



ALASKA

NORTH TO OPPORTUNITY

ALASKA'S ECONOMIC REPORT

FIRST QUARTER, 2017



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 the Economic Report is statistical information from state, federal, and private sector resources combined with anecdotal information collected from regional economic development and community organizations throughout the state. The combination of this data allows for a unique, realistic look at the economic drivers of Alaska's economy from a statewide and regional perspective.

KEY FINDINGS

Commodity Prices: Natural gas and key mineral prices including zinc, copper, silver, and gold saw increases, while oil and coal prices moved downward. Salmon price information for the first quarter of 2017 is not yet available and will be included in the second quarter report.

Consumer Prices: According to a quarterly community price comparison that DED compiles, average prices for four consumer goods (bread, milk, eggs, and gas) in the ten communities surveyed increased by 2 percent between the fourth quarter of 2016 and the first quarter of 2017. The statewide monthly average for the community price comparison increased from \$14.63 in December 2016 to \$15.03 in March 2017.

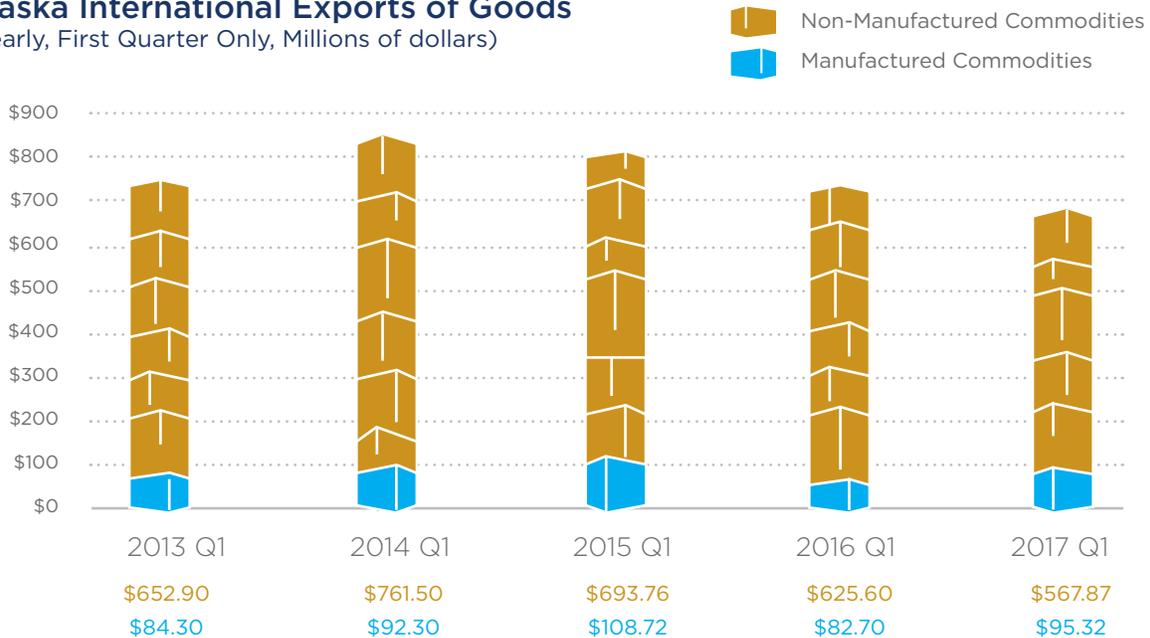
Employment: Alaska's seasonally adjusted unemployment rate was down in the first quarter of 2017 and was lower than at any point in the previous year, at 6.4 percent. The state unemployment rate remains much higher than the national rate, which was 4.7 percent in the first quarter of the year. The size of the seasonally adjusted labor force reversed its 2016 trend and rose to above 360,000 for the first time since April 2016.

Freight and Cargo Transportation: Freight moving through Alaska follows seasonal patterns and on average is lowest in the winter months. Maritime and air cargo freight followed that pattern in the first quarter of 2017. Railroad freight continues a multi-year decline, which led to continued cost saving measures in 2016.

EXPORT AND IMPORT VALUES

The downward trend in exports continues in the first quarter of 2017. Total exports peaked in 2014 and have declined each year since. International exports from Alaska consist mostly of raw materials. By value, fish and fish products accounted for more than two-thirds of Alaska's exports in the first quarter of 2017. The other main categories of exports were zinc and other metal ores, and crude oil.

Alaska International Exports of Goods (Yearly, First Quarter Only, Millions of dollars)



Source: U.S. Census Bureau

International imports to Alaska are driven by refined fuels, which in the first quarter of the year made up just over one-third of all imports. Other large categories of imports are machinery and industrial equipment. Manufactured commodities make up 86 percent of imports to the state. Non-manufactured imports, which spiked in the first quarter of 2016 due to an increase in imports of copper and precious metals ores, fell in the first quarter of 2017 to the lowest level in five years.

Alaska Imports of Goods (Yearly, First Quarter Only, Millions of dollars)



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. On average, incoming and outgoing maritime cargo shipments are their lowest during the first quarter of the year.

Alaska Tonnage (Ports of Seattle and Tacoma) (Millions of metric tons)

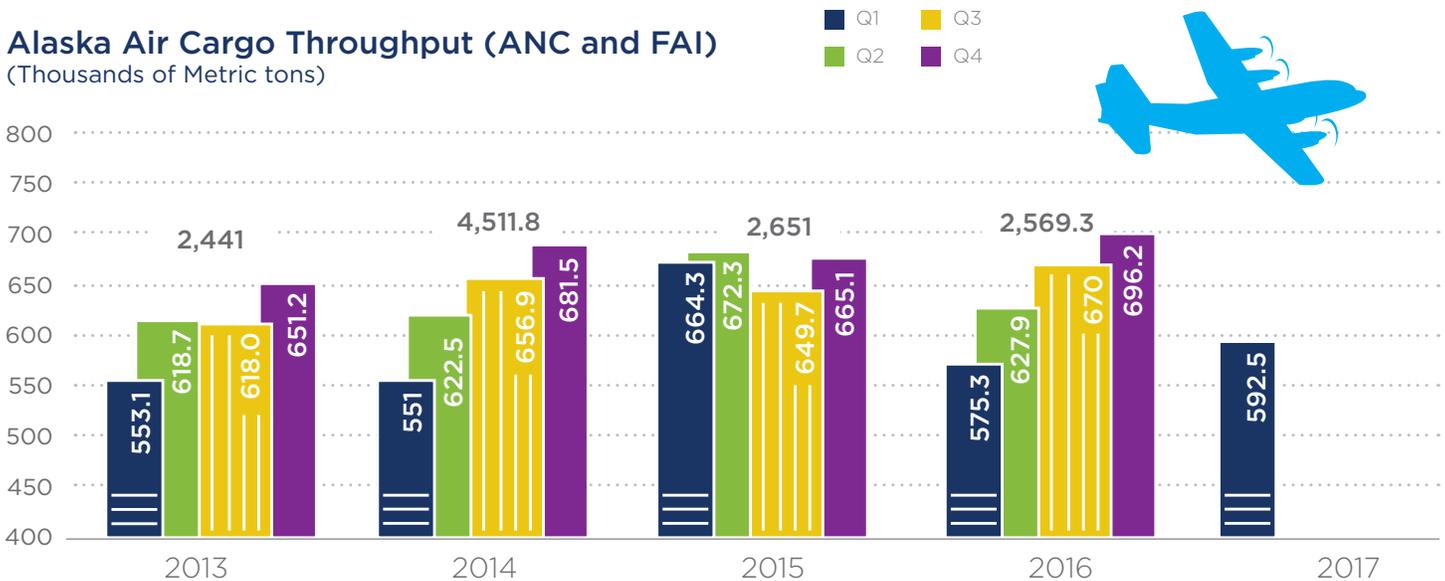


Source: Northwest Seaport Alliance

ALASKA AIR CARGO THROUGHPUT

Alaska's airports are a major component of the state's transportation system; air cargo throughput in Anchorage and Fairbanks are an effective measure of that activity. Like maritime cargo, air cargo averages tend to be lowest in the first quarter.

Alaska Air Cargo Throughput (ANC and FAI) (Thousands of Metric tons)



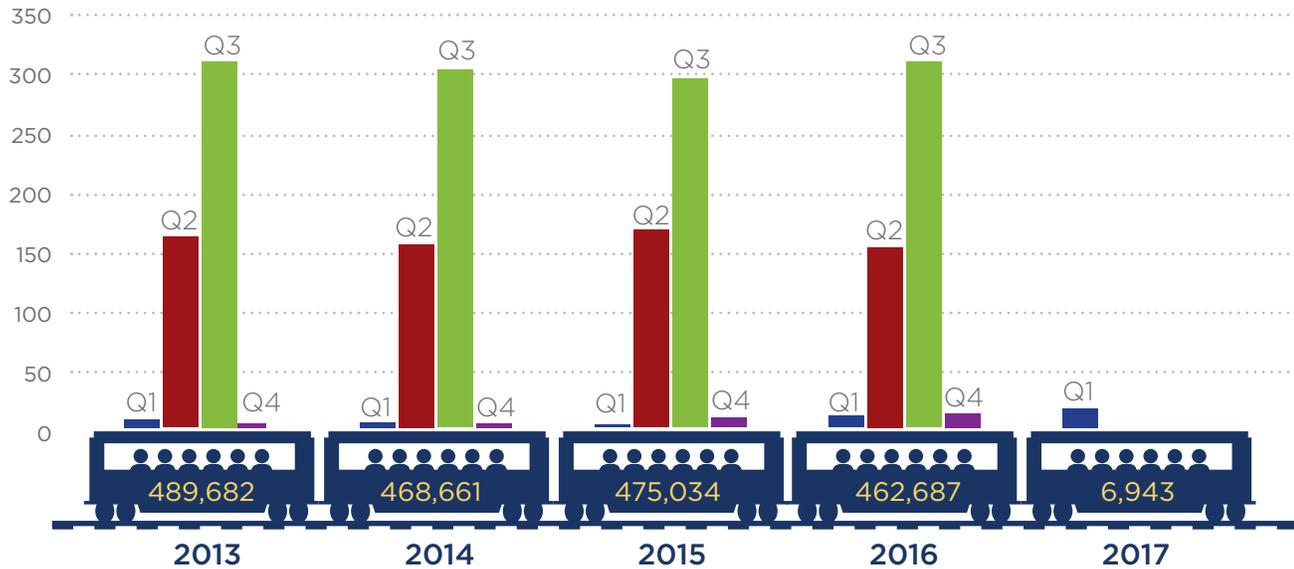
Source: Alaska Department of Transportation & Public Facilities

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. The Alaska Railroad Corporation has seen an increase in winter tourism and has added new round trips between Anchorage and Fairbanks in the winter months.

Alaska Railroad Passenger Volume

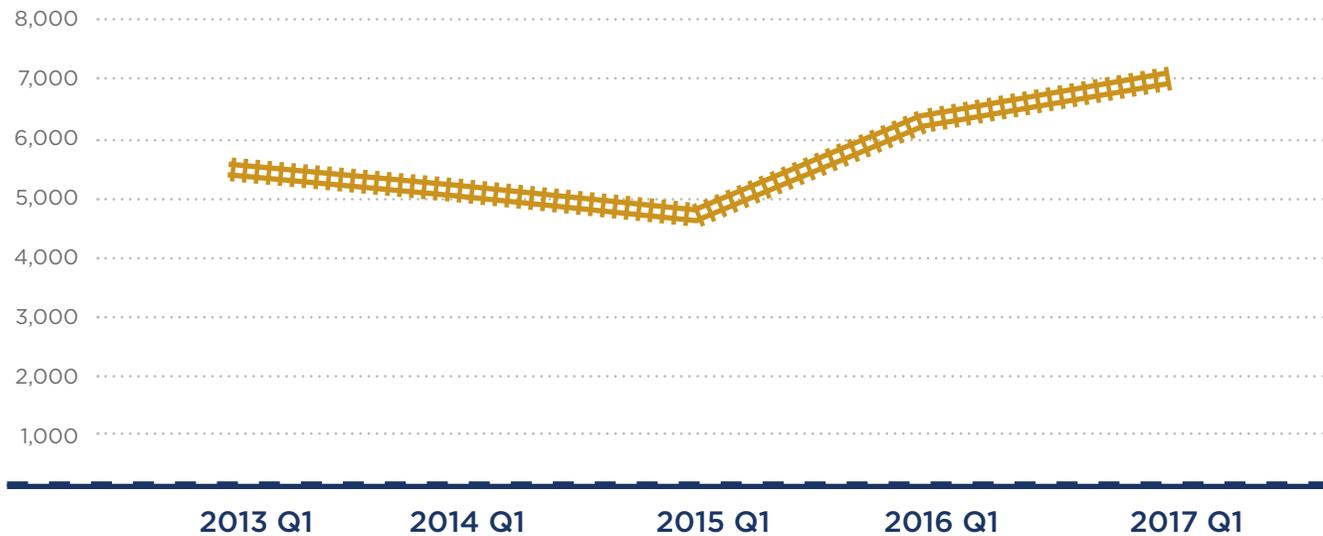
(Thousands of passengers)



Source: Alaska Railroad Corporation

Alaska Railroad Passenger Volume - Yearly comparison of first quarter only

(Number of passengers)



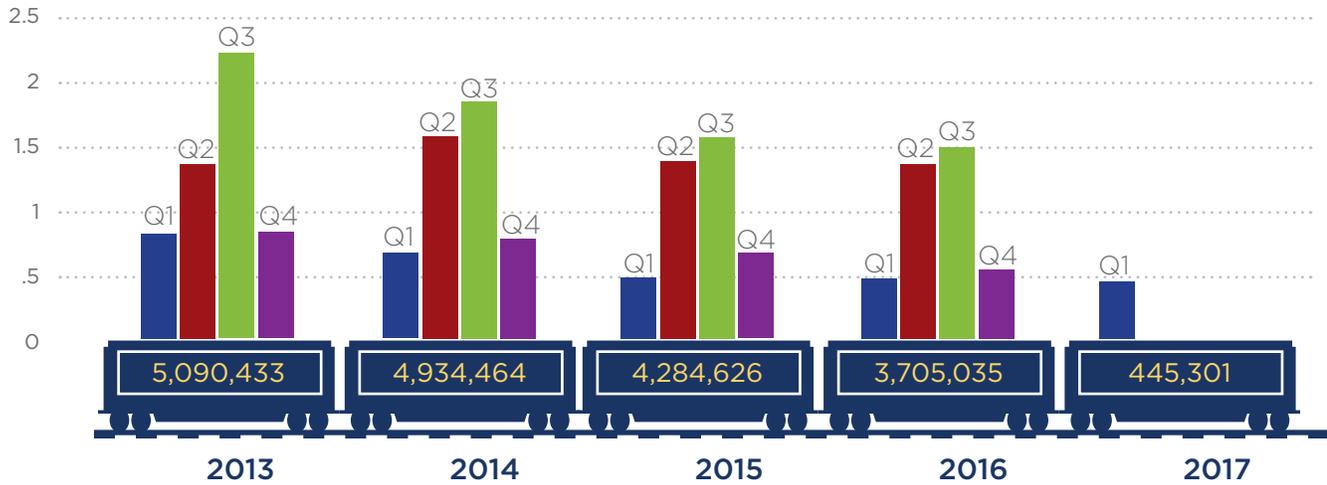
Source: Alaska Railroad Corporation

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. The Alaska Railroad Corporation attributes the decline to four main reasons:

- More petroleum is being shipped to the Interior via semi-truck instead of railroad.
- Fewer construction projects mean a drop in demand for gravel.
- Lower oil production has led to a drop in interline barge service.
- Changes in the world coal market have led the Usibelli Coal Mine to cease their Seward loading facility's operations until international market conditions improve.

Alaska Railroad Freight Tonnage

(Millions of tons)



Source: Alaska Railroad Corporation

ALCAN BORDER CROSSINGS - FREIGHT VEHICLES

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



Source: Port of AICan, Office of Field Operations

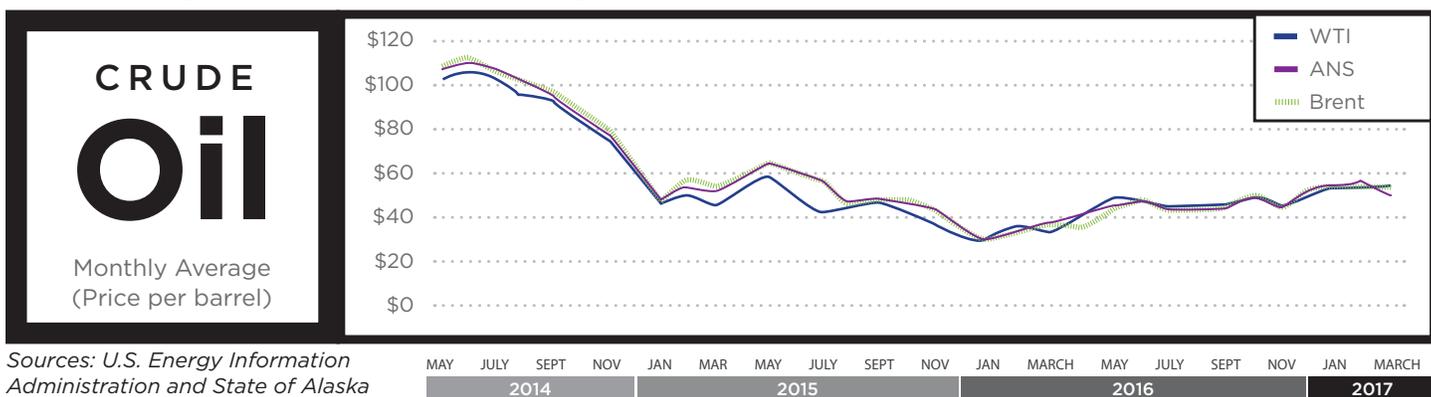
COMMODITY PRICES

Oil Price

According to the U.S. Energy Information Administration (EIA) April 2017 Short-Term Energy Outlook (STEO), in early March, crude oil prices declined as U.S. crude oil inventories built to a multi-decade high and as U.S. crude oil production rose. The price decline occurred despite the voluntary crude oil production cuts in the first quarter of 2017 among the Organization of the Petroleum Exporting Countries (OPEC) and some non-OPEC producers.

The EIA April 2017 STEO expects world crude oil and liquid fuels supply to grow by 1.1 million barrels per day in 2017, driven in part by higher expected U.S. and Brazilian crude oil production growth. North Sea Brent crude oil spot prices averaged \$52 per barrel (b) in March, \$3/b lower than the February average. The April 2017 STEO expects the market to be relatively balanced in 2017 and forecasts the Brent crude spot price to average \$54/b in 2017. EIA expects West Texas Intermediate (WTI) crude oil prices to average \$2/b lower than Brent prices in 2017.

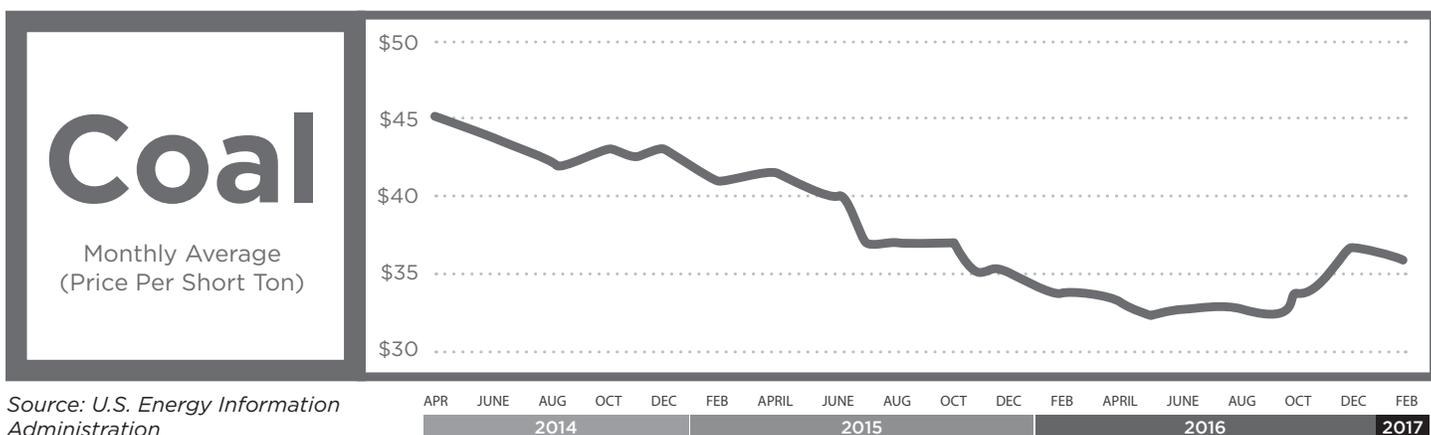
Recent capital expenditure activity by oil companies supports EIA's expectations of higher U.S. production. Capital expenditures for 44 U.S. onshore-focused oil production companies increased \$4.9 billion between fourth quarter of 2015 and the fourth quarter of 2016 based on their public quarterly financial statements. This was a 72 percent increase in investment spending, the largest year-over-year increase for any quarter by these 44 companies since at least the first quarter of 2012.



Coal Price

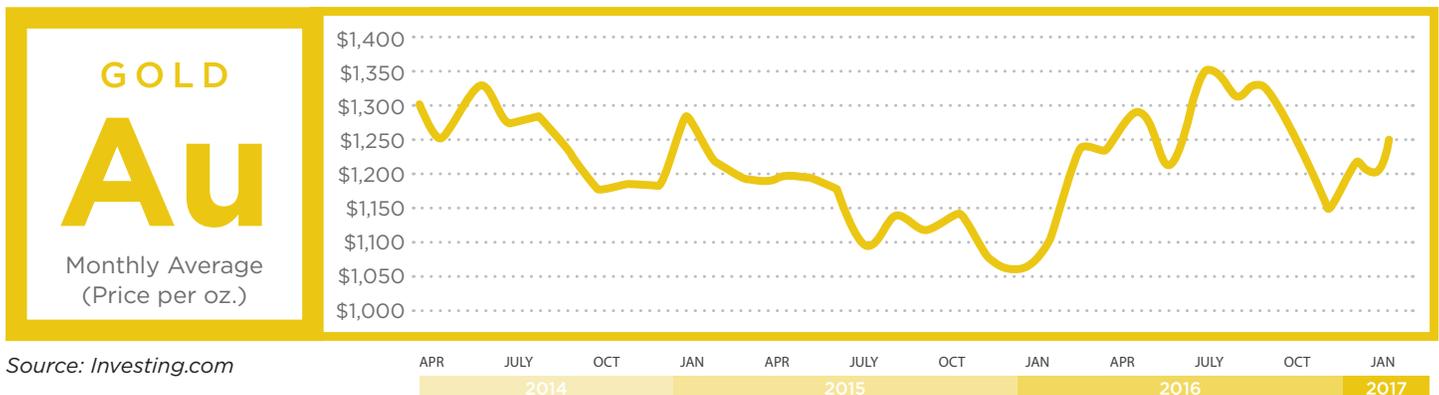
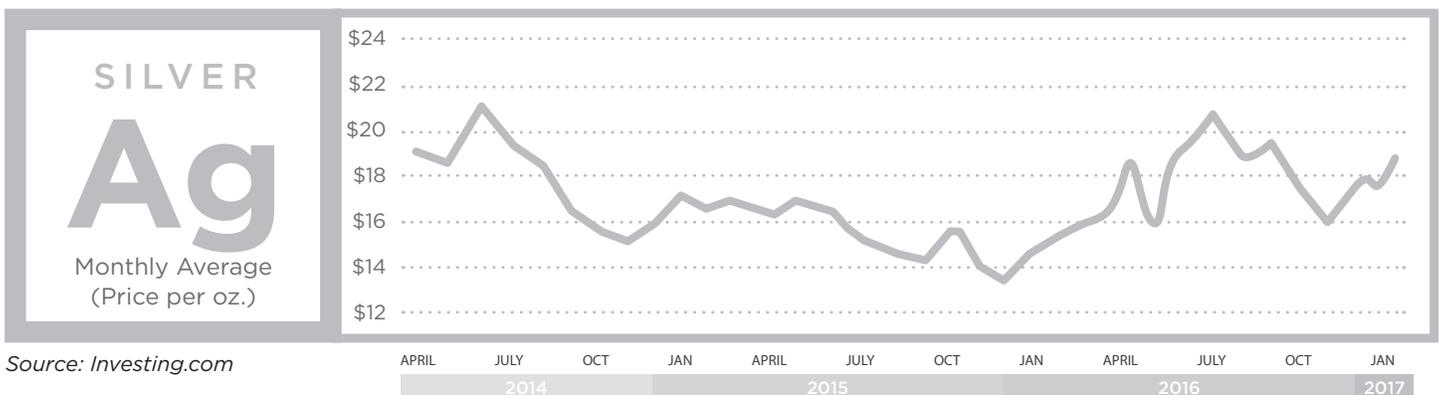
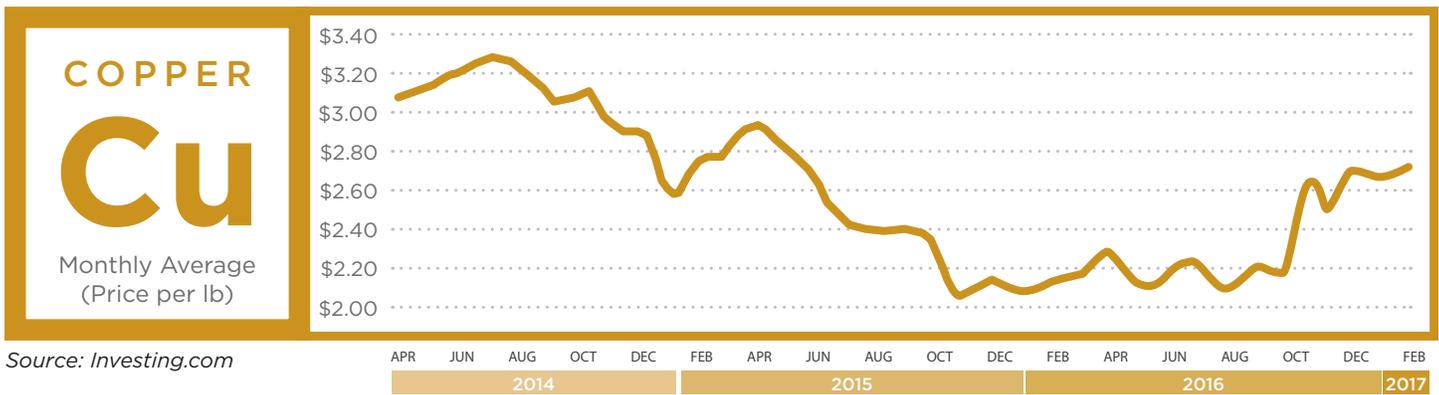
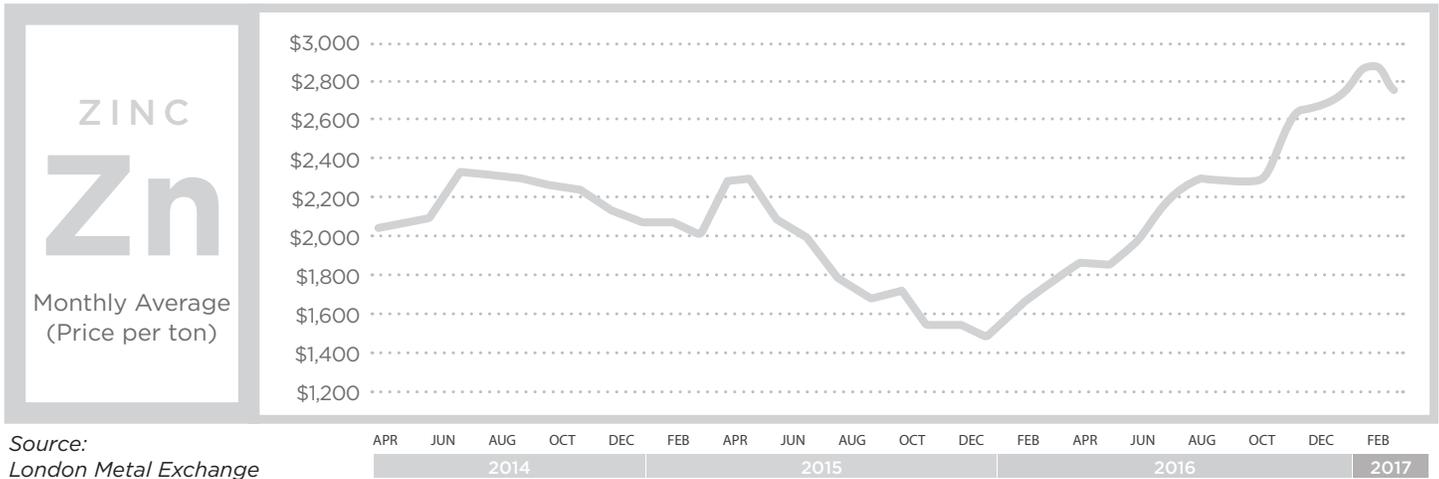
While the price of coal dropped in the first quarter of 2017, the April 2017 STEO projects growth in coal-fired electricity generation, primarily a result of higher natural gas prices, to contribute to a four percent increase in coal production in 2017 and an additional two percent increase in 2018.

The April 2017 STEO also expects the share of U.S. total utility-scale electricity generation from natural gas to fall from an average of 34 percent in 2016 to 32 percent in both 2017 and 2018 as a result of higher expected natural gas prices. Coal's forecast generation share rises from 30 percent in 2016 to 31 percent in both 2017 and 2018.



Metal Prices

Zinc continued its 15 month-long rally, averaging \$2,781.33 per ton in March 2017. Copper prices also continued to rise, while silver and gold prices both rebounded after having large drops in the second half of 2016. Volatility hitting other assets this quarter could have increased demand for gold and silver.

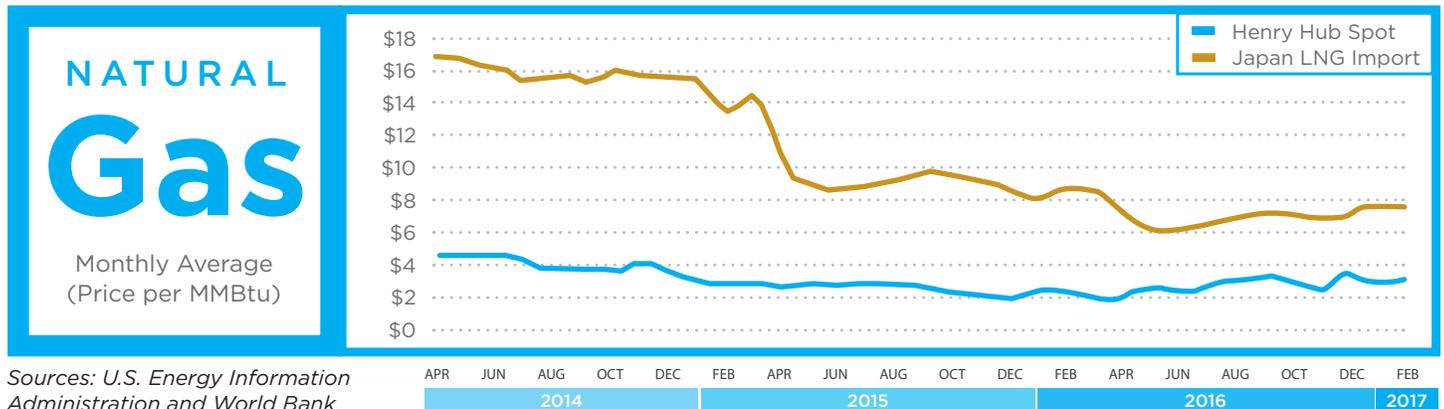


Natural Gas Price

According to the EIA's April 2017 STEO, the Henry Hub natural gas spot price averaged \$2.88/million British thermal units (MMBtu) in March, more than \$1/MMBtu above the average of \$1.73/MMBtu in March 2016. Prices increased as temperatures in March returned to more seasonally typical levels after being significantly warmer than normal in February.

The April 2017 STEO forecasts dry natural gas production in the U.S. will average 73.1 billion cubic feet per day (Bcf/d) in 2017, a 0.8 Bcf/d increase from the 2016 level. This increase reverses a 2016 production decline, which was the first annual decline since 2005.

New natural gas export capabilities and growing domestic natural gas consumption contribute to the forecast Henry Hub natural gas spot price rising from an average of \$3.10/MMBtu in 2017 to \$3.45/MMBtu in 2018.



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

GROSS DOMESTIC PRODUCT

TOP 10 STATES (2016 Q4)

California	\$2,602,672
Texas	\$1,616,801
New York	\$1,487,998
Florida	\$926,817
Illinois	\$791,608
Pennsylvania	\$724,936
Ohio	\$625,715
New Jersey	\$581,122
Georgia	\$525,360
North Carolina	\$517,904

(Millions of dollars)

Source: U.S. Bureau of Economic Analysis

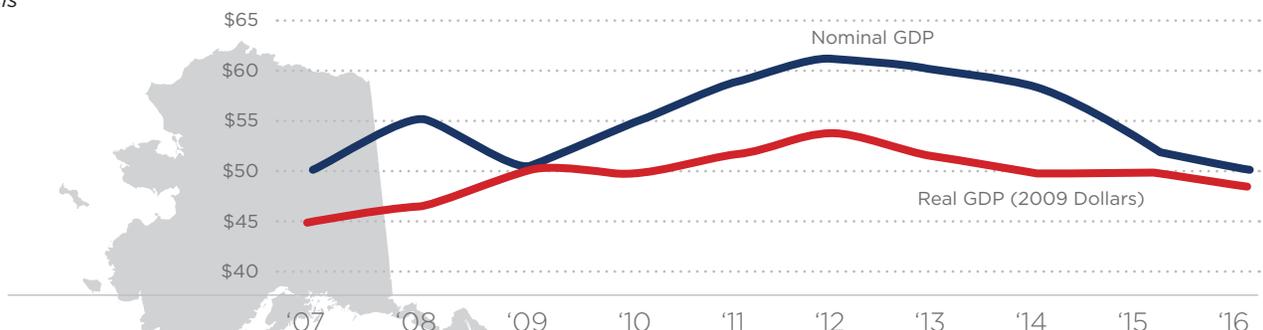
According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), real gross domestic product (GDP) increased in every state and the District of Columbia in the fourth quarter of 2016 (the most recent data available). Real GDP by state growth ranged from 3.4 percent in Texas to 0.1 percent in Kansas. In 2016 annual data, Alaska ranked 46th in state GDP, declining by 5 percent from 2015 to 2016, despite an increase in 2016 third to fourth quarter state GDP by 0.5 percent. According to BEA, mining (defined by BEA as the extraction of minerals such as coal and ores, petroleum, and natural gas; quarrying, well operations, and milling), was the largest contributor to the Alaska GDP decline from 2015 to 2016.

BOTTOM 10 STATES (2016 Q4)

Delaware	\$70,387
Idaho	\$67,275
Maine	\$59,275
Rhode Island	\$57,433
North Dakota	\$52,089
Alaska	\$50,713
South Dakota	\$48,139
Montana	\$45,994
Wyoming	\$37,858
Vermont	\$31,092

(Millions of dollars)

Alaska GDP: 10-year Trend* (Billions)



Source: U.S. Bureau of Economic Analysis
*First quarter 2017 data not yet available.

REGIONAL ECONOMIC HIGHLIGHTS

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



Anchorage:

In February, the Alaska Aces hockey team announced that this will be its final season as the state's only professional sports franchise. The Aces said the decision stemmed from mounting financial losses due to reduced attendance, dwindling corporate sponsorships, and Alaska's economic recession. Besides four coaching staff, the Aces employed 20-plus players, 11 other full-time staff, and on game nights at the Sullivan Arena, a part-time staff of up to 80.

On February 24, the Trump Administration announced that it is moving forward with plans to offer 1.1 million acres for lease in Alaska's Cook Inlet on June 21. The proposed lease sale would be for 224 blocks in federal waters in southern Cook Inlet. The proposal will have a 60-day comment period for Governor Bill Walker to receive comments from local governments and submit recommendations on the size, timing, and location of the sale.

Resources Energy Inc. (REI), a consortium of Japanese companies and municipal governments interested in Alaska's natural gas, is stopping its work to develop a small Cook Inlet liquefied natural gas (LNG) plant and will close its Anchorage office on March 30. Low LNG prices caused by global oversupply forced the closure, according to REI. REI, which first began exploring Alaska LNG opportunities in 2012, had planned to build a one million tons per year LNG plant at Port MacKenzie in the Mat-Su Borough in 2020 or 2021. When REI began investigating Alaska as the location for its potential project, the spot price for Asia LNG was nearly four times what it is today.



Bering Strait:

On February 7, Graphite One Resources, a Vancouver, Canada-based company, signed a memorandum of understanding with AIDEA that explores opportunities to collaborate on the development of the Graphite Creek Project. The project would develop a mine and an initial processing facility at Graphite Creek near Nome on the Seward Peninsula, and a separate manufacturing facility that would produce high-grade coated spherical graphite primarily for lithium-ion electric vehicle batteries. AIDEA is assisting Graphite One as they explore locations within Alaska for a processing facility, evaluating locations on power cost and supply, availability of industrial zoned land, proximity to port facilities, and easy access to workforce. The company is currently forecasting construction and mine startup for 2020-2021.



Copper Valley:

Alyeska and Ahtna Construction have completed a project to divert the Klutina River to minimize erosion and damage to the Trans-Alaska Pipeline System, boosting local businesses during the project.

This quarter, a new family-owned restaurant opened in Glennallen, "Food for Thought," located at Mile 116 on the Richardson Highway.

Copper Valley Telecommunications is poised to begin a large fiber-optic expansion from Glennallen to Delta Junction. This project will expand the backbone of fiber-optic connectivity in the Copper Valley, improving economic opportunity.



Fairbanks:

Fairbanks was busy preparing for the Arctic Council Ministerial meeting held in May 2017, when the U.S. State Department handed over Chairmanship of the Arctic Council to Finland. Top diplomats came from the eight Arctic nations to Fairbanks, and concurrent events part of the Week of the Arctic involved scientists, policymakers, and the general public. University of Alaska Fairbanks is helped lead Week of the Arctic events, which included science and technology sessions, and the Arctic Broadband Forum, a two-day series on the challenges of providing telecommunications in the region.

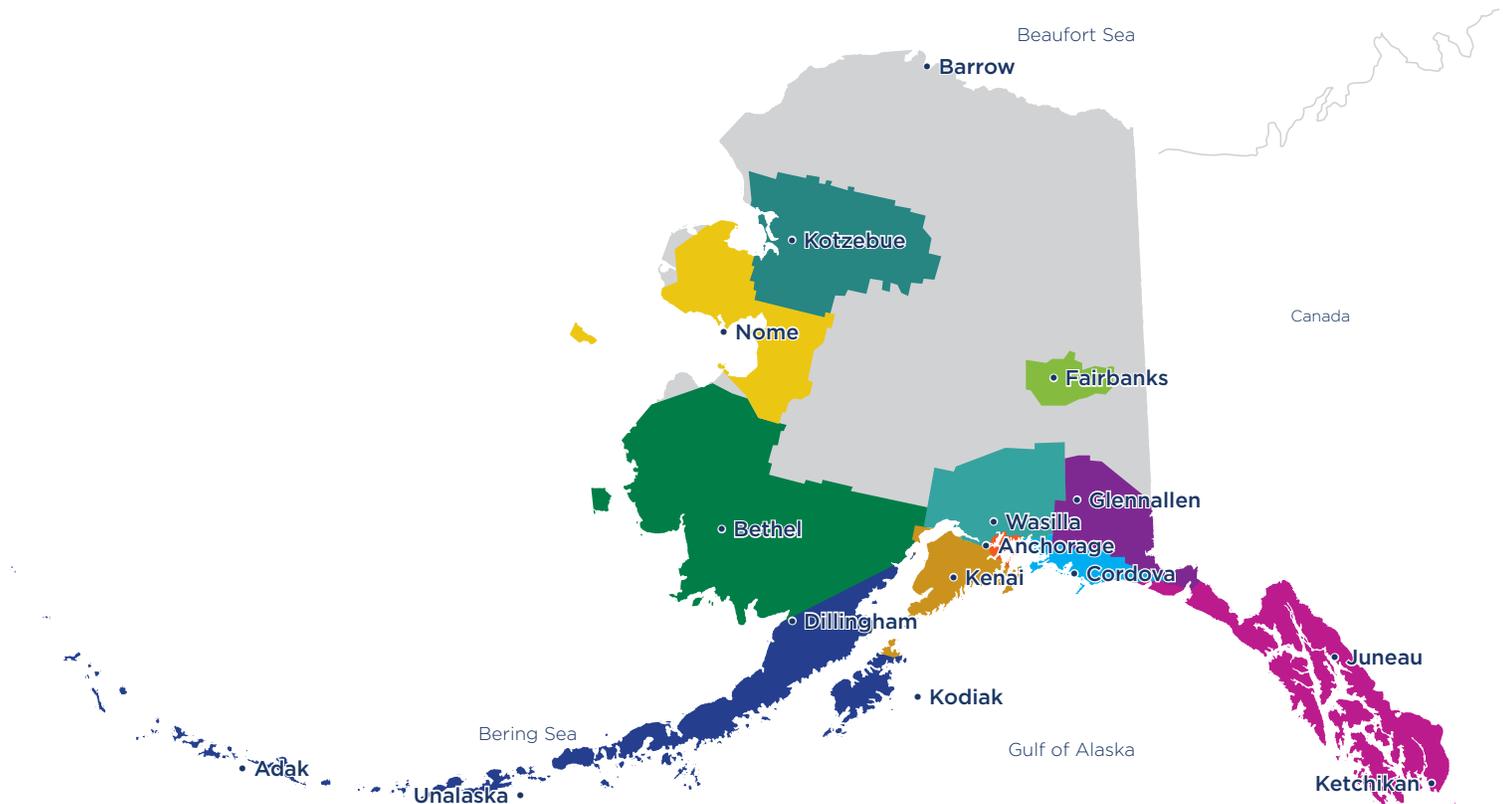
In March, the Fairbanks North Star Borough Assembly expanded the borough's economic development incentive program. The ordinance, led by Borough Mayor Karl Kassel, exempts certain property used for economic development purposes from property tax for as many as two years or a deferral for as many as five years.



Kenai Peninsula:

Puppy Love, a salmon pet treat company formerly located in Anchorage, will soon relocate to Seldovia, where the owners are from. The value-added product will be made and packaged in Seldovia, a town of less than 300 people, and shipped for consumption. The company plans to put at least 10 people to work when they're up and running in spring 2017.

Chugach Electric Association applied for a preliminary permit in January for a concrete dam at Snow River, a salmon-spawning stream north of Seward that contributes water to the Kenai River, a world-renowned fishery. However, in April, the directors of the utility decided to cancel the project due to lack of public support. The proposed project would have reduced dependency on natural gas, providing hydropower to the region, but representatives from fisheries interest groups opposed it.



Mat-Su and Denali Boroughs:

Winter visitors to the Matanuska Glacier will now be required to pay a mandatory \$100 tour fee to explore the glacier, whereas before, the tour/fee was optional. The new Matanuska Glacier Park policy applies only to first-time winter visitors, but may soon be applied to summer visitors as well. The change reflects the number of visitors to the glacier, many of whom are inexperienced in outdoor activity and glacier trekking. Some nearby businesses have expressed concern over the new policy, which may trigger a drop in visitors to the glacier and the region.



Prince William Sound:

The federal government issued a disaster declaration in January for Alaska's pink salmon fishery. Governor Walker had requested the declaration after the pink salmon harvest in the Prince William Sound and Southwest areas was much lower than forecasted. The disaster declaration allows entities affected by the poor harvest to seek relief assistance from Congress.

An investor's plan to purchase the Whittier plant of the Great Pacific Seafoods salmon processor appears likely to move forward. The plant was closed in May 2016 when the processor chose to liquidate its assets in a Seattle bankruptcy court. John Tindall, a venture capitalist and self-described outsider to the seafood sector put together a \$656,614 bid for the plant through his company CTT Management and would like to have the plant up and running for the 2017 season depending on operational details.



Southeast:

The 10-acre property on the Glacier Highway in Juneau that housed Walmart from 2007 to February 2016 was sold. D's Investment Corporation purchased the property and took possession on February 20, 2017. D's already owns the Airport Shopping Center, and is discussing ideas about what to do with the new property, but wants to gauge local interest to determine what would best fit the community.

The Juneau Assembly decided that cruise ships will now be exempt from Juneau's sales tax while in port. Assembly members said the cruise industry was an invaluable partner for the local economy and the sales tax exemption was an important incentive. Only one cruise company has been paying sales tax - now all will be officially exempt in time for the first docking in May. According to the city's finance department, levying a sales tax on cruise ships would have raised between \$50,000 and \$100,000 a year.

Juneau's privately owned electric utility is holding off on plans to bring natural gas to the city due to lower oil prices. A few years ago, Alaska Electric Light & Power's owner, Washington-state-based Avista, had expressed interest in shipping LNG from British Columbia to Juneau as a way to save customers money. Alaska Electric President Tim McLeod said that due to lower oil prices, the margin between natural gas and heating oil is not large enough to justify the investment at this time.

Record snowfall this winter in Juneau has boosted business at Eaglecrest Ski Area in Douglas. Over 4,500 people visited the ski area near Juneau through March 6, 2017, compared with 2,400 through March 2016, and just 1,000 in 2015 - both low snow years. Eaglecrest is owned by the City and Borough of Juneau, which subsidizes its operations.



Southwest:

The Bethel City Council voted in February against applications for two more liquor stores to the state Alcoholic Beverage Control Board. Only Mayor Rick Robb was in favor of the two new stores. Currently, two liquor stores have been permitted in Bethel after a half-century ban on legal alcohol sales was lifted (only one is currently operational). Opposition to more liquor stores stems from citizens citing increased sexual assaults and alcohol abuse in the community.

McDonald's restaurant has begun testing a new snow crab sandwich in several San Francisco Bay locations. If it is successful, the sandwich could be offered at nearly 250 outlets this year. Alaska produces about 10 percent of the world's snow crab, largely from the Bering Sea snow crab fleet.

The Native Village of Napaimute is starting a commercial lumber business in the middle Kuskokwim River area this year. Workers are currently moving a sawmill three miles below Kalskag, where the mill will cut commercial lumber on demand, providing more affordable lumber for Kuskokwim

residents. The sawmill will be located on the same 400 acres of white spruce where Napaimute harvests and operates a firewood business.



Yukon Kuskokwim:

Yute Air, based in Bethel, ceased operations suddenly in March. Passengers who purchased tickets on Yute Air would be able to use them on Ravn Alaska through March 31. Yute sold its 14 planes to Ravn Alaska. Yute Air served more than 20 villages with freight and passenger flights. Yute's president and owner, Tim Vottis, did not immediately disclose the reason for the abrupt closure.



Northwest Arctic Borough:

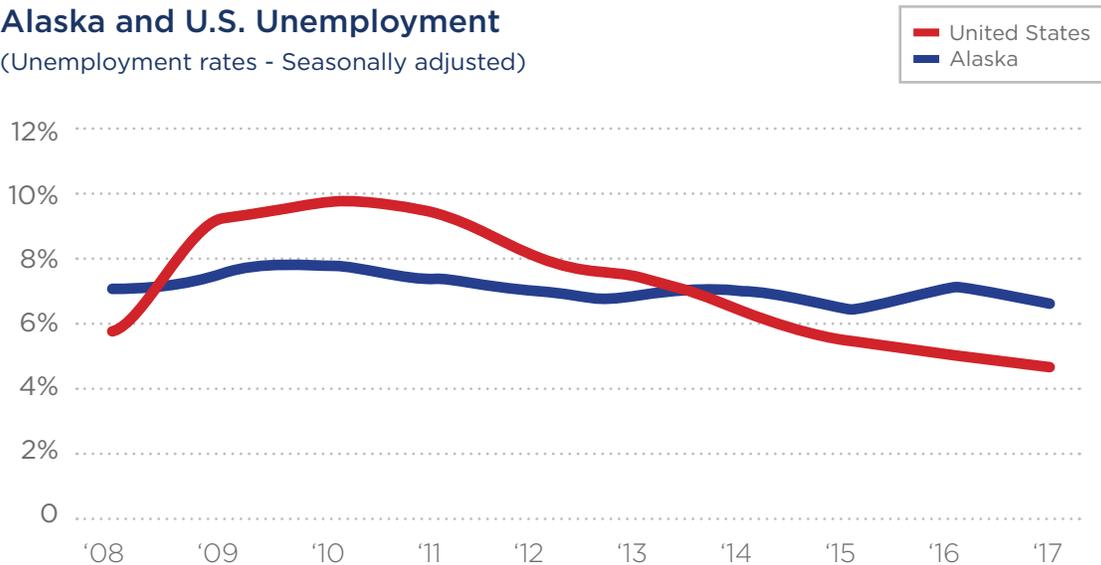
On February 28, the U.S. Bureau of Land Management (BLM) formally began the environmental review process for the Ambler Mining District Industrial Access Project, a 211-mile industry-only road. The scoping process has begun as BLM seeks public input about issues that should be addressed in an environmental impact statement (EIS); the 90-day public comment period ends May 30, and a completed EIS is expected by the end of 2019. The Ambler Mining District is rich in copper, lead, and zinc and has been explored for decades by mining companies, yet its remoteness has limited commercial development. The company most active in Ambler exploration and road promotion in recent years is Vancouver, British Columbia-based Trilogy Metals.

TOTAL WORKFORCE VERSUS UNEMPLOYMENT RATE

The seasonally adjusted unemployment rate was 6.4 percent in the first quarter of 2017. This is down 0.3 percentage points from the overall 2017 unemployment rate. The national unemployment rate also continues to decline. The national rate for the first quarter of 2017 was 4.7 percent, down 0.2 percentage points from the 2016 rate. On average, 339,329 Alaskans were employed each month in the first quarter of 2017, out of a total average labor force of 362,711.

Alaska and U.S. Unemployment

(Unemployment rates - Seasonally adjusted)

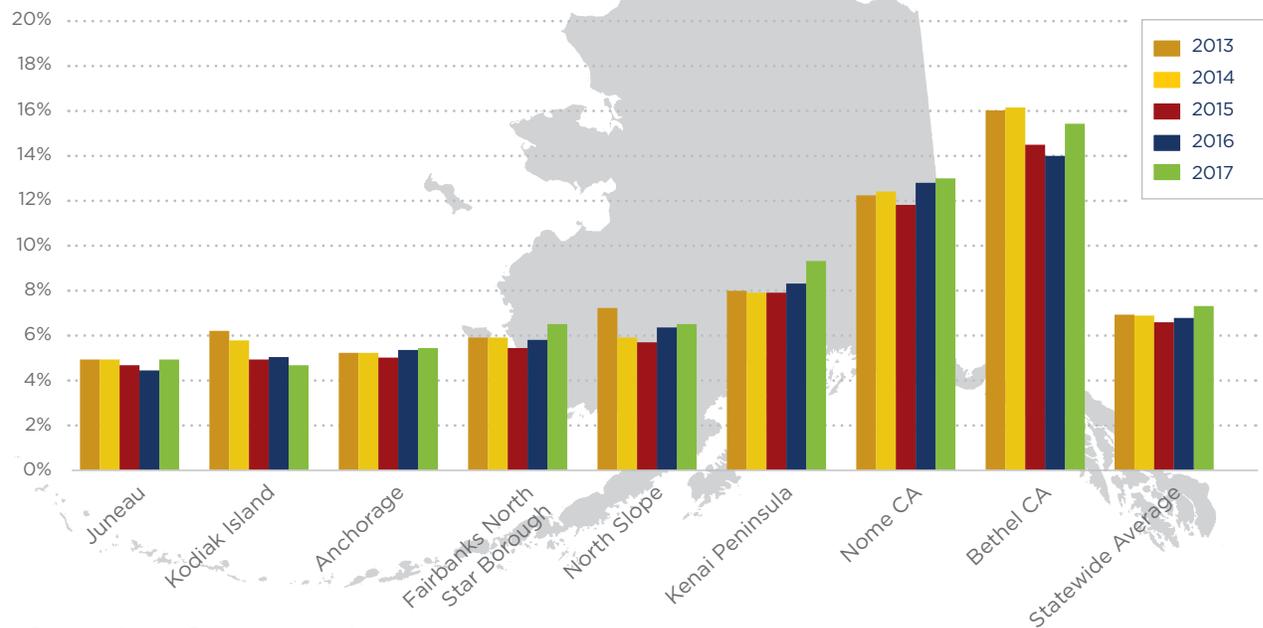


Source: Alaska Department of Labor and U.S. Bureau of Labor Statistics

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

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. The average price for this basket of goods across the ten communities surveyed increased between fourth quarter of 2016 and the first quarter of 2017 by more than 2 percent (average of \$14.63 to \$15.03). Anchorage and Juneau were the only surveyed communities where prices for these goods decreased during this period by 1.3 percent and 2.7 percent respectively. Prices were recorded near the last day of March 2017.

Alaska Community Price Comparison (March 2017)

	EGGS	MILK	BREAD	GAS	Total
Anchorage	\$2.00	\$3.69	\$2.50	\$2.55	\$10.74
Juneau	\$1.99	\$3.89	\$2.39	\$2.98	\$11.25
Fairbanks	\$1.99	\$3.89	\$3.59	\$2.91	\$12.38
Kenai	\$1.97	\$3.88	\$1.68	\$2.84	\$10.37
Kodiak	\$2.19	\$4.19	\$2.79	\$3.14	\$12.31
Nome	\$2.79	\$6.49	\$2.59	\$4.67	\$16.54
Bethel	\$4.39	\$8.29	\$2.69	\$4.99	\$20.36
Valdez	\$2.09	\$4.09	\$2.39	\$3.32	\$12.09
Glenallen	\$5.50	\$5.95	\$3.95	\$3.27	\$18.67
Barrow	\$3.79	\$10.29	\$4.99	\$6.50	\$25.57
Average	\$2.89	\$5.47	\$2.96	\$3.72	\$15.03
	1 dozen	1 gallon	1 loaf	1 gallon	

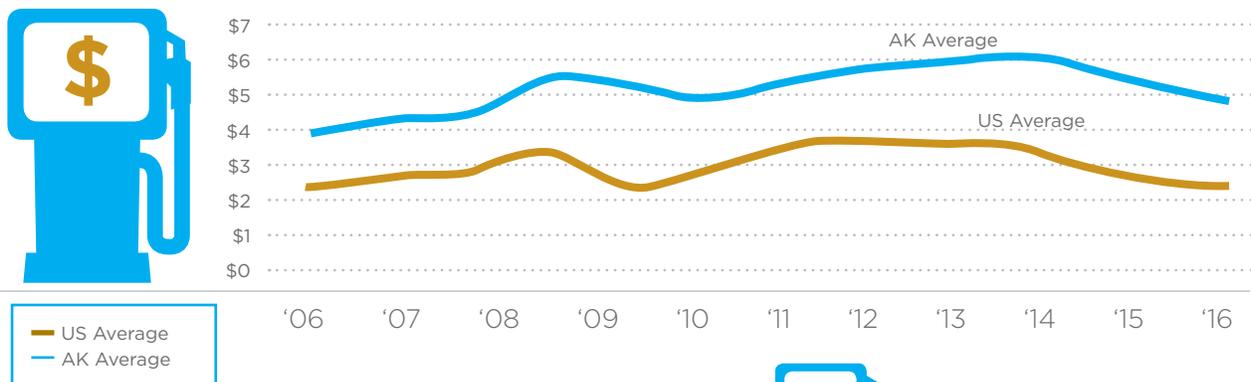
Sources: Alaska Regional Development Organizations

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

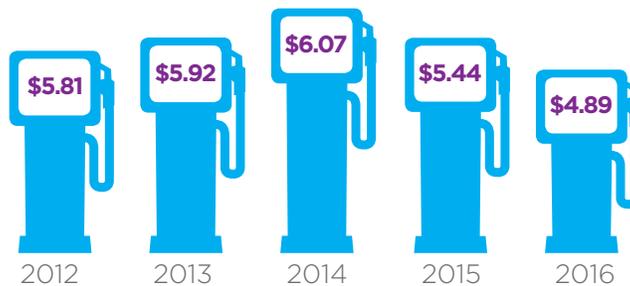
(Current dollars - price per gallon)



Alaska Gasoline Price: 5-year Average

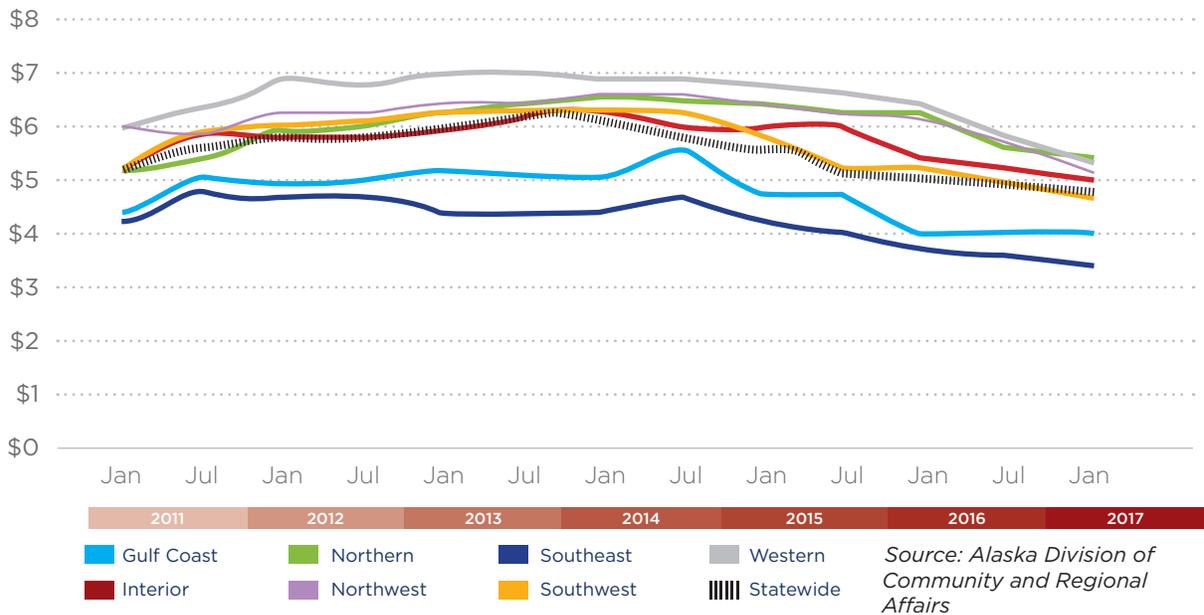
(Per Gallon - Current dollars)

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.

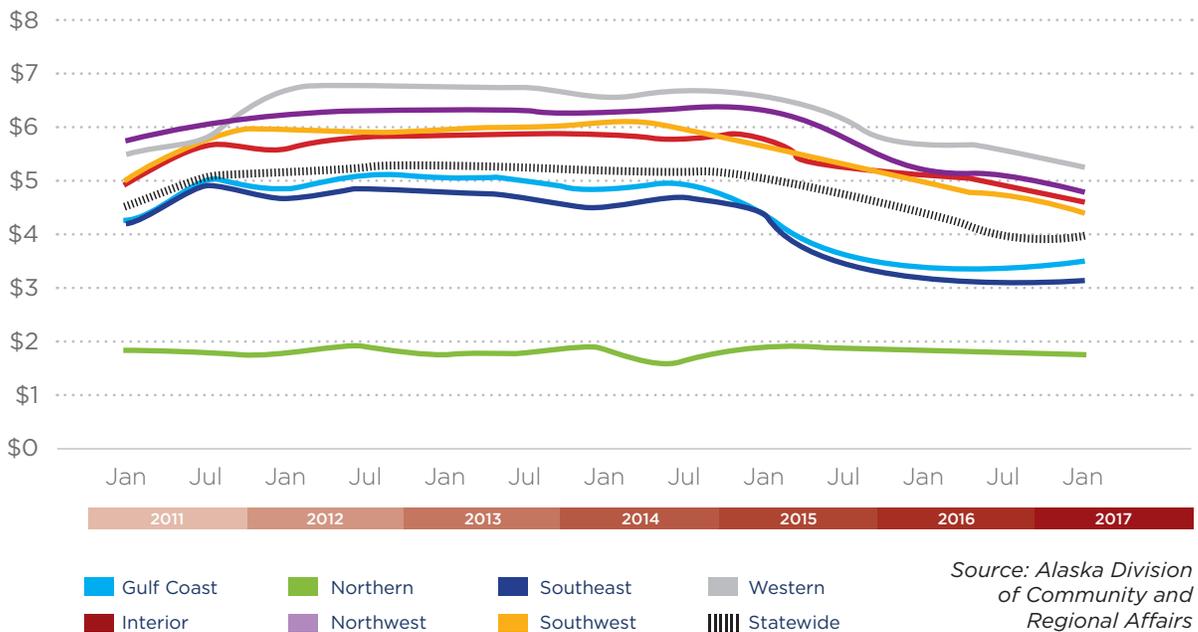
Alaska Gasoline Price by Region (Current dollars - price per gallon)



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 experience the lowest heating fuel prices.

Average Alaskan Heating Fuel Cost (Current price per-gallon)



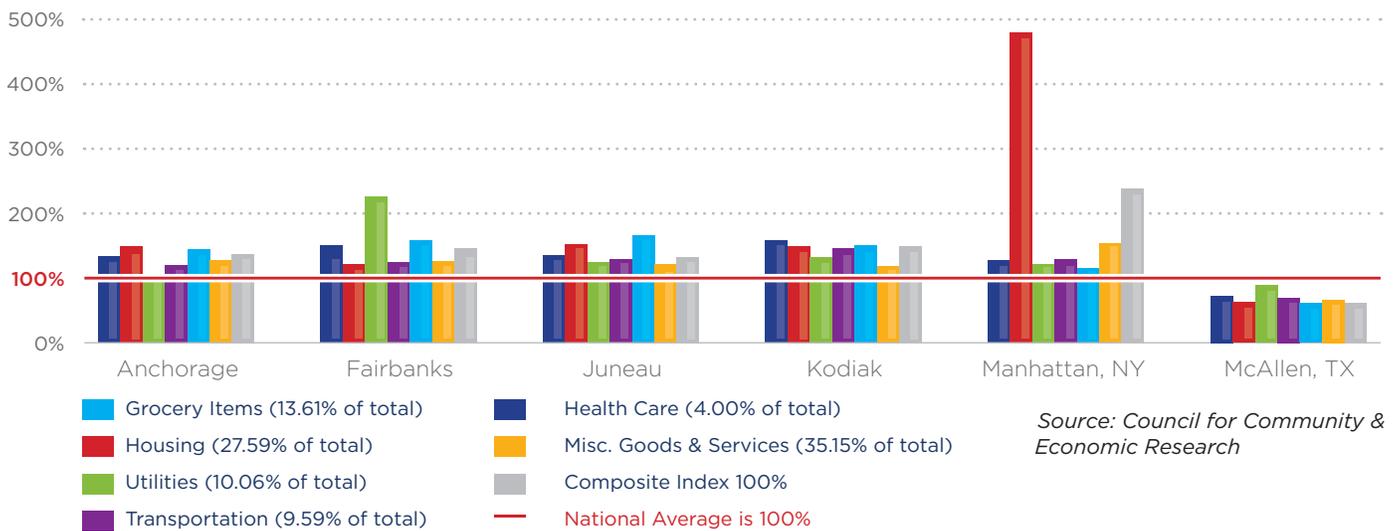
The cost of living in Alaska communities can be compared to show how expensive it is to live and work in Alaska communities versus communities outside of the state. The Council for Community and Economic Research publishes a quarterly and annual Cost of Living Index (COLI) which provides a measure to compare cost of living differences among urban areas nationwide (communities in all 50 U.S. states, the District of Columbia, 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 2017 first quarter report, among the 265 U.S. cities participating, McAllen, Texas continued its streak with the lowest average index of 76.1 percent (national average for all areas surveyed is 100), and Manhattan, New York continued to have the highest average COLI at 230.8 percent.

Alaska communities participating in the COLI are Anchorage, Fairbanks, Juneau and Kodiak, which were all in the top 20 most expensive communities in the country in the first quarter of 2017. Anchorage came in at 127.6 percent (ranked 20/265), Kodiak's index was 131.8 percent (ranked 19/265), Juneau at 132.1 percent (ranked 18/265), and Fairbanks had the highest cost of living of Alaska communities surveyed at 134.3 percent (ranked 17/265). Utilities were the largest contributor to Fairbanks's cost of living this quarter.

2017 First Quarter Cost of Living Index

(National average = 100% | Item weights in index)



10 MOST EXPENSIVE States
(% Above Average)

Hawaii	87.7%
Dist. of Columbia	53.3%
California	36.3%
Alaska	31.5%
New York	31.1%
Massachusetts	29.4%
Connecticut	29.1%
Maryland	29.1%
Oregon	27.3%
Rhode Island	23.2%

Prices in Alaska tend to be higher than most other states. First quarter 2017 COLI data show that only Hawaii, the District of Columbia, and California had higher average prices than Alaska. It is important to note that this is based on data from only four Alaska communities - Anchorage, Fairbanks, Juneau and Kodiak. Prices in rural Alaska can be significantly higher which, if included, could increase Alaska's rank even more.

Source: Council for Community & Economic Research

10 LEAST EXPENSIVE States
(% Below Average)

Alabama	9.4%
Indiana	9.4%
Texas	9.6%
Missouri	9.9%
Georgia	10.0%
Tennessee	10.3%
Michigan	10.5%
Oklahoma	10.9%
Arkansas	12.1%
Mississippi	15.0%

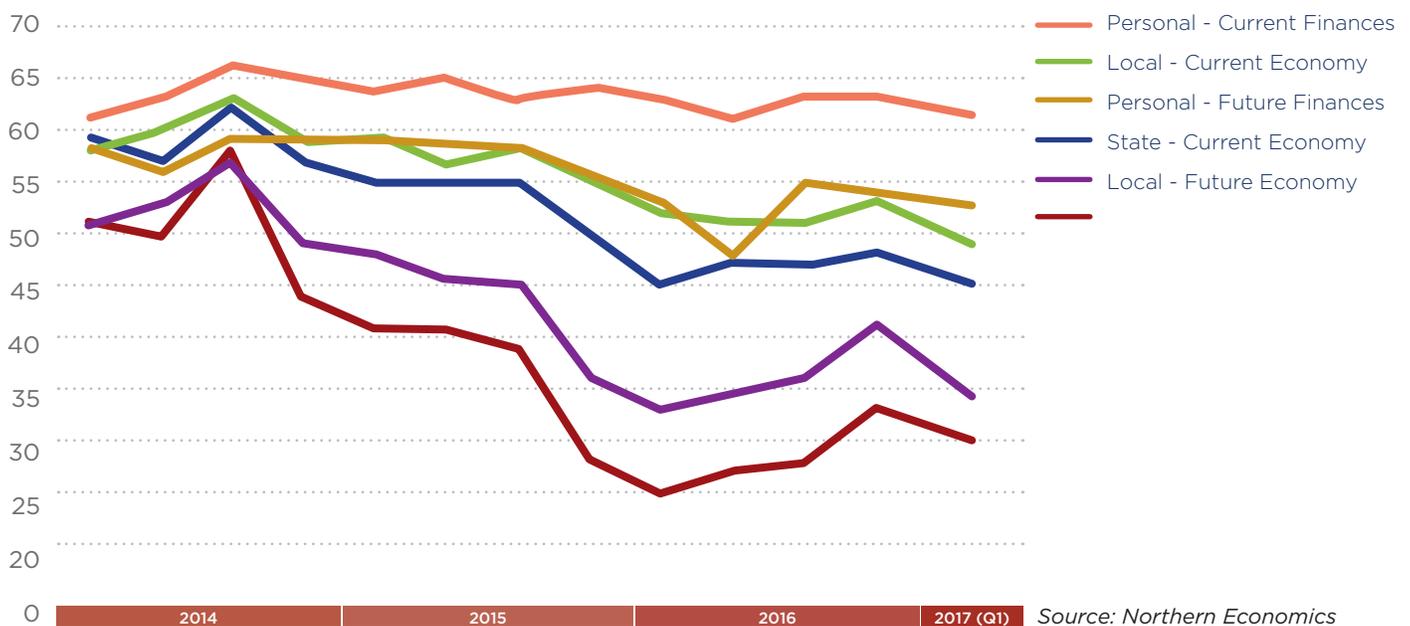
ALASKA CONFIDENCE INDEX

The Alaska Confidence Index (ACI) is a measure of Alaska households' confidence in the health of the state and local economies, their personal financial situation, and their expectations for the future. 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.

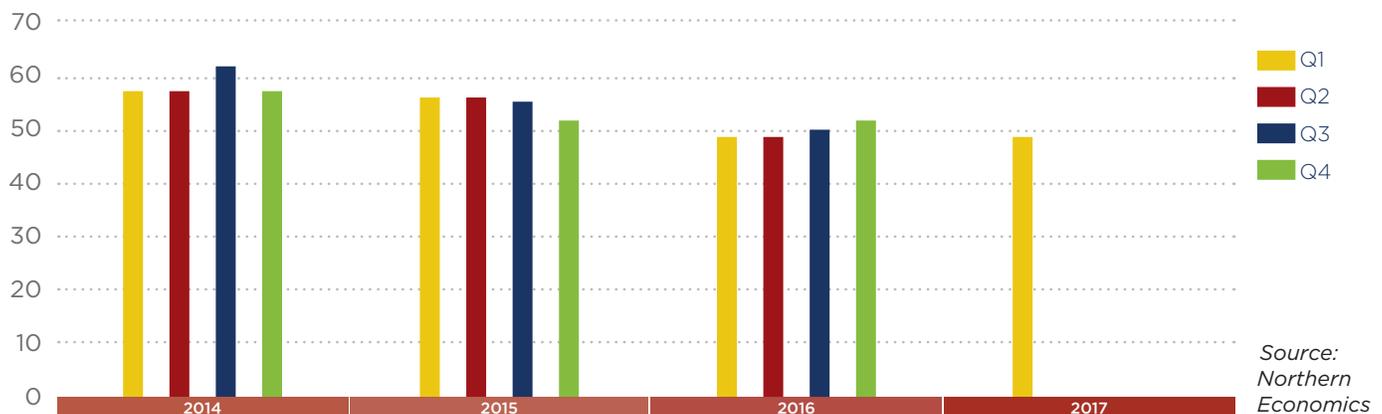
The 2017 first quarter composite index fell to a level of 49, matching the level from the first quarter of 2016. Like other economic indicators, the confidence index is subject to seasonal variations. Confidence in the current state and local economies was down slightly from the first quarter of 2016, but Alaskans' confidence in the future of the state and local economies is higher than it was at the same point in the previous year. However, the longer term trend of declining confidence in the state and local economies appears to be continuing.

Alaskans' confidence in their current personal financial situations remains strong. Comparing quarter to quarter, there has been little variation in this measure over the years. However, future personal financial circumstances are less positive. While still above 50, the index indicates that Alaskans are losing confidence about the state of their future personal financial situations.

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



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



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ALASKA'S ECONOMIC REPORT

FIRST QUARTER, 2017

