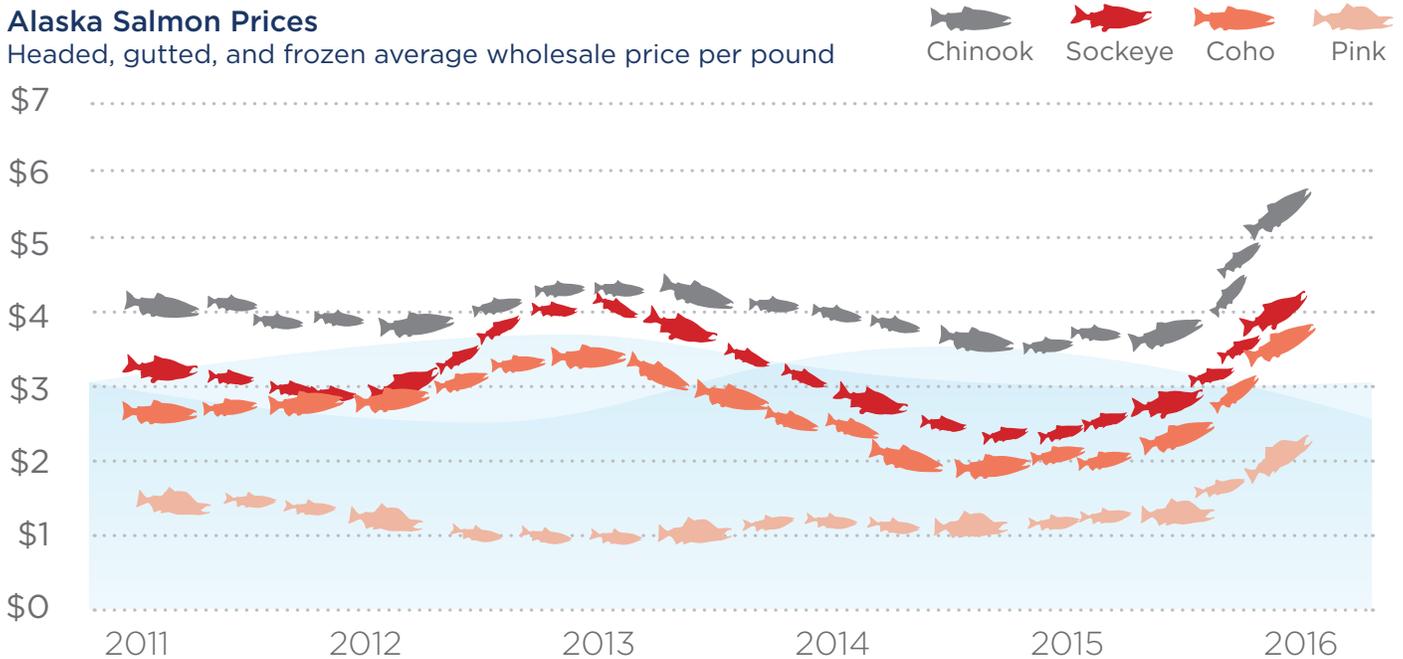
Source: U.S. Energy Information Administration

Alaska Salmon Prices

A global shortage of farmed salmon is causing an increase in fish prices across the board. Tens of millions of farmed fish have been lost in Chile due to a virus spread by toxic algae in the water, while sea lice are damaging farmed fish in Norway. Expectations for 2017 salmon prices are strong.

Alaska Salmon Prices

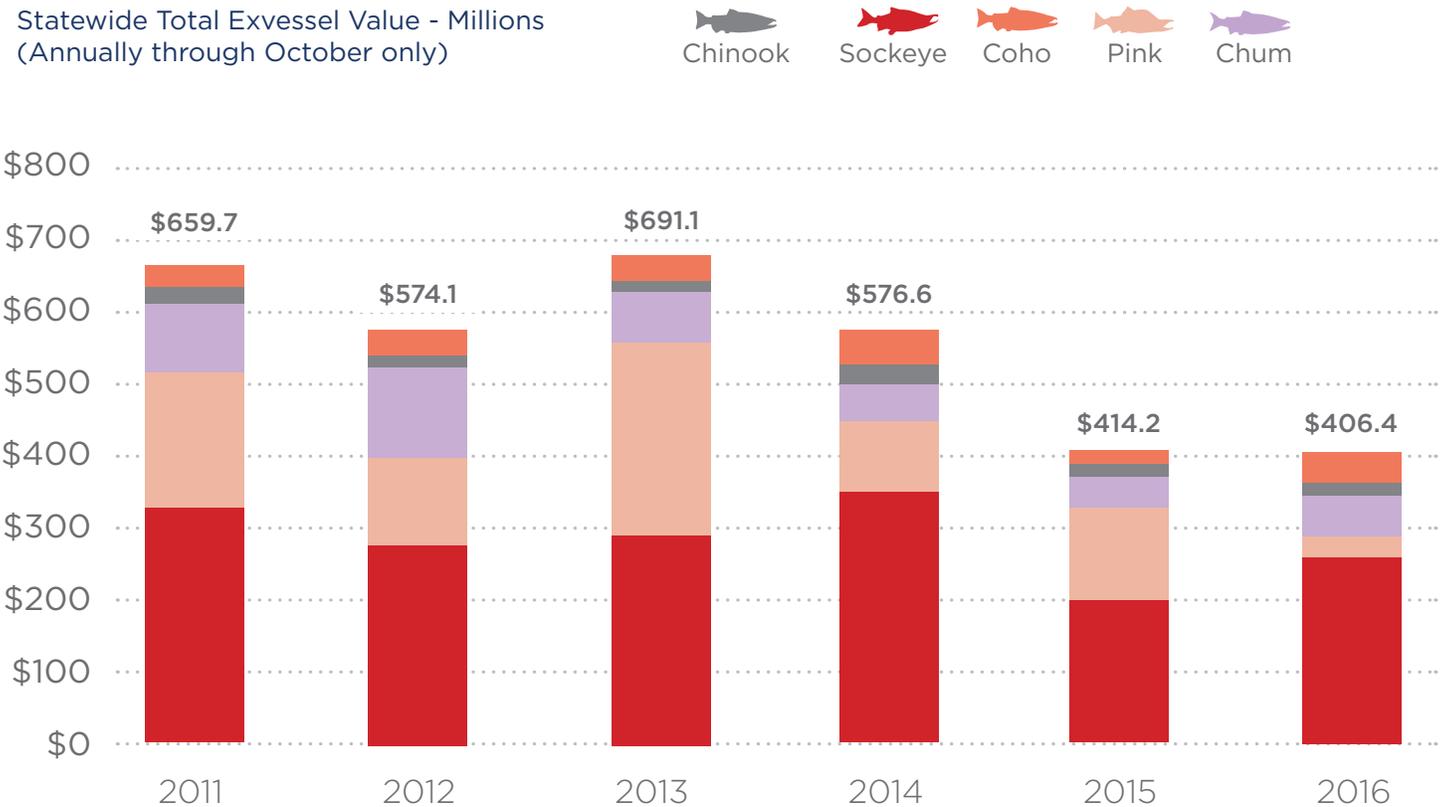
Headed, gutted, and frozen average wholesale price per pound



Source: Alaska Department of Revenue, Tax Division

Alaska Salmon Value

Statewide Total Exvessel Value - Millions
(Annually through October only)



Source: Alaska Department of Fish and Game; Annual data available for January - October only

GROSS DOMESTIC PRODUCT

Fourth quarter information is unavailable at this time, and will be released in mid-May. In the third quarter of 2016, Alaska again ranks 45th in state gross domestic product (GDP) and the state's GDP makes up less than 0.3 percent of the national GDP. Alaska's real GDP declined for the third quarter in a row. The biggest industry decline came in transportation and warehousing, with health care and social assistance also seeing a large drop from the second quarter of 2016. The largest increase came in the mining sector.

The 10-year trend peaked during 2012, however, the collapse of oil prices, combined with reductions in state and federal government spending, mean that the state GDP decline seen in the five year trend is likely to continue throughout 2016.

State GDP 2016 (Q3)*

Bottom 10 States

(Billions of dollars)

Delaware	\$72
Idaho	68
Maine	60
Rhode Island	58

Alaska 52

North Dakota	52
South Dakota	48
Montana	46
Wyoming	38
Vermont	31

Top 10 States

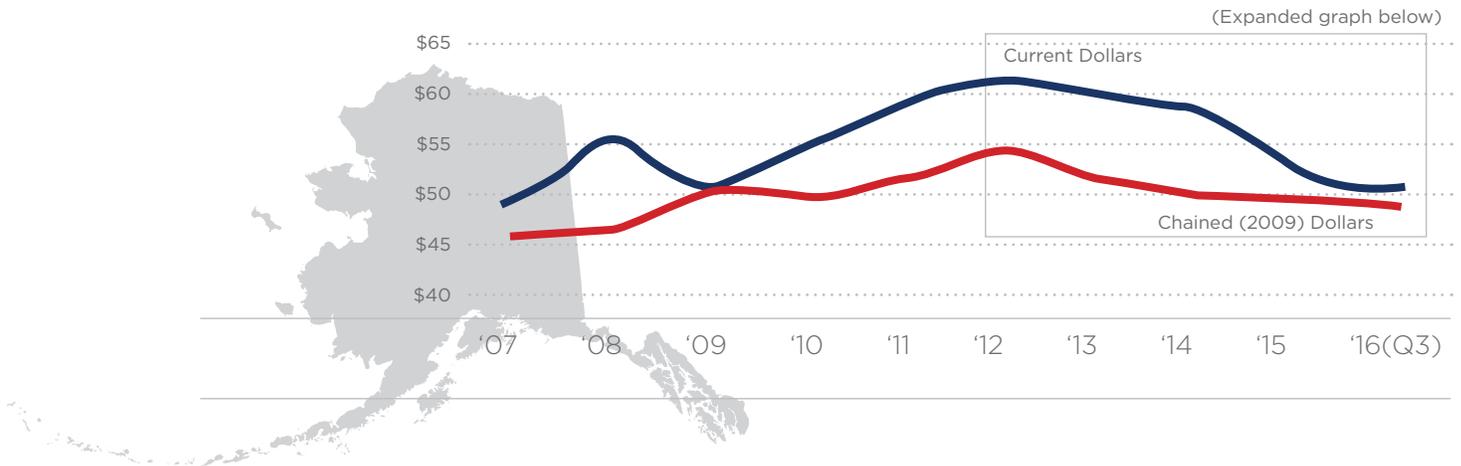
(Billions of dollars)

California	\$2,590
Texas	1,654
New York	1,494
Florida	934
Illinois	806
Pennsylvania	724
Ohio	630
New Jersey	592
Georgia	528
North Carolina	519

Source: U.S. Bureau of Economic Analysis
*Fourth quarter 2016 data not yet available.

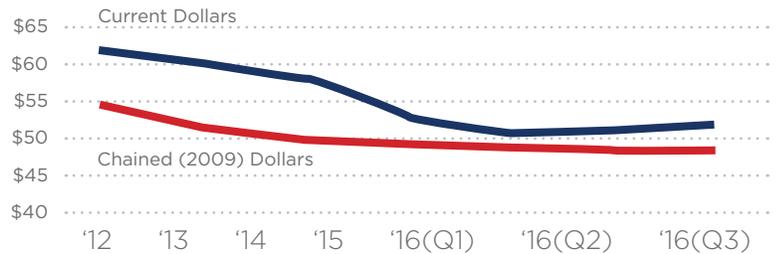
Alaska GDP: 10-year Trend*

(Billions)



Alaska GDP: 5-year Trend

(Billions)



Source: U.S. Bureau of Economic Analysis
*Fourth quarter 2016 data not yet available.

REGIONAL ECONOMIC HIGHLIGHTS

(Anecdotal economic activity and indicators as reported by Alaska Regional Development Organizations.)



Anchorage:

The Anchorage Economic Development Corporation (AEDC) began a Comprehensive Economic Development Strategy (CEDS) process for the Municipality of Anchorage, holding a Steering Committee meeting in November 2016. The CEDS document will come out for public comment and be finalized and submitted to the U.S. Economic Development Administration in October 2017.

AEDC measures Anchorage against the largest city in every U.S. state and Washington D.C. as part of the organization's Live.Work.Play initiative. In 2016, Anchorage ranked 27/51 in the Live category – an increase of ten places from 2015 due to lower cost of living and increasing health care coverage. Anchorage ranked 17/51 in the Work category, a drop of 15 places from 2015 mostly based on a drop in average wages and income, and factoring in increases in unemployment and average commute times. In 2016, Anchorage ranked 12/51 in the Play category, an increase of one place since last year. Anchorage continues to outrank other cities when it comes to recreational opportunities.

AEDC reported that consumer optimism in Anchorage broke trend in the fourth quarter of 2016 and rose slightly to an overall neutral indicator of 52/100. The overall reading for the quarter was up 1.7 points compared to the third quarter of 2016.



Bering Strait:

Graphite One Alaska, a Vancouver, British Columbia-based company, continues exploring development of a large graphite deposit known as Graphite Creek, 37 miles north of Nome. Exploration began in 2012 and the mine will not be operational until 2022, if everything stays on schedule. Currently, natural graphite is not produced anywhere in the U.S, though it has valuable applications in lithium-ion batteries that power electric vehicles, laptops, and cell phones. The graphite concentrate would be shipped using the Port of Nome during their summertime operational months.

The Water Infrastructure Improvements for the Nation Act, was signed into law by former President Barack Obama in December 2016. The act directs the U.S. Army Corps of Engineers officials to add national security interests to the list of reasons why the country could add to Nome's maritime infrastructure. This differs from past policy, which evaluated Arctic port developments based solely on economic merits. The addition of national security could lead to increased investment and interest in the Port of Nome.

Quintillion's plans for an intercontinental subsea fiber-optic cable system connecting Asia and Europe moved forward in the fourth quarter of 2016. Ships from France began laying the subsea cable for phase one (connecting Nome to Prudhoe Bay) in mid-July 2016 and continued through October.



Copper Valley:

Ahtna, Inc. continues exploration for natural gas, completing drilling of the Tolsona No. 1 exploration well near Glennallen in December 2016. While Ahtna does not yet know whether it has a gas find, log data obtained from the well indicates the possibility of a gas resource.



Fairbanks:

It was announced that Fred Meyer West, one of two Fred Meyer stores in Fairbanks, is the highest-grossing Kroger supermarket in the country – topping more than 2,700 other stores. Fred Meyer West has been the highest-grossing store in the entire Kroger Company since at least 2013. The lack of strong competition combined with high prices in the region are likely driving the large sales numbers in Fairbanks.



Kenai Peninsula:

ConocoPhillips said in November that it is in the initial stages of selling its LNG plant on the Kenai Peninsula that has produced liquefied natural gas from Cook Inlet for export overseas. The company cited market conditions in its announcement as the reason for the potential sale.



Mat-Su and Denali Boroughs:

Matanuska Brewing Company, LLC plans to purchase the former state-owned Matanuska Maid bottling plant in Palmer, investing \$4 million into the facility to turn it into a beer bottling plant. The venture will focus on wholesale production of approximately 20,000 barrels a year with a small tasting room onsite.



Prince William Sound:

The state's first legal marijuana retail store opened in Valdez in October 2016. Since then, fewer than 10 stores have opened elsewhere in Alaska, but many more are planned.

A Texas-based venture capitalist, John Tindall, wants to reopen a seafood processing plant closed by Great Pacific Seafoods in Whittier in May 2016. Tindall bid \$656,614 on the plant through his company CTT Management.

Starting October 1, 2016, plastic bags and styrofoam food containers were banned in Cordova. The Cordova City Council approved the ban in November 2015, and gave retailers and residents one year to adapt to the change.



Southeast:

The Tongass National Forest released a management plan in December 2016 that will emphasize young-growth timber sales in the forest. The plan calls for a full transition from old-growth harvests to mainly young-growth timber in 16 years. Alaska's congressional delegation sees the plan as a blow to the timber industry and is exploring options to overturn the planned changes, while the conservation sector offered praise for the plan and urges the region to look beyond the timber industry to drive the regional economy.

In October 2016 the U.S. State Department sent a letter to the Alaska congressional delegation outlining the agency's engagement with Canadian officials to protect transboundary watersheds that straddle the U.S.-Canada border along Southeast Alaska. Also in October, Alaska Lieutenant Governor Byron Mallott signed a Statement of Cooperation with British Columbia to form a working group of relevant state departments and provincial ministers to improve stakeholder involvement in transboundary issues.



Southwest:

The Bristol Bay sockeye salmon run posted above average returns for 2016. Summer 2016's 51.4 million fish was far greater than previous sockeye seasons, second only to last year's run of 59 million.



Yukon Kuskokwim:

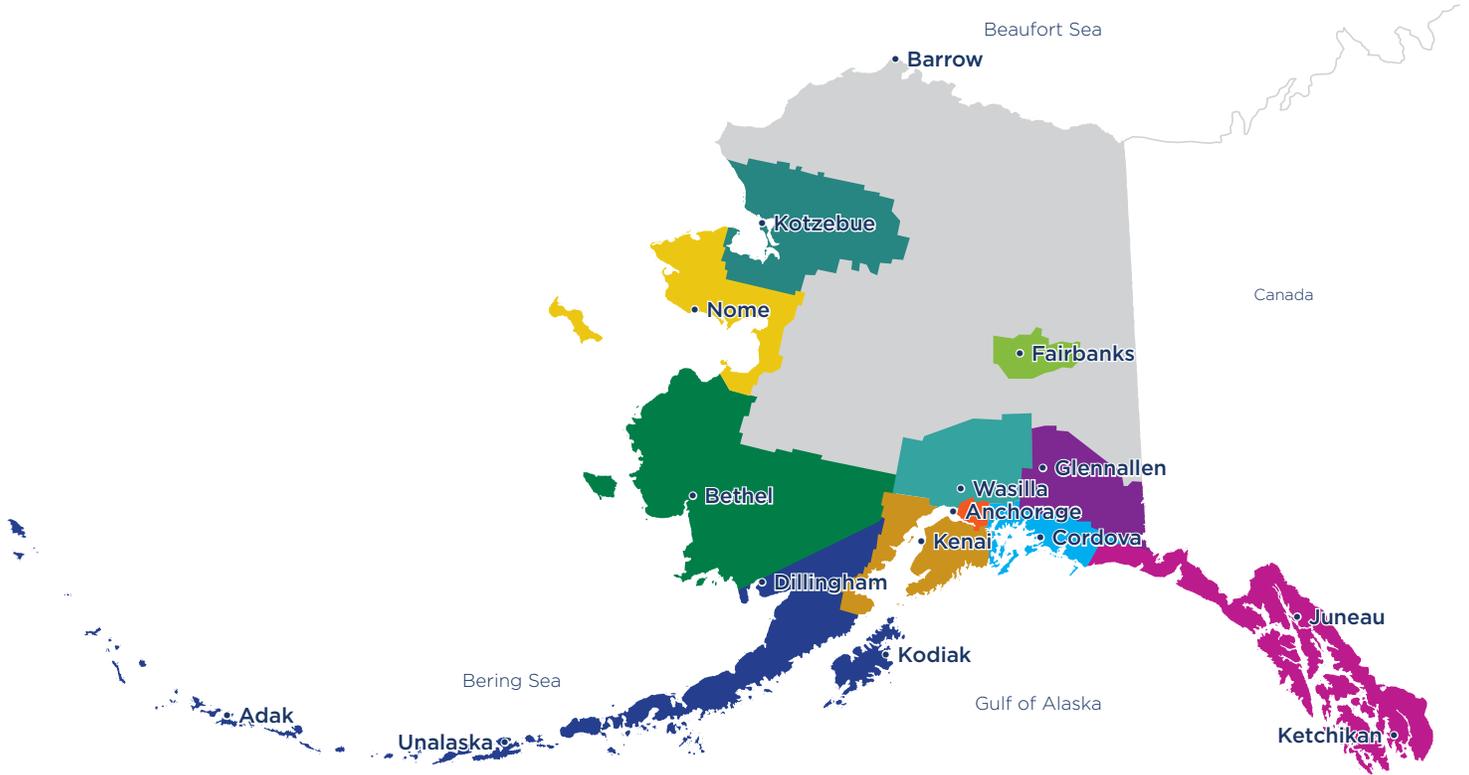
Northern Dynasty Minerals Ltd, a small Canadian mining company, has been gaining confidence and investor interest since Donald Trump won the U.S. Presidency. Northern Dynasty is hopeful that new U.S. Environmental Protection Agency leadership will allow their Pebble Mine Project application process to proceed.

After a half-century ban on legal alcohol sales, two liquor stores opened in Bethel in spring and fall 2016 respectively. Bethel is charging a 12 percent tax on alcohol. In October 2016, the city of Bethel reported receiving more than \$277,000 in alcohol taxes from the two stores since April.



Northwest Arctic Borough:

A new microwave tower installed in Noorvik by GCI will give the community an internet upgrade. The new tower is part of a planned network that will eventually span from Buckland to the Red Dog Mine. Benefits of the new tower include reduced latency, which will particularly aid tele-medicine and tele-learning in the region.

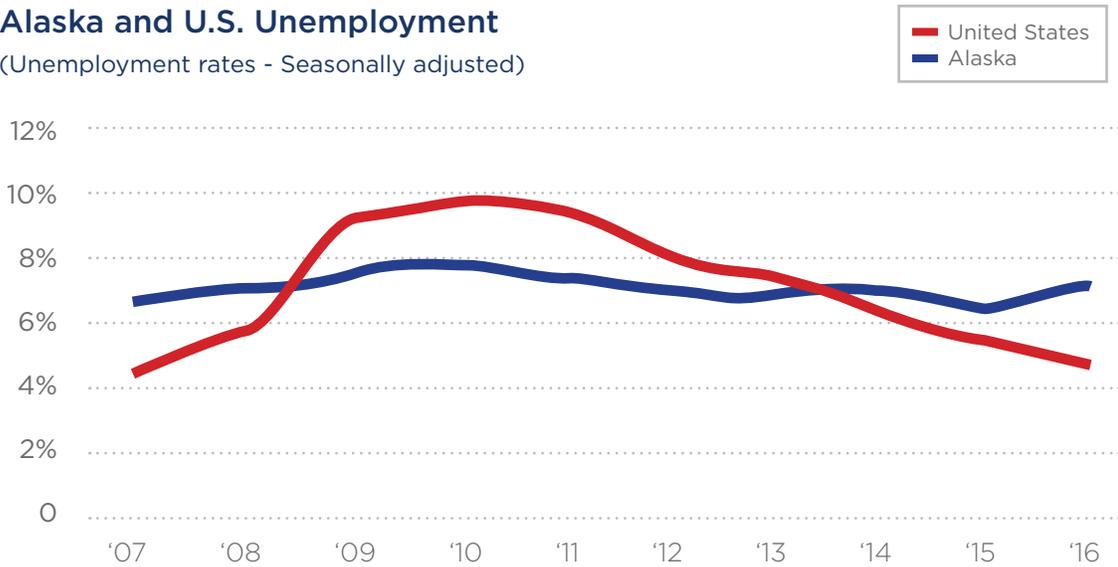


TOTAL WORKFORCE VERSUS UNEMPLOYMENT RATE

Average employment in the fourth quarter of 2016 was 334,362 workers out of an average labor force of 358,697. There was an uptick in the seasonally adjusted unemployment rate in the fourth quarter of 2016. The fourth quarter average unemployment rate was 6.8 percent. The annual seasonally adjusted unemployment rate for the year was 6.7 percent. The Alaska unemployment rate is well above the national unemployment rate, which was 4.9 percent in 2016.

Alaska and U.S. Unemployment

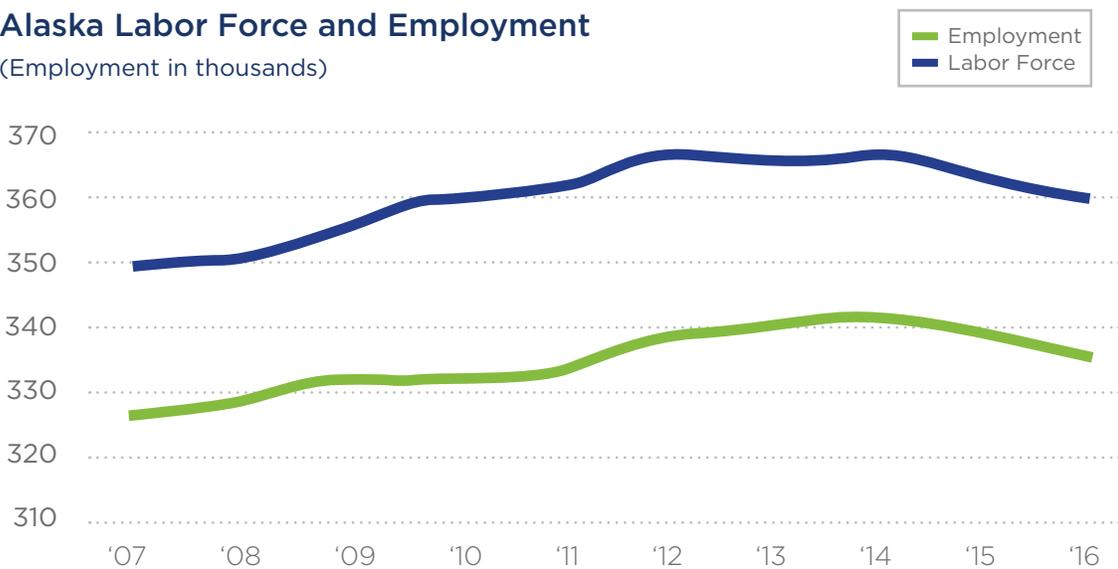
(Unemployment rates - Seasonally adjusted)



Source: Alaska Department of Labor and U.S. Bureau of Labor Statistics

Alaska Labor Force and Employment

(Employment in thousands)

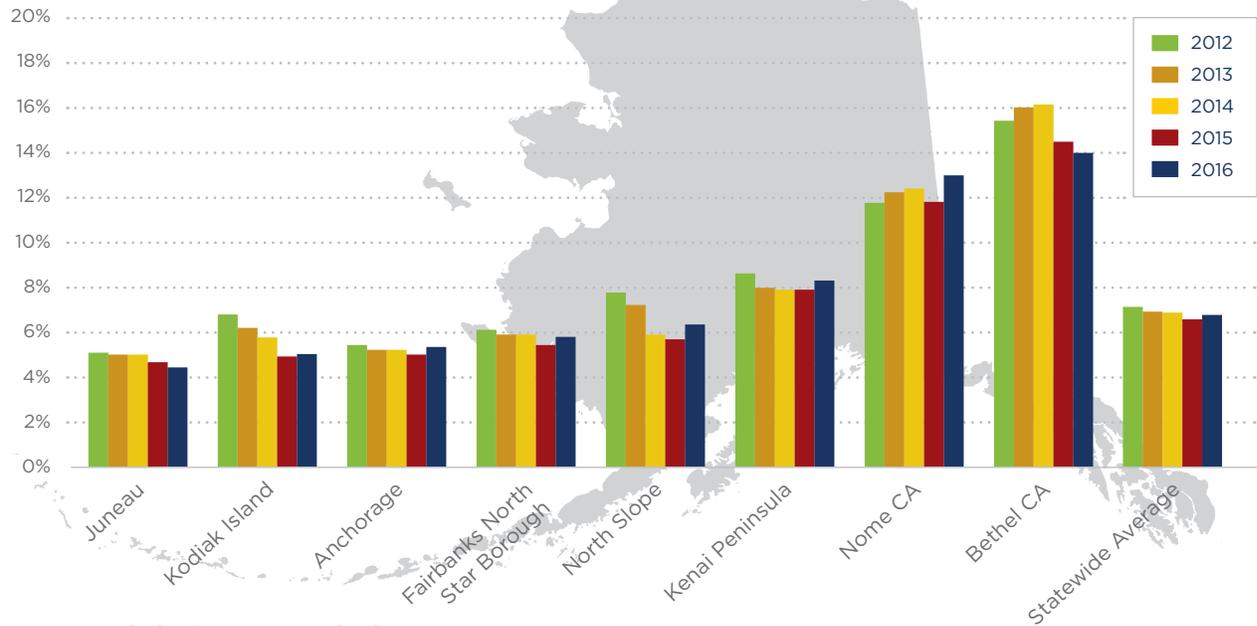


Source: Alaska Department of Labor

Regionally, unemployment rates vary across the state. In the more populated areas of Juneau, Anchorage, and Fairbanks, unemployment rates are below the statewide average. In rural areas they can be much higher, sometimes up to triple the statewide average.

Selected Unemployment Rates

Not seasonally adjusted



Source: Alaska Department of Labor

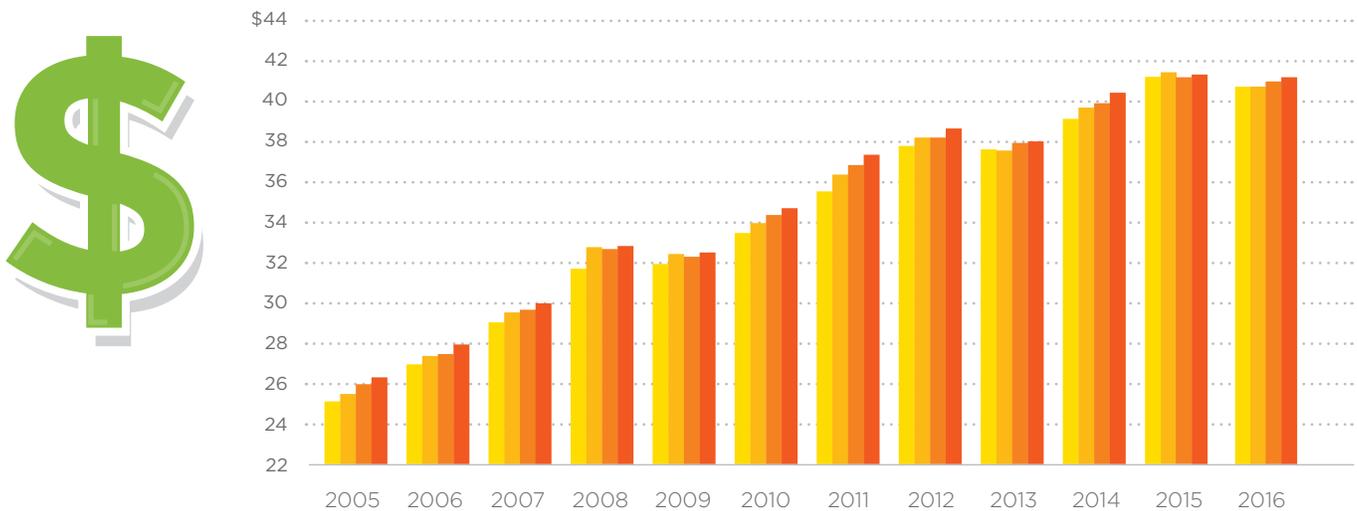
PERSONAL INCOME

After trending upward through 2015, per capita personal income in Alaska declined by over \$1,000 in the first quarter of 2016, but rebounded slightly through the fourth quarter. Statewide gross personal income was \$41.4 billion in the fourth quarter of 2016 compared to \$41.5 billion in the fourth quarter of 2015, or \$55,700 per capita. In the fourth quarter of 2016, Alaska’s per capita personal income ranked eighth among the states, behind Connecticut (#1), Massachusetts (#2), New Jersey (#3), New York (#4), New Hampshire (#5) Maryland (#6), and California (#7). These rankings are unchanged from the third quarter of 2016.

Alaska - Gross Personal Income*

(Billions | By quarter, 2004 - 2016)

Q1 Q2 Q3 Q4

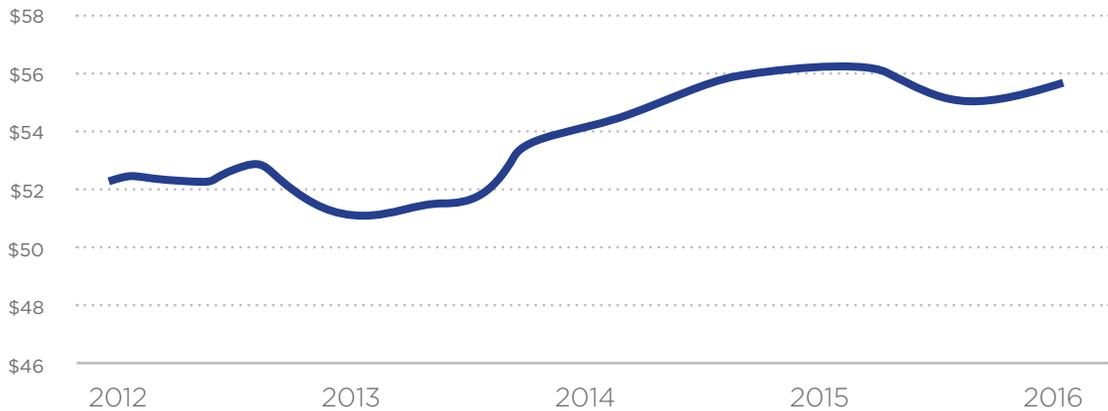


Source: U.S. Bureau of Economic Analysis

* The sum of wages and salaries, supplements to wages and salaries, proprietors’ income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

Alaska Personal Income (per capita \$)

(Thousands of dollars)



Source: U.S. Bureau of Economic Analysis

COST OF LIVING IN ALASKA

A cost of living index measures the relative cost of living over time across geographical regions by taking into account differences in the price of goods and services needed to maintain a basic standard of living; such as the cost of food, housing, energy and basic goods.

DED works with partners throughout the state to produce a quarterly survey of prices for four staples in several communities: 1 dozen eggs, 1 gallon of milk, 1 loaf of white bread, and 1 gallon of unleaded gasoline. Prices for these goods decreased between third and fourth quarters of 2016 by more than 6 percent. Anchorage and Fairbanks were the only surveyed communities where prices for these goods increased during this period by 2.25 percent and 2.6 percent respectively. New communities that are now included in the survey this quarter are Valdez and Glennallen. Prices were recorded near the first of the month in December 2016.

Alaska Community Price Comparison

(December 2016)

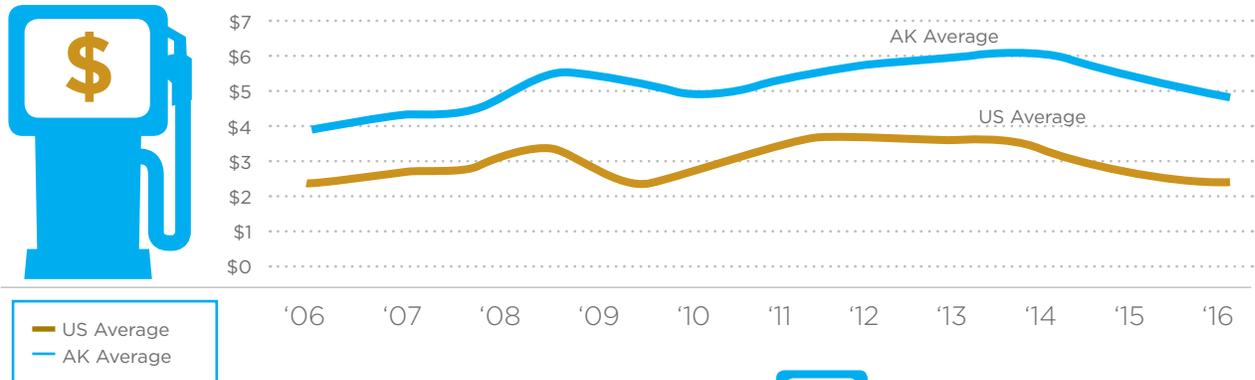
	EGGS	MILK	BREAD	GAS	Total
Anchorage	\$2.19	\$3.79	\$2.49	\$2.41	\$10.88
Juneau	\$2.69	\$3.69	\$2.39	\$2.79	\$11.56
Fairbanks	\$2.19	\$3.89	\$2.99	\$2.72	\$11.79
Kenai	\$1.54	\$3.68	\$1.98	\$2.63	\$9.83
Kodiak	\$2.19	\$4.19	\$2.49	\$3.09	\$11.96
Nome	\$2.79	\$6.49	\$2.59	\$4.67	\$16.54
Bethel	\$4.49	\$7.99	\$2.69	\$4.98	\$20.15
Valdez	\$2.09	\$4.09	\$2.39	\$2.99	\$11.56
Glenallen	\$4.95	\$5.50	\$3.89	\$2.99	\$17.33
Barrow	\$4.49	\$9.99	\$3.79	\$5.90	\$24.67
Average	\$3.01	\$5.33	\$2.77	\$3.52	\$14.63
	1 dozen	1 gallon	1 loaf	1 gallon	

Sources: Alaska Regional Development Organizations

Gasoline Prices

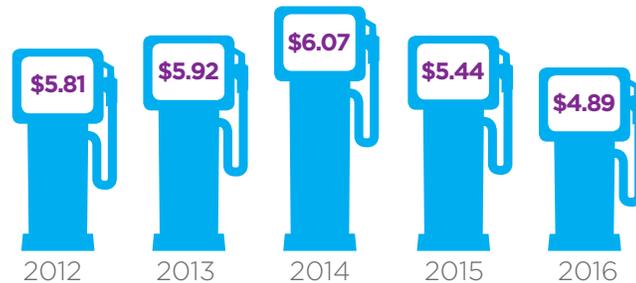
In Alaska, another important gauge of the cost of living is the price of fuel. The per gallon price of gasoline over time is illustrative of the general trend of prices in Alaska versus the U.S. average:

Gasoline Price Average (Current dollars - price per gallon)



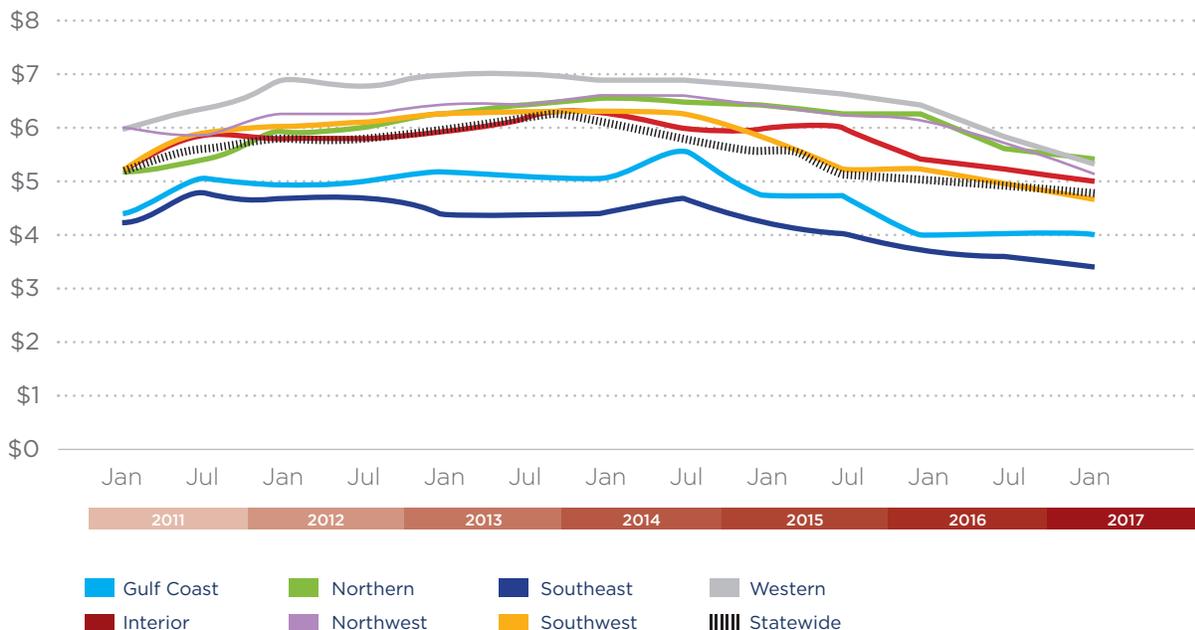
Alaska Gasoline Price: 5-year Average (Current dollars)

Sources: U.S. Bureau of Labor Statistics and Alaska Division of Community & Regional Affairs



The Alaska Division of Community and Regional Affairs (DCRA) conducts a biannual survey of energy (heating fuel and gasoline) prices around the state. The latest survey, published in January 2017, compares gasoline prices for seven regions around Alaska. Southeast Alaska has the lowest gasoline price at \$3.45 per gallon, while the Northern region had the highest price at \$5.60 per gallon.

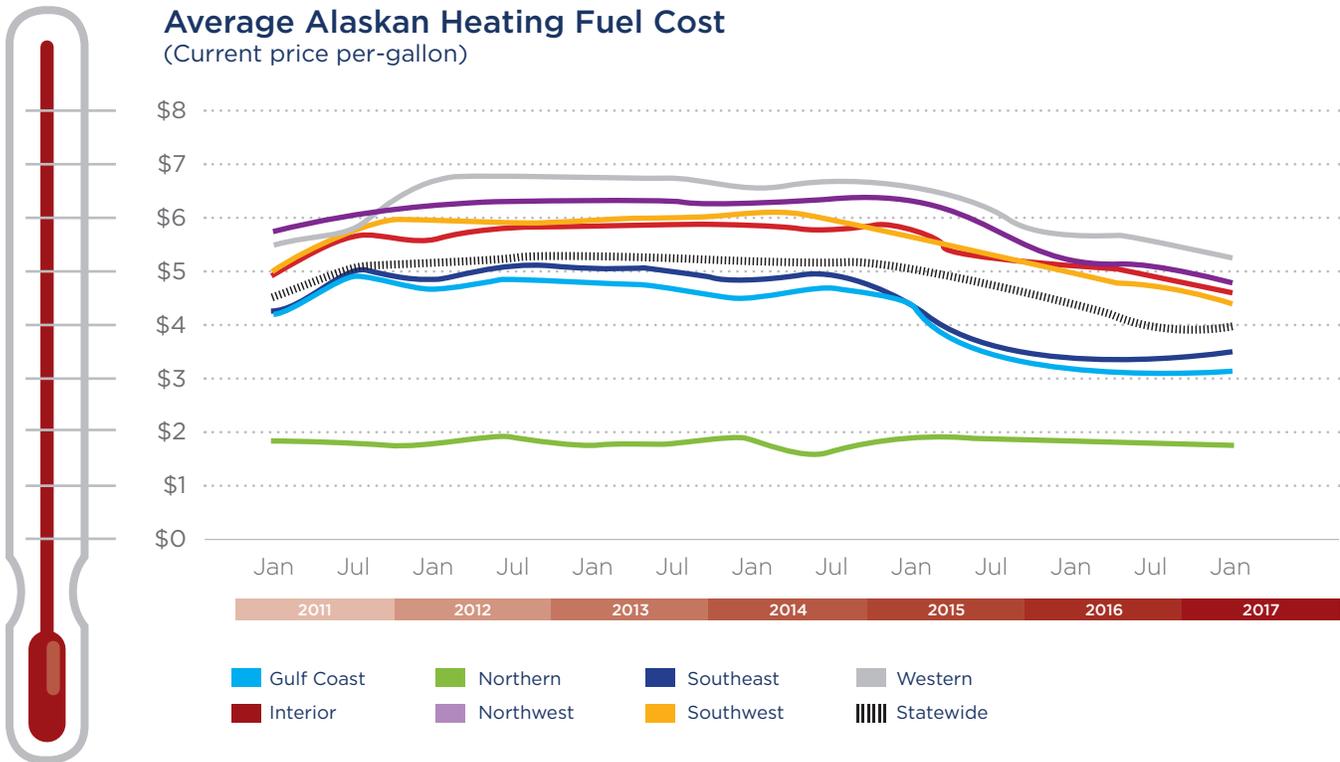
Alaska Gasoline Price by Region (Current dollars - price per gallon)



Source: Alaska Division of Community and Regional Affairs

Energy

DCRA's January 2017 survey showed Alaska communities in the Western Region had the highest average heating fuel retail price at \$5.17 per gallon, while the Northern Region reported the lowest average retail price at \$1.74 per gallon (Note: The North Slope Borough subsidizes residential heating fuel costs in five of its seven communities, reducing their average prices substantially). Excluding the Northern Region, the Southeast Alaska Region tends to have the lowest heating fuel prices.



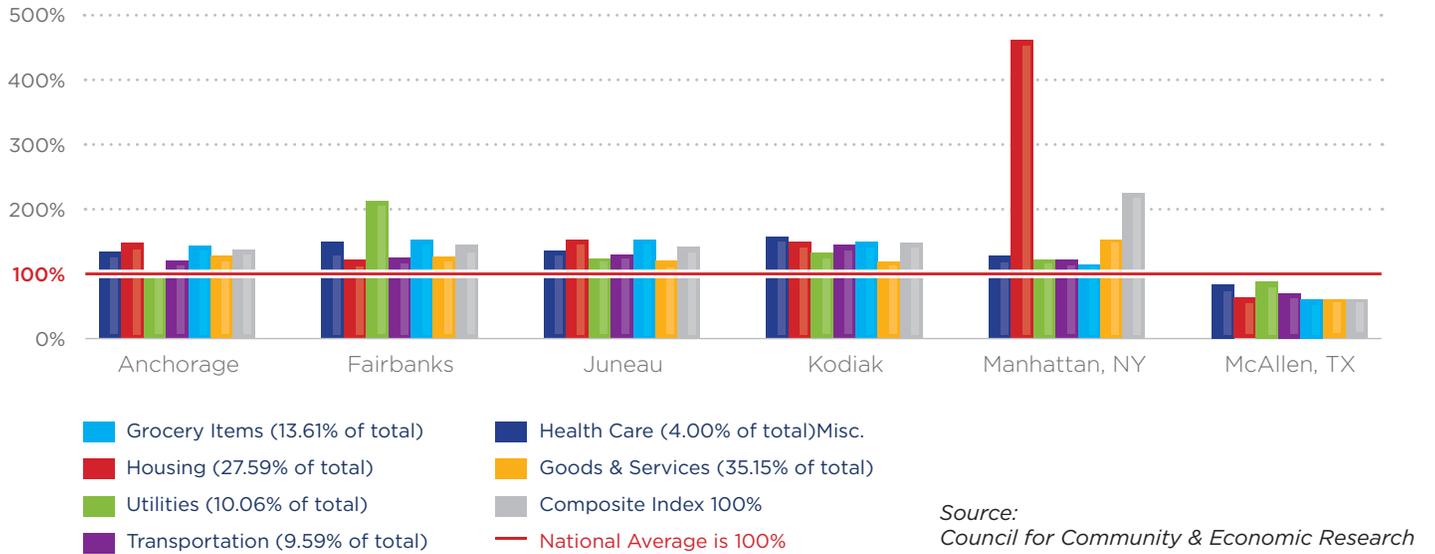
Source: Alaska Division of Community and Regional Affairs

The cost of living in Alaska communities can be compared to show how expensive it is to live and work in Alaska communities versus communities outside of the state. The Council for Community and Economic Research publishes a quarterly and annual Cost of Living Index (COLI) which provides a measure to compare cost of living differences among urban areas nationwide (communities in all 50 U.S. states, Washington, DC, and Puerto Rico). The COLI provides a useful way to compare the cost of living differences between urban and rural areas weighted by different categories of consumer expenditures for upper middle class households.

In the 2016 annual COLI report, among the 264 U.S. cities participating, McAllen, Texas continued its streak to have the lowest average annual index at 76.4 percent (national average for all areas surveyed is 100), and New York, New York (Manhattan) had the highest average COLI for 2016 at 228.2 percent. Dallas, Texas and Yakima, Washington were closest to the national annual average at 100.4 and 99.5 percent respectively. Alaska communities in the COLI are Anchorage, Fairbanks, Juneau and Kodiak which were all in the top 21 most expensive communities in the country in 2016. Juneau came in at 129.9 percent (ranked 21/264), Anchorage's index was 130.2 percent (ranked 20/264), Fairbanks at 131.4 percent (ranked 19/264), and Kodiak had the highest cost of living of Alaska communities surveyed at 135 percent (ranked 17/264).

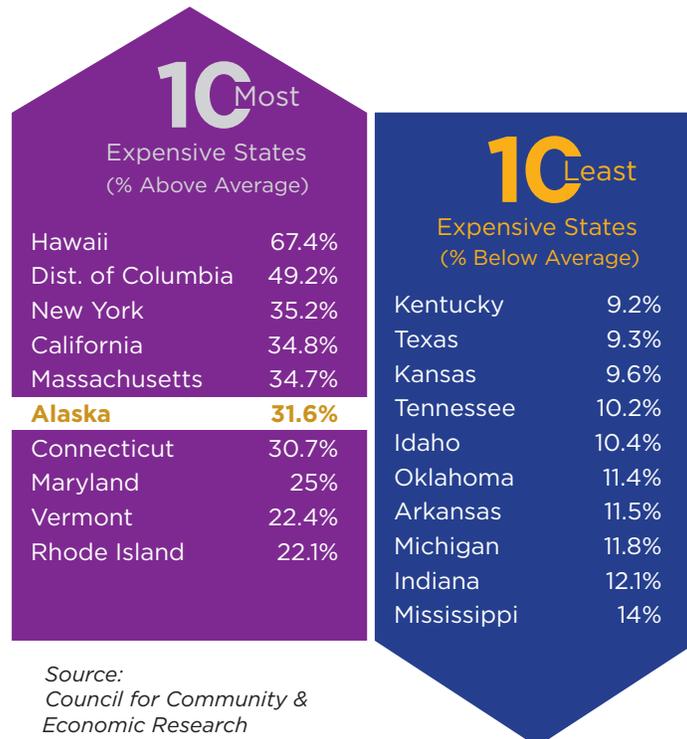
2016 Cost of Living Index

(National average = 100% | weight in index)



While prices in Alaska tend to be higher than many other jurisdictions, average 2016 annual COLI data show that Hawaii, the District of Columbia, New York, California, and Massachusetts had higher annual prices than Alaska. However, it is important to note that this is based on data which uses only Anchorage, Fairbanks, Juneau and Kodiak prices – prices in rural Alaska can be significantly higher which, if included, would likely change Alaska’s rank.

State Cost of Living Ranking 2016 Annual Averages

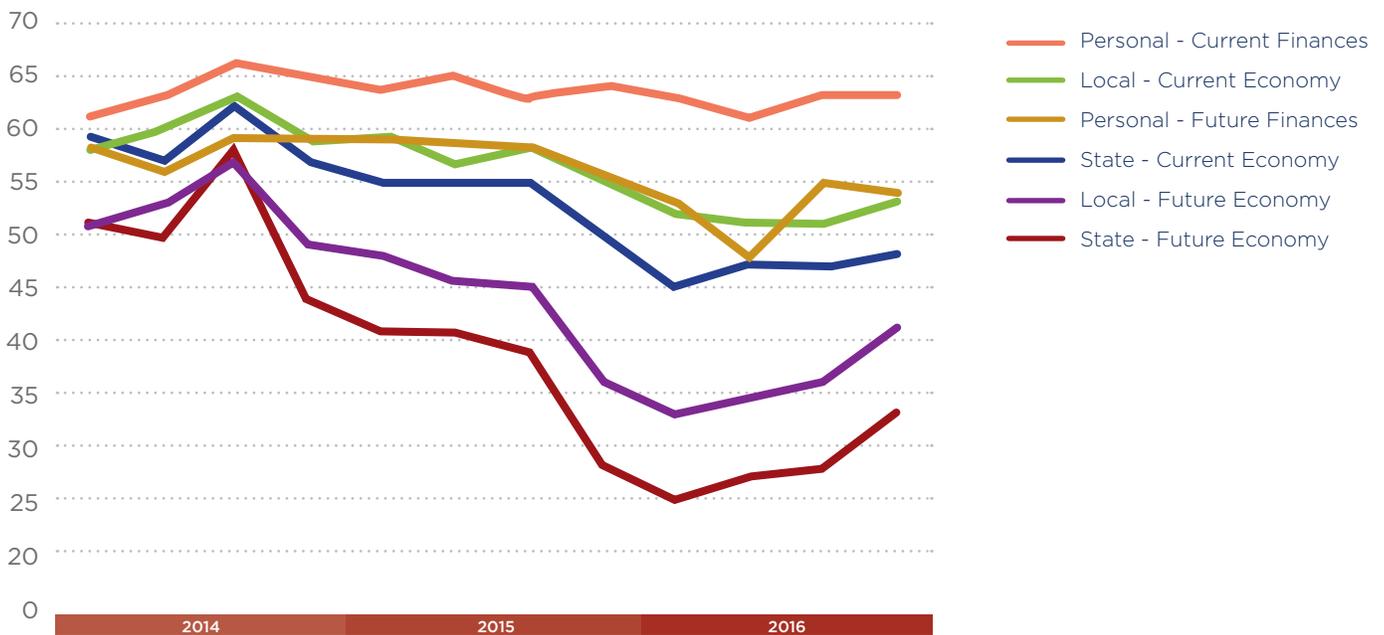


ALASKA CONFIDENCE INDEX

Northern Economics released an Alaska Confidence Index (ACI) for the fourth quarter of 2016. ACI is expressed using a value of 0 to 100. Values above 50 represent relative confidence in the economy, while values below 50 indicate lack of confidence. ACI is comprised of six individual components: current assessment of, and future expectations for, the state economy confidence, local economy confidence, and personal financial confidence.

State economy confidence, the most direct measure of respondents' feelings about the current state economy increased slightly from 46.7 to 47.5, however future expectations jumped from 28.3 to 33.4. Alaskans are still expecting conditions to worsen, but perhaps not as much as they did in the previous quarter. Local economy confidence increased from 51 to 52.6, while future expectations increased from 36.4 to 40.9. Here again, Alaskans expect conditions to worsen, but perhaps not as much as they did in the third quarter of 2016. The personal financial confidence component fell only slightly from 62.8 to 62.6 while future expectations fell from 54.5 to 53.7. The measure is still quite strong, but the concurrent dips could indicate that households are starting to feel the state's economic hardships more acutely.

Alaska Confidence Index
(Confidence rating on scale of 0-100)



Source: Northern Economics

ALASKA'S ECONOMIC REPORT

FOURTH QUARTER, 2016

