

Alaska Economic Outlook 2010

Presentation to

World Trade Center Alaska

Alaska State Chamber of Commerce

Juneau Chamber of Commerce

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Agenda

- What we measure
- A review of the 2009 economy
- Compare 2009 forecast versus actual
- Discuss 2010 forecast
- Summary

Our Outlook Measures...

■ 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

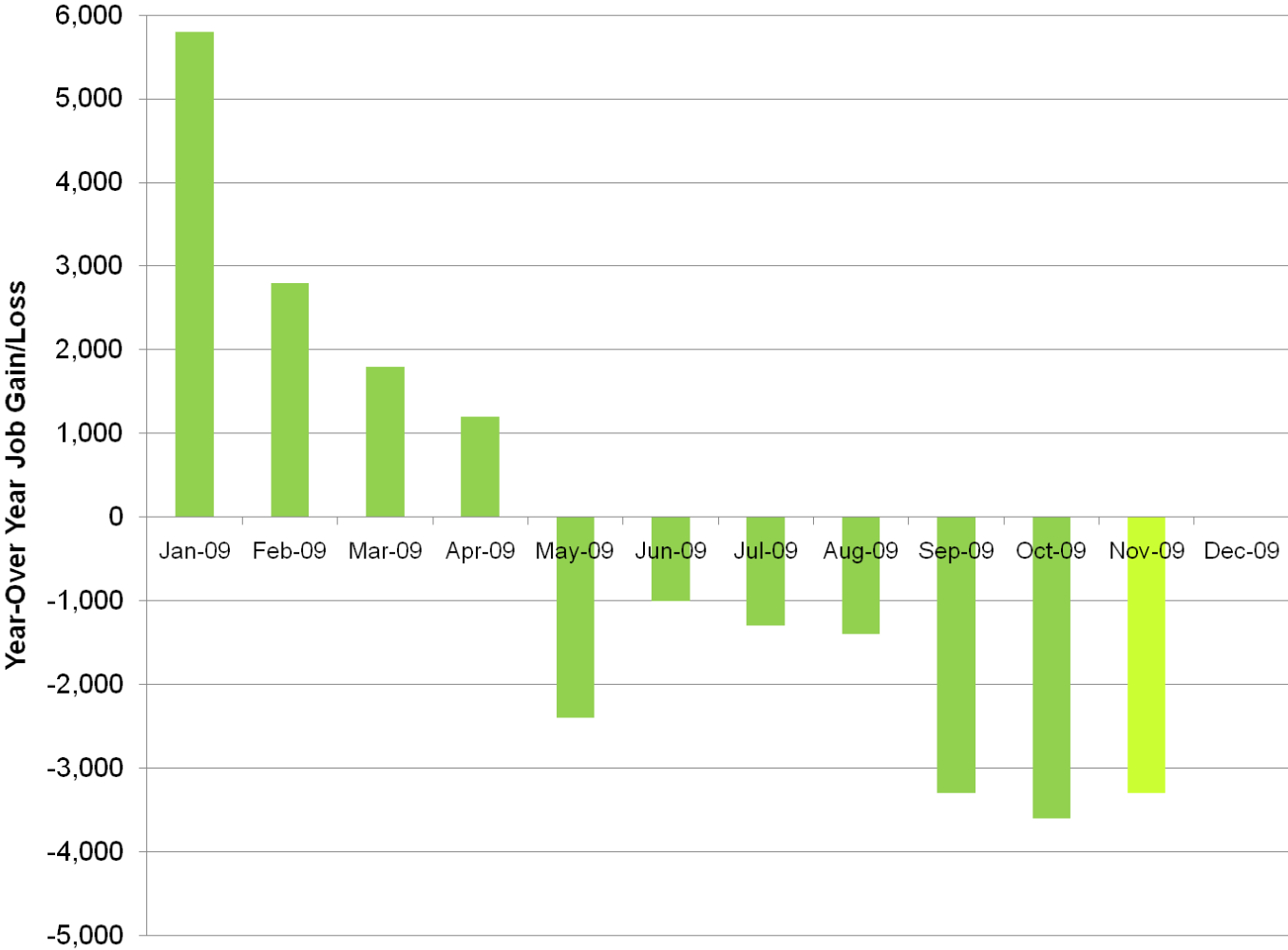
■ Number of Jobs

- Includes military and self-employed residing in Alaska

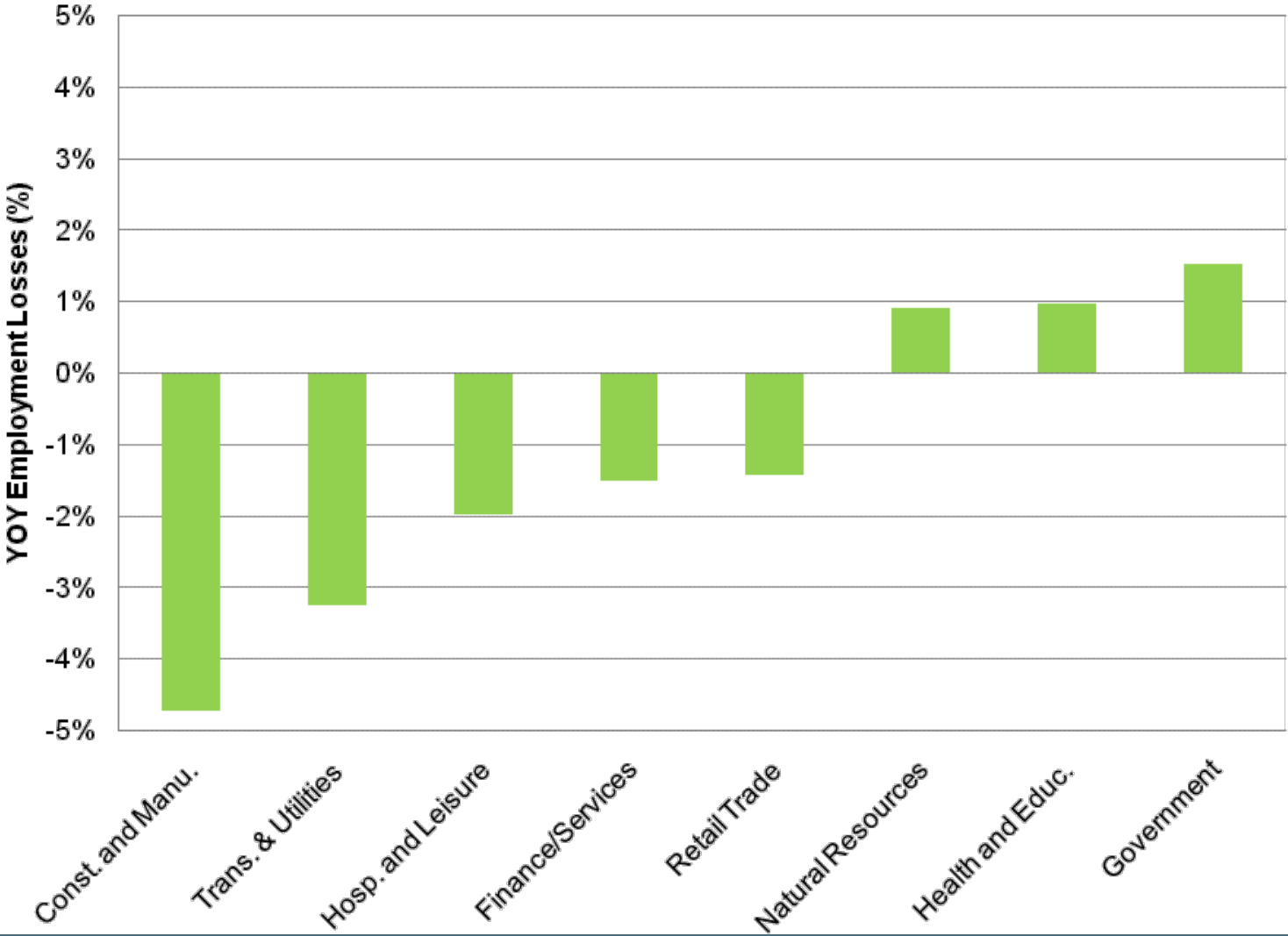
2009: Not As Bad As It Could Have Been



AK Non-Farm Payrolls Hit the Skids in the 2nd QTR

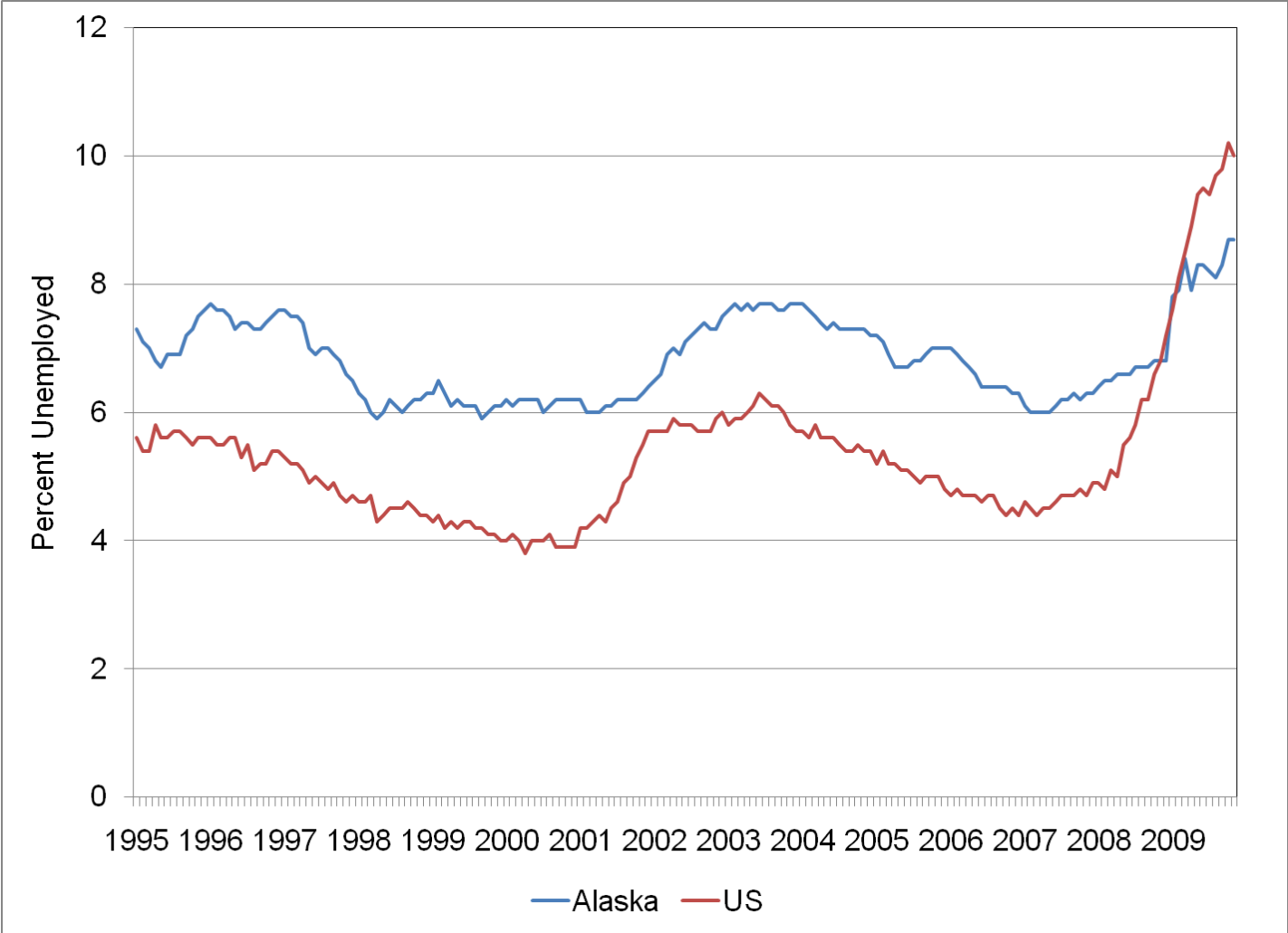


Our Economic Sectors Did Not Suffer Equally



Source: NEI Estimates from BEA 2009.

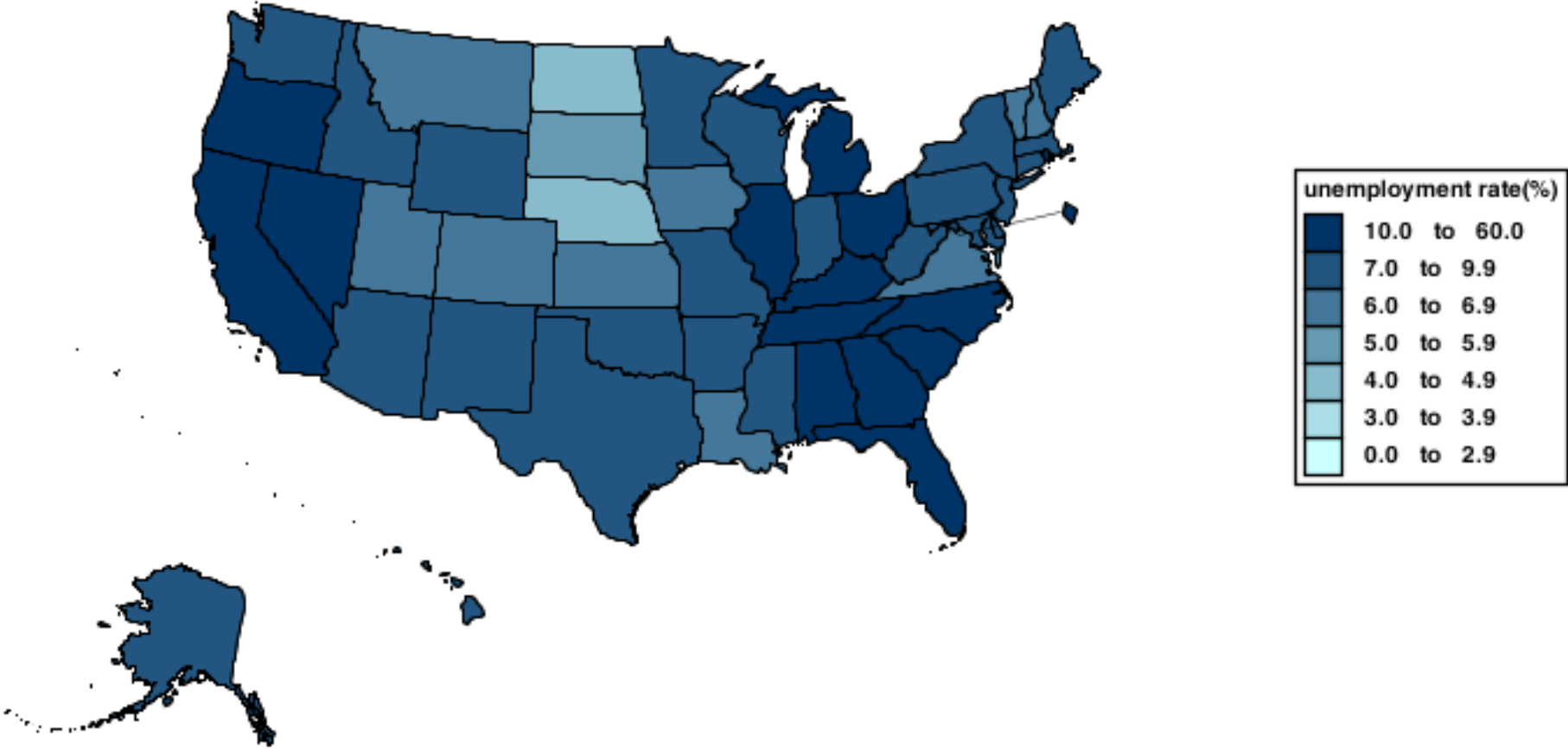
U.S. and Alaska Unemployment Rate



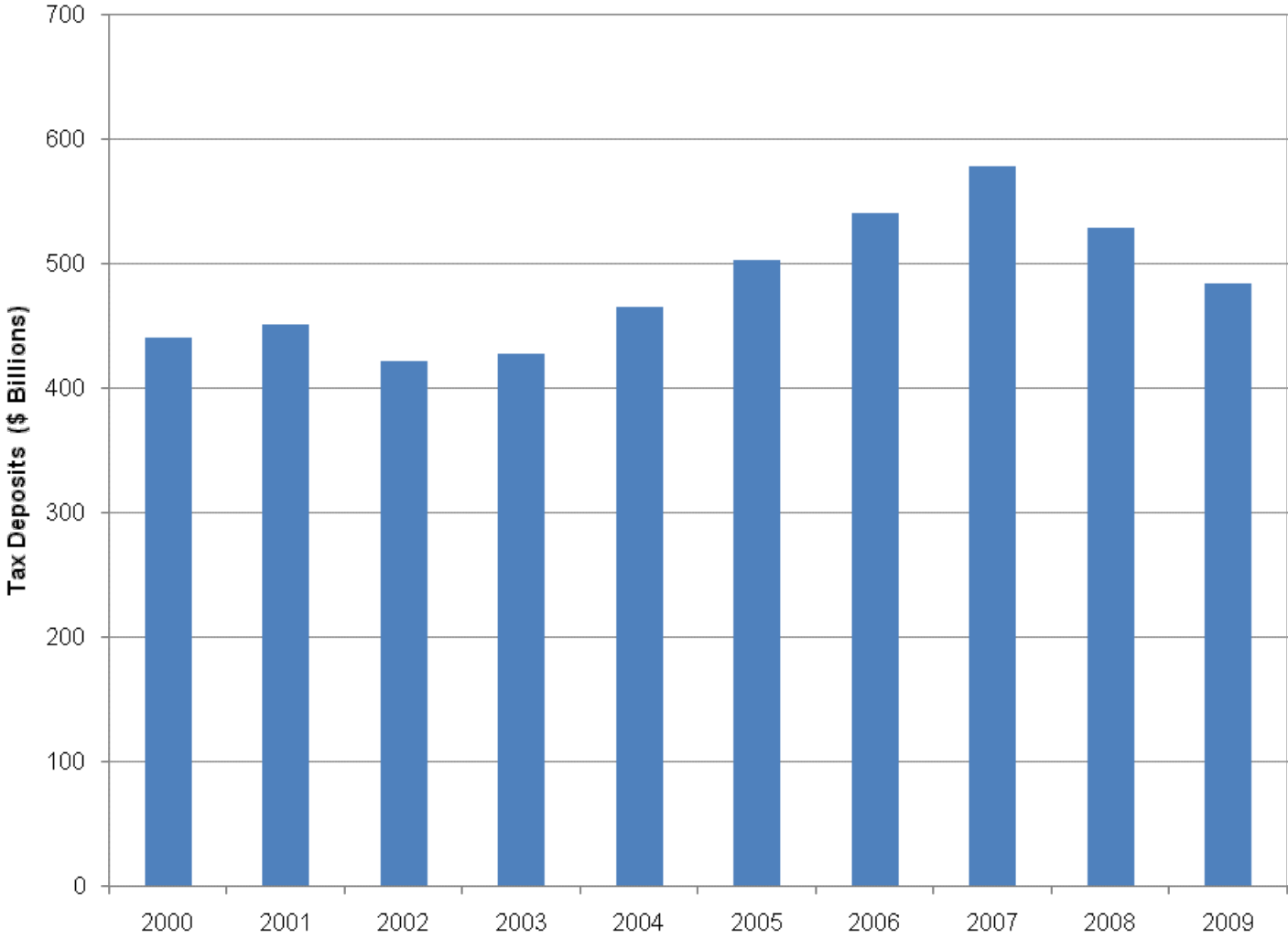
The Pain in the US Economy is Staggering in its Depth



And Breadth.....

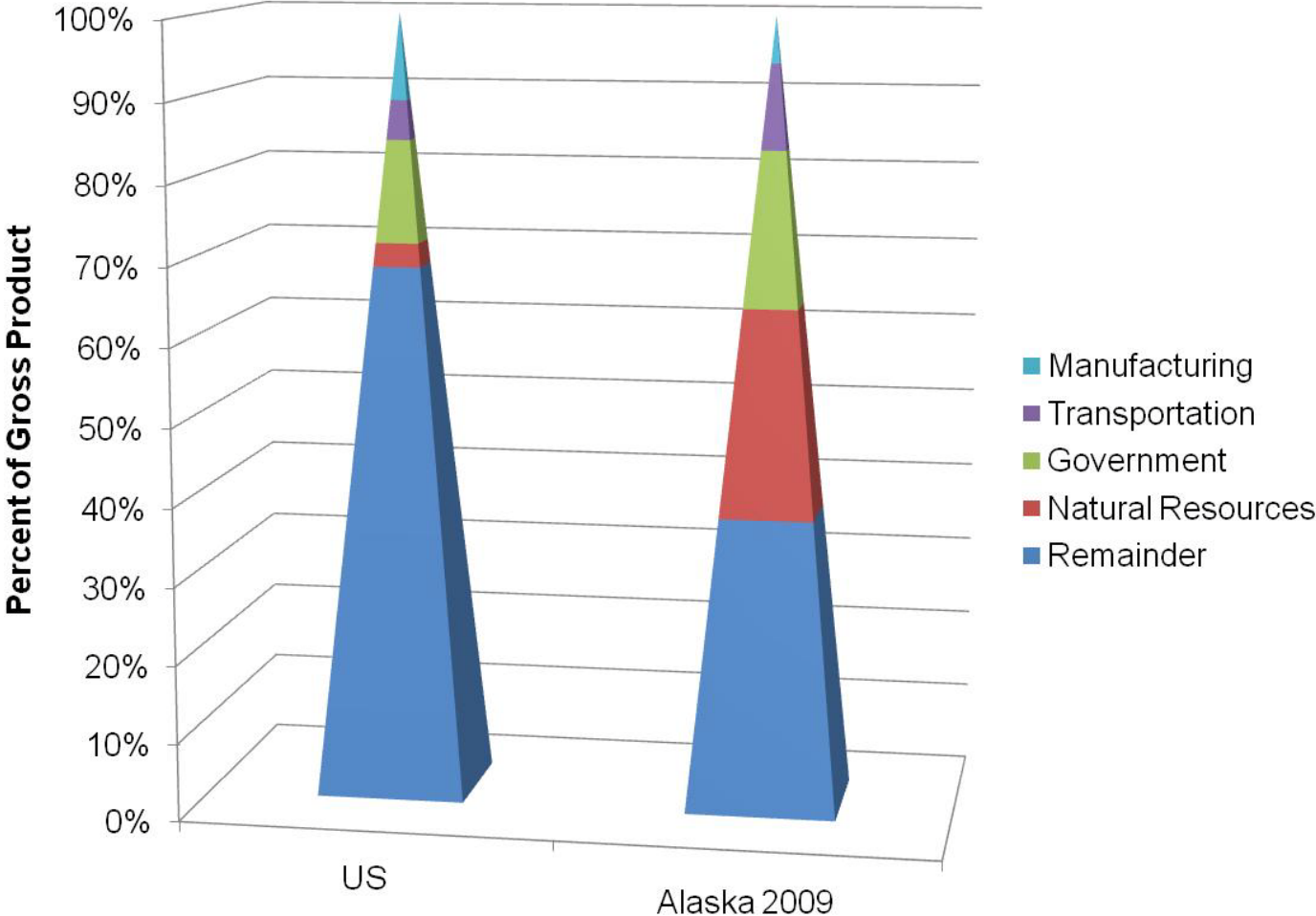


Calendar Year Ending Federal Tax Deposits

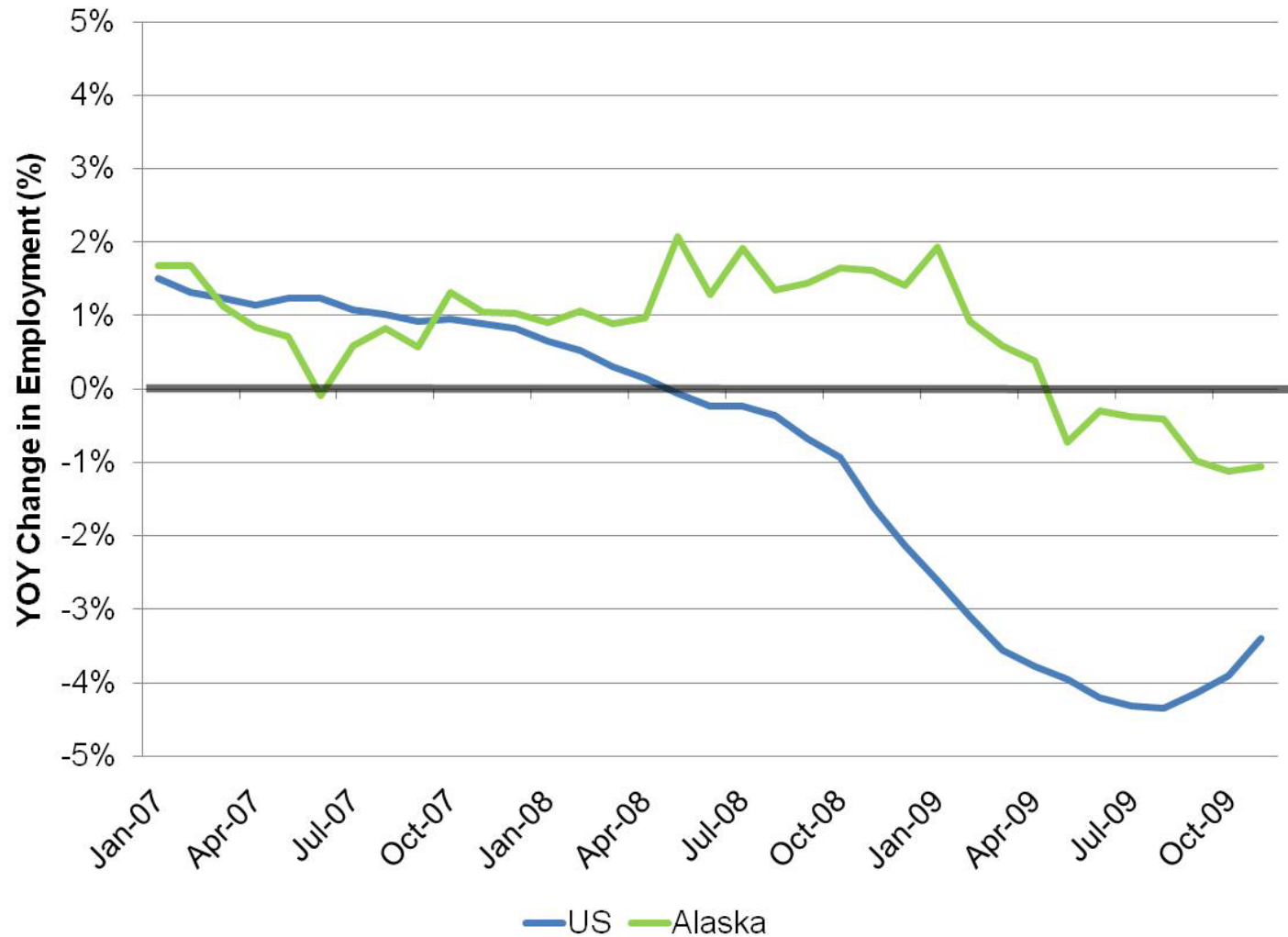


Source: U.S. Treasury, 2009

Why Has Alaska Not Suffered as Greatly?



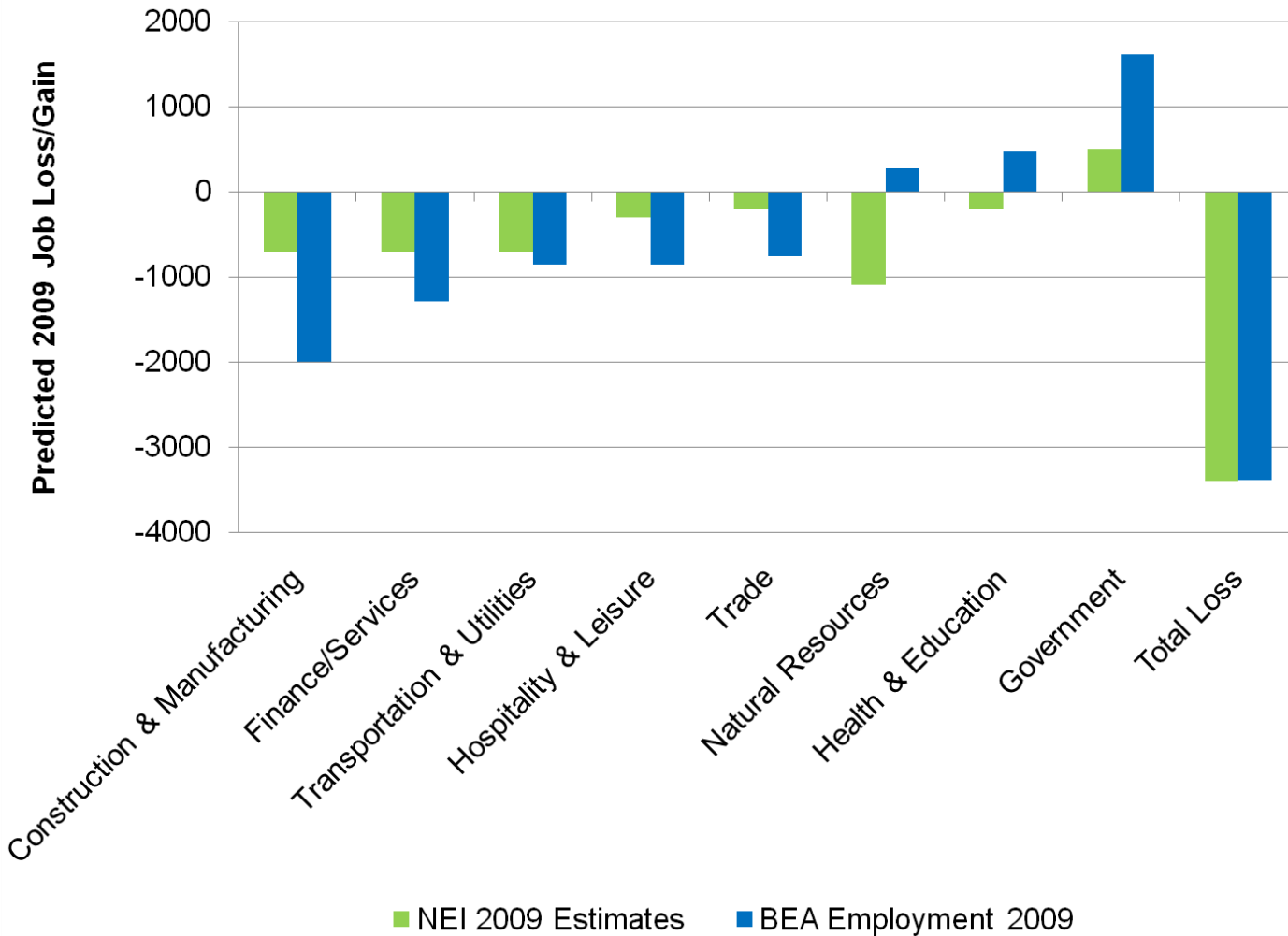
But, Are We Near An Inflection Point?



Okay, How Did NEI Do in Our Predictions?

- Financial recessions are deeper, wider, and longer
- Alaska would join the country in recession after the 1st quarter
- Quantitative Estimates
 - Gross State Product was 10 percent higher than expected as we underestimated the strength of oil prices.
 - Our aggregate jobs prediction was spot on, but the sector distribution of job losses/gain was different than we predicted.

Self-Check: Forecasting Jobs

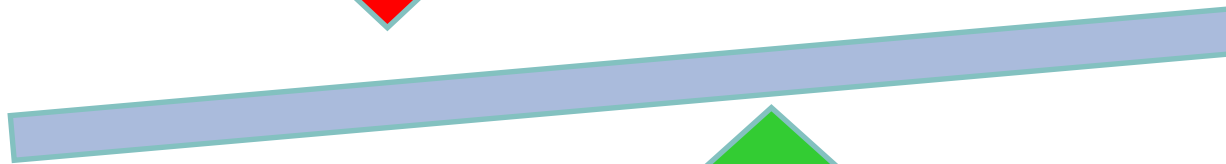
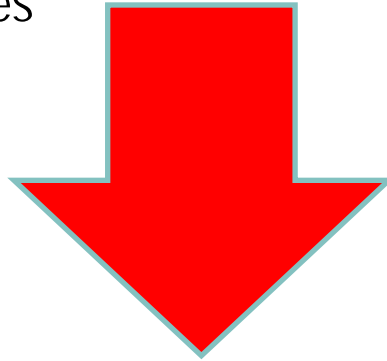


2010: Are The Clouds Parting?



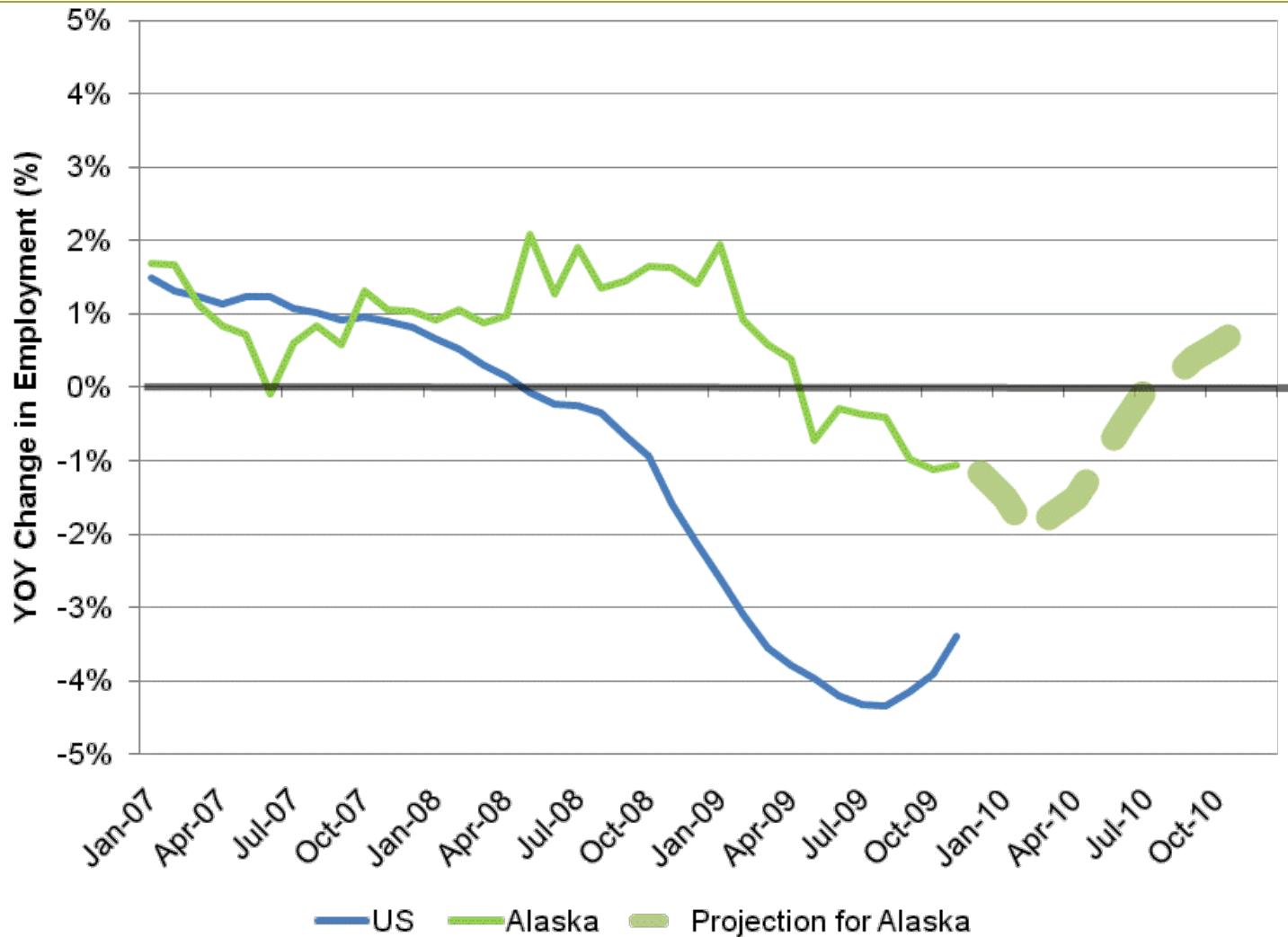
Economic Drivers for 2010

High Energy Prices
Fewer Tourists
AGIA Uncertainty
ACES Tax Law



High Oil/Commodity Prices
Stimulus Money
Consumer Psychology
ACES Tax Law

Projected 2010 Trend

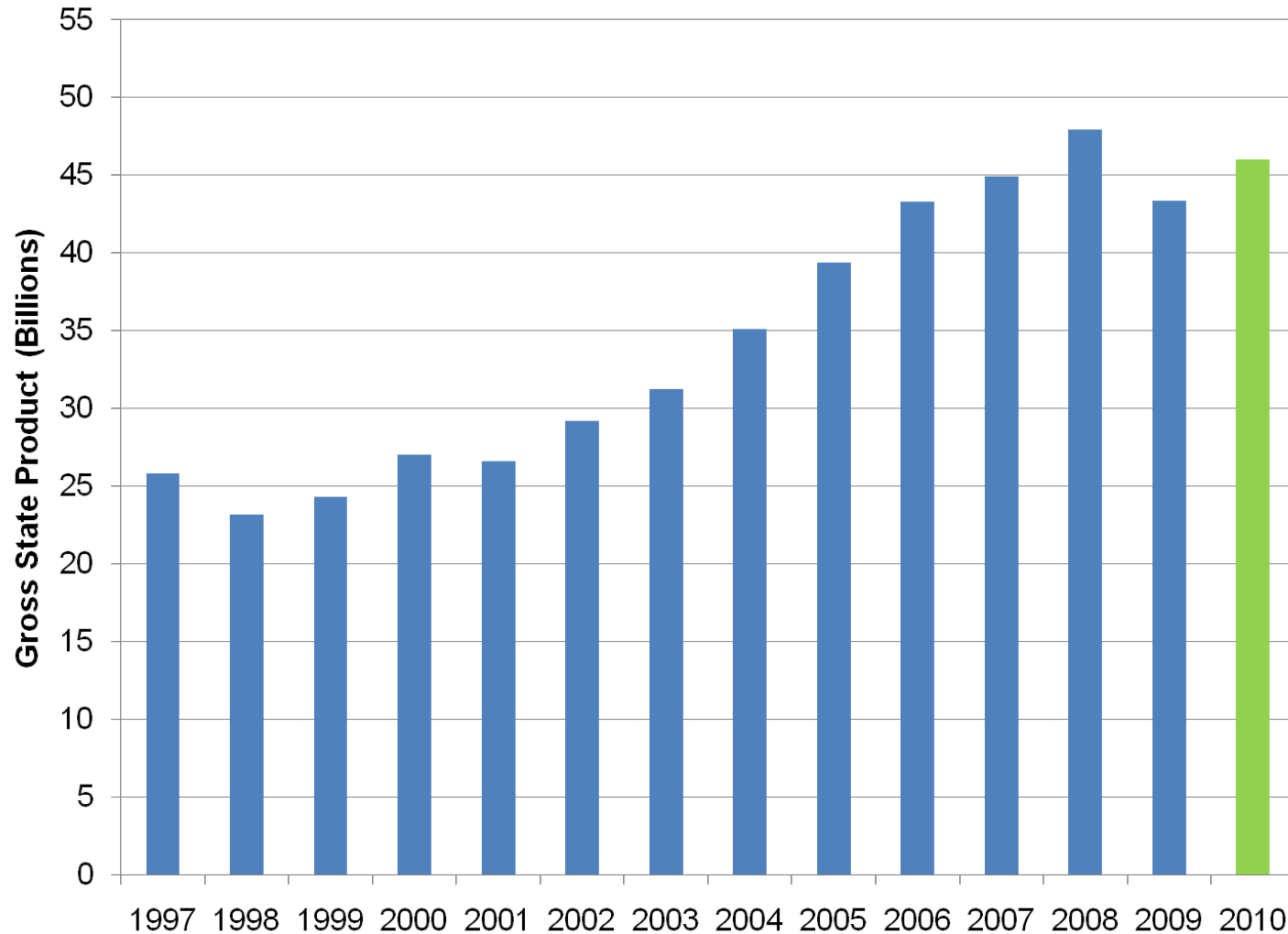


2010 GSP: Natural Resources Lead the Way

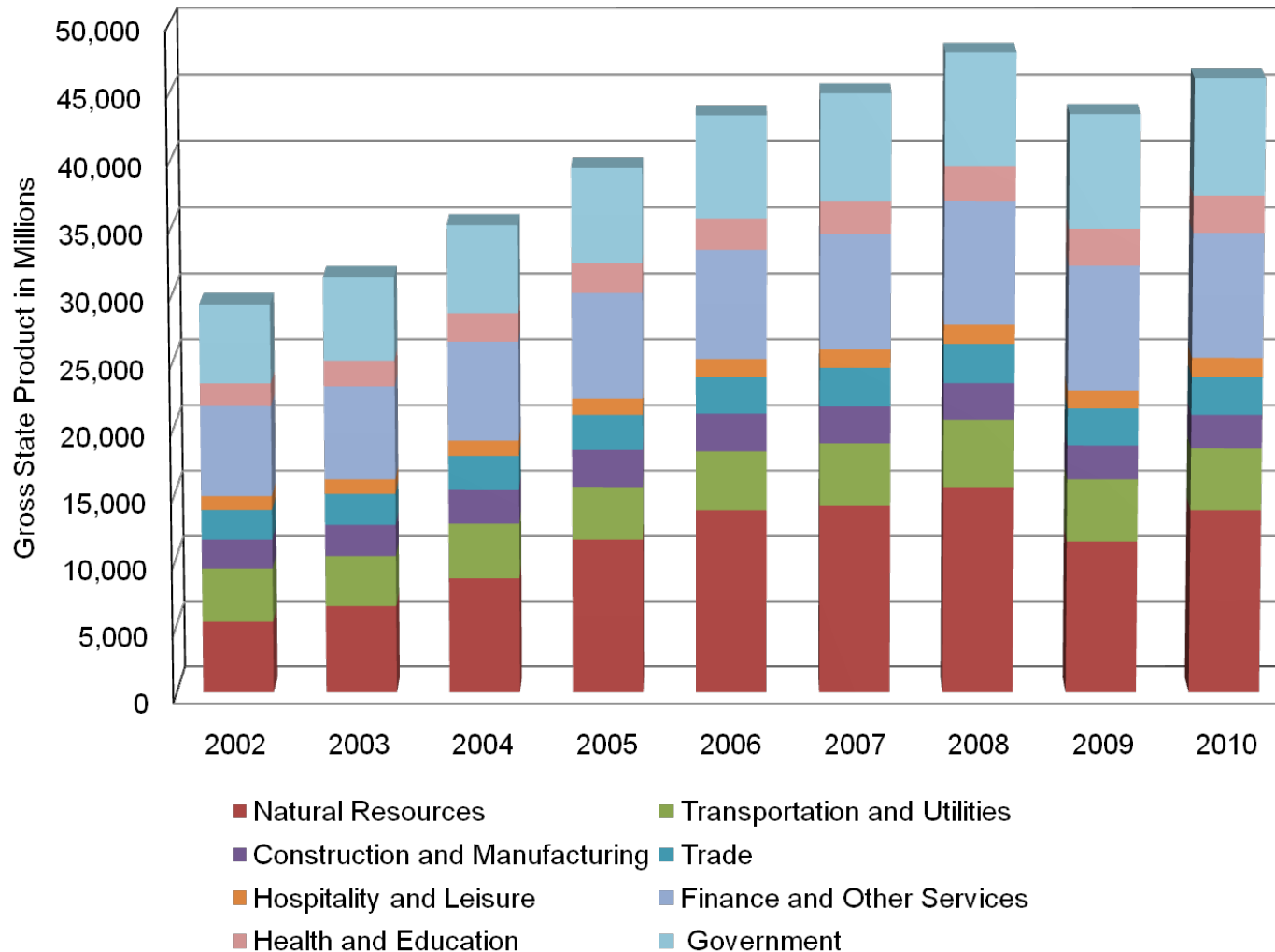
We predict GSP will increase to \$46B in 2010.

Industry	Change in GSP	
	\$Million	Percent
Natural Resources	2,360	21%
Transportation and Utilities	-20	0%
Construction and Manufacturing	-50	-2%
Trade	110	4%
Hospitality and Leisure	30	2%
Finance and Other Services	10	0%
Health and Education	-10	0%
Government	210	2%
Total Change	2,640	6.1%

Up in 2010, but Still Off Our Highs



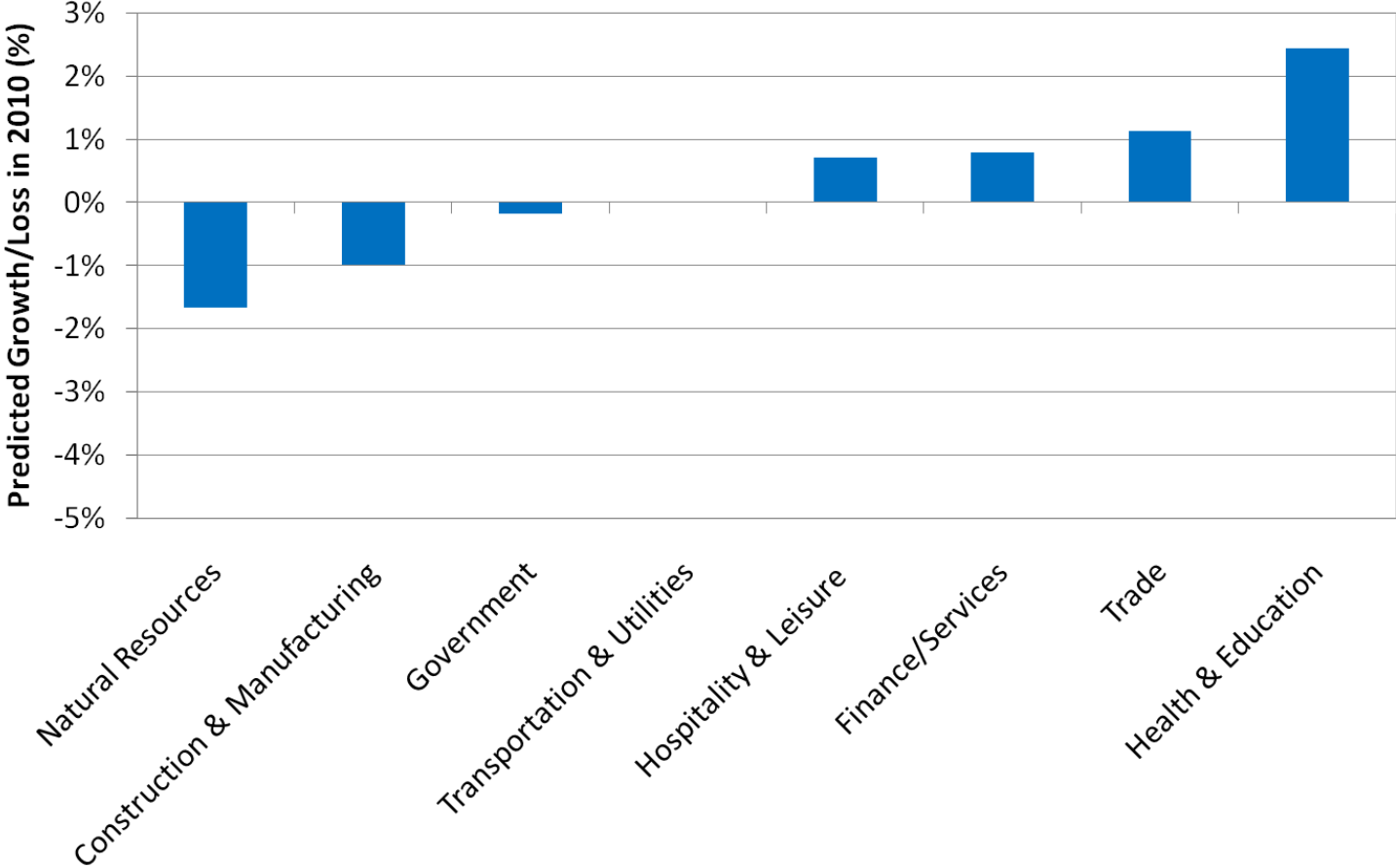
Gross State Product By Sector



2010 Jobs : An Uneven Swing Towards Recovery

Industry	Change in Jobs	
	Number	Percent
Natural Resources	-500	-1.7%
Construction and Manufacturing	-400	-1.0%
Government	-200	-0.2%
Transportation and Utilities	0	0.0%
Hospitality and Leisure	300	0.7%
Finance and Other Services	800	0.8%
Trade	600	1.1%
Health and Education	1,200	2.4%
Total Change	1,800	0.4%

2010 Jobs: An Uneven Swing Towards Recovery



We Predict.....

- Alaska's economy should begin to recover late in the 2nd quarter, or in the 3rd quarter at the latest.
- By the end of next year jobs will increase by 1,800, or 0.4%, but Q1 2010 comparisons will be ugly.
- GSP will increase \$2.6 billion, or 6.1%, to \$46 Billion; primarily due to higher average crude oil prices.
- Even with the beginning of a recovery, total employment in the state will be lower at the end of 2010 than it was in 2008 before the recession began.