

Alaska Economic Outlook 2009

Presentation to

World Trade Center Alaska

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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

■ Earnings

- Includes wages and salaries, proprietor's income, and contributions to pensions and social security

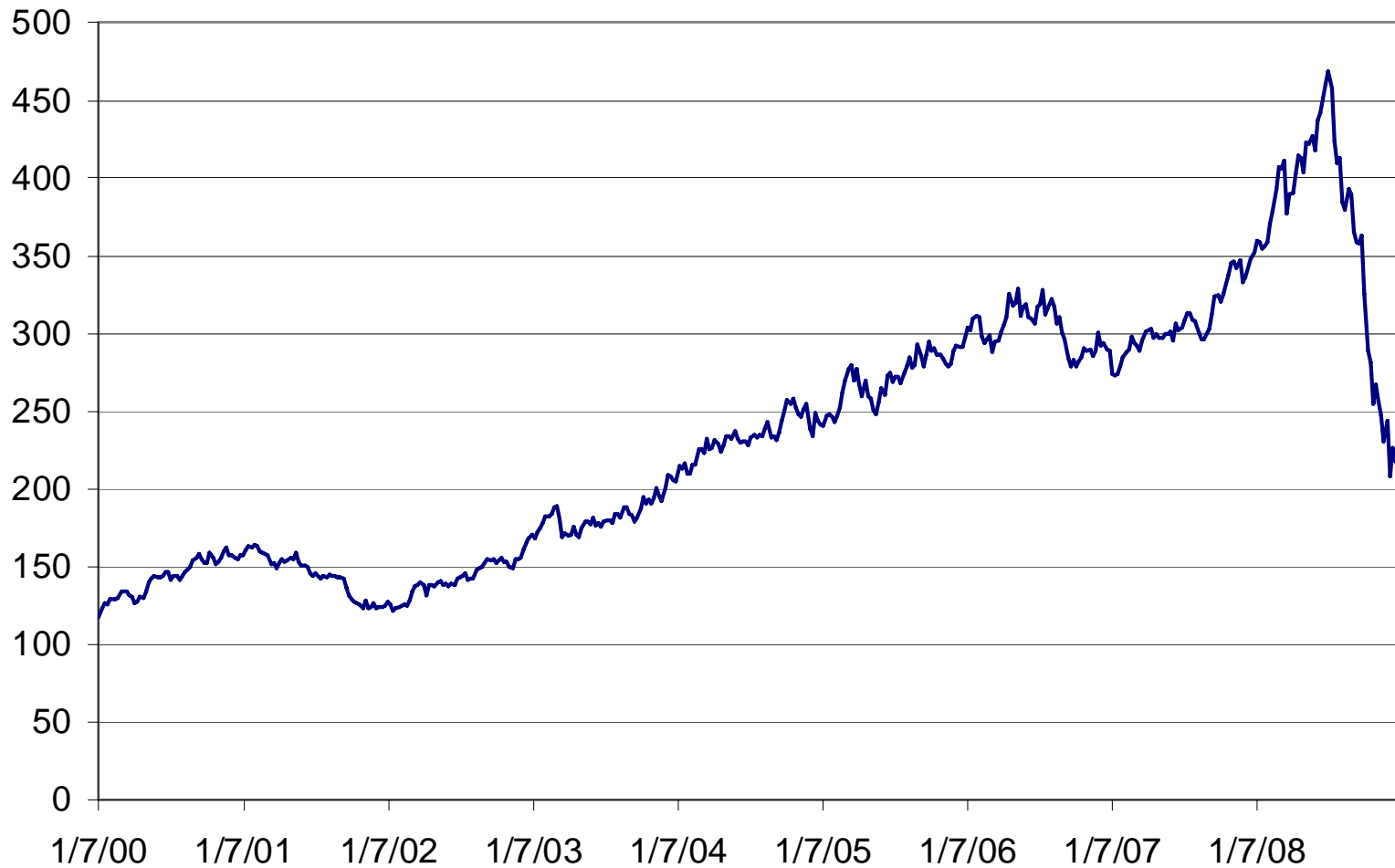
2008 Forecast Check

- Missed crude oil price estimate – too low
 - ANS West Coast price per barrel was \$97+ in 2008!!
- GSP estimate was low because of oil-driven GSP for Natural Resources sector
- Jobs estimate was low
 - Estimated an increase of about 1,000 jobs
 - Final 2008 numbers should be up about 2,100

Economic Drivers for 2009

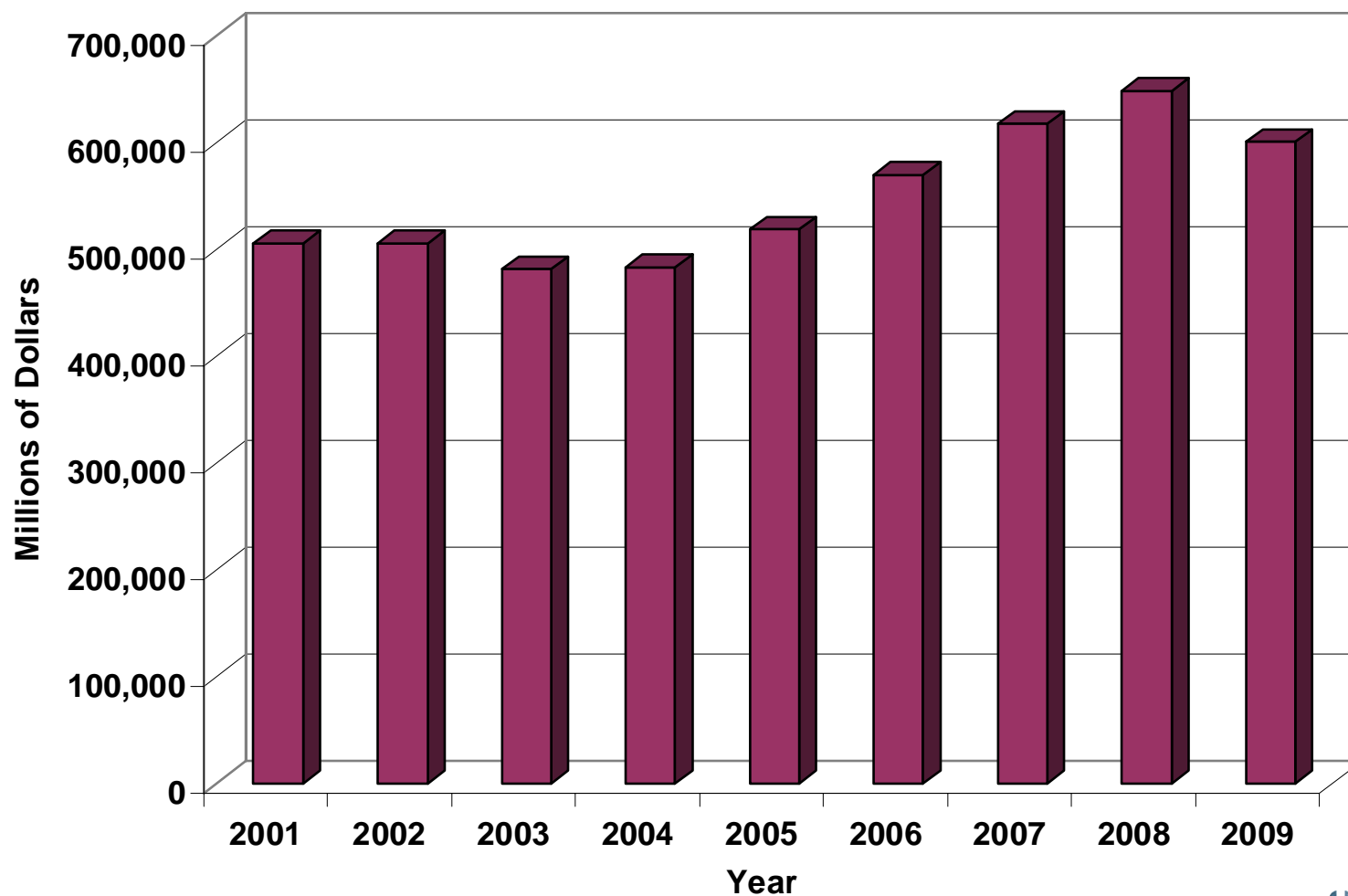
- Lower oil and commodity prices
- State revenue budget shortfall
- Recession in national and global economies
- Credit “crunch” and tighter lending standards

Reuters/Jeffries Commodity Research Board Total Return Index

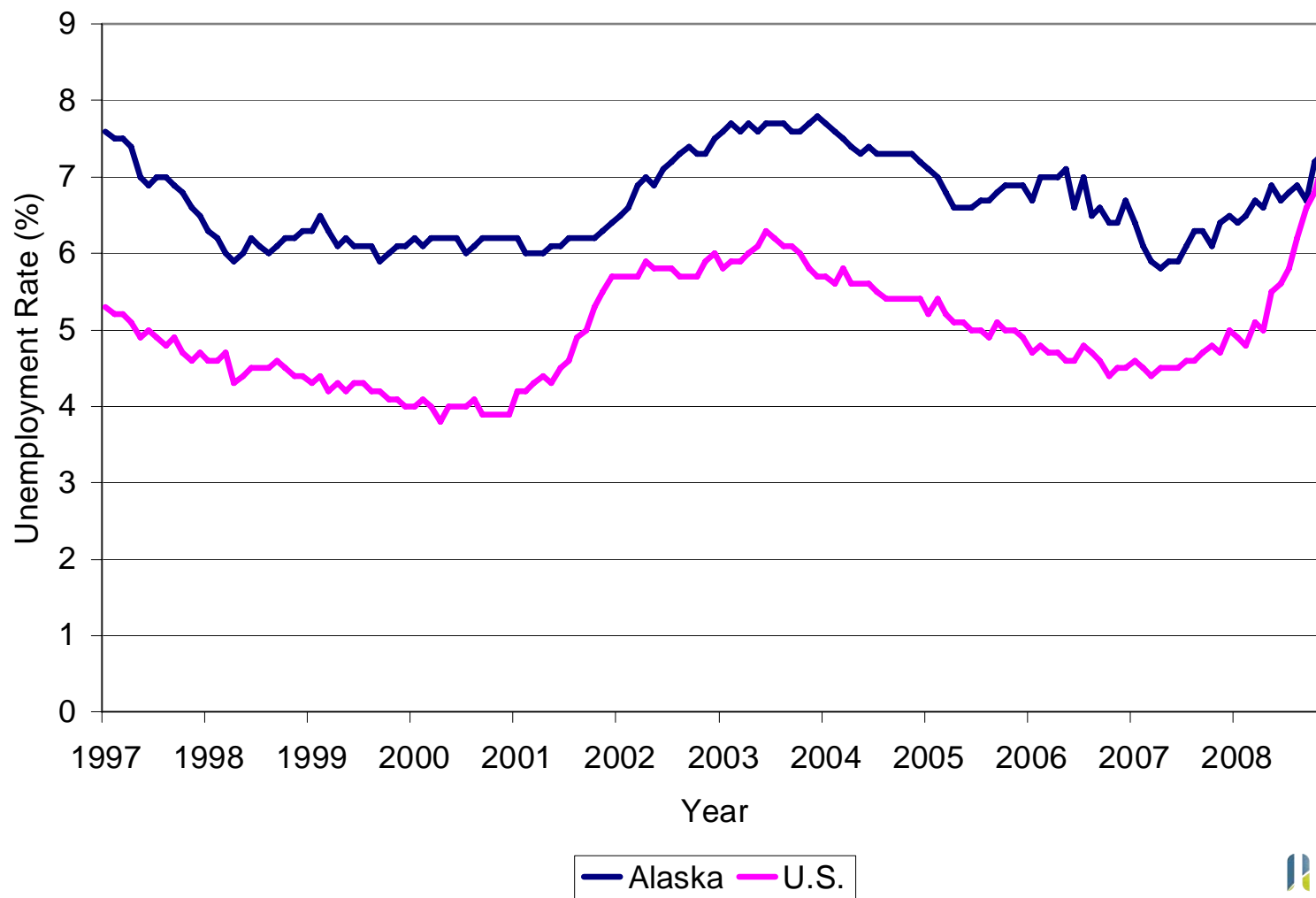


Source: Commodity Research Bureau - CRB

Federal Tax Deposits to January 11



Unemployment Rate, Seasonally Adjusted

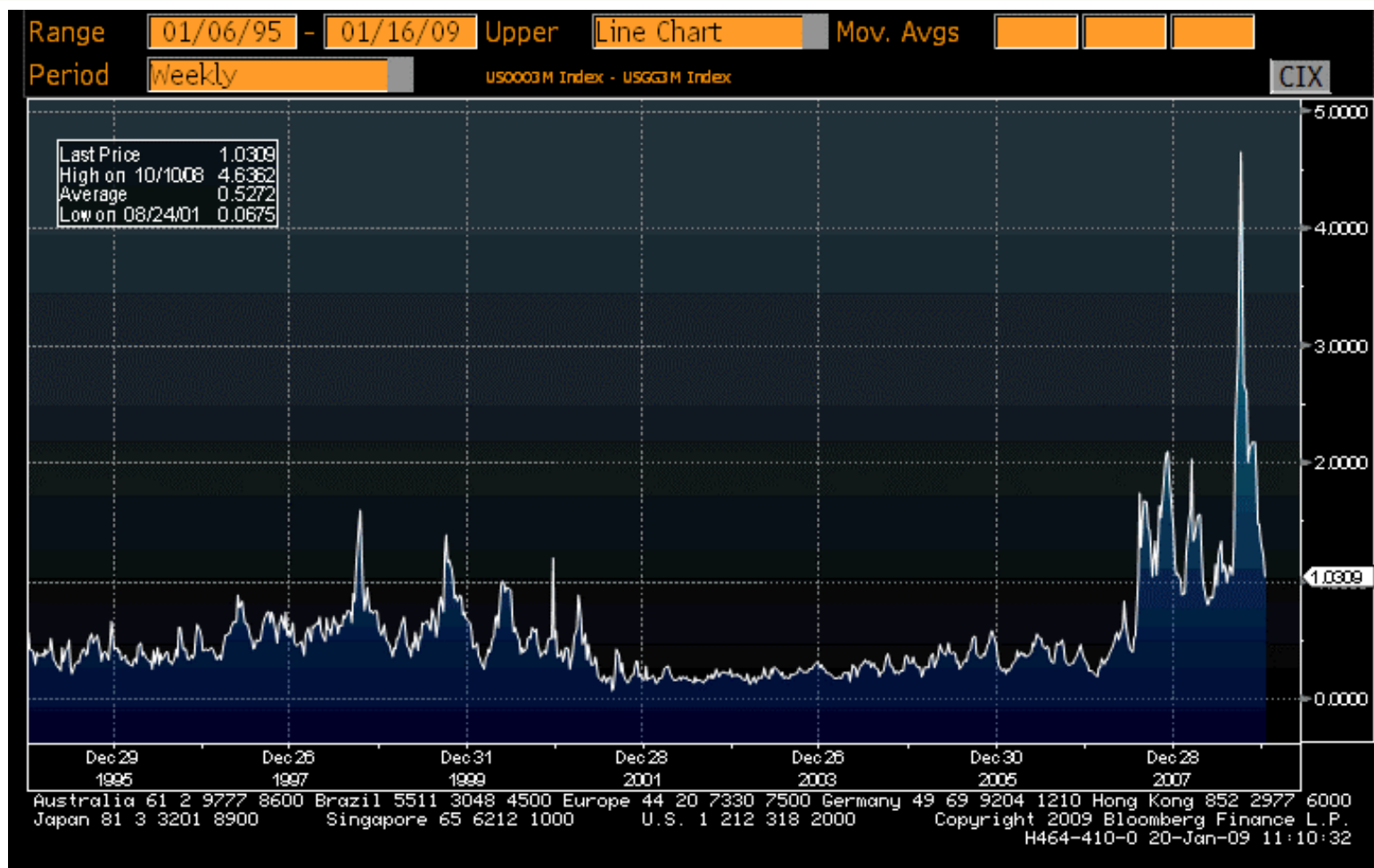


YoY Change in Earnings, Millions of \$

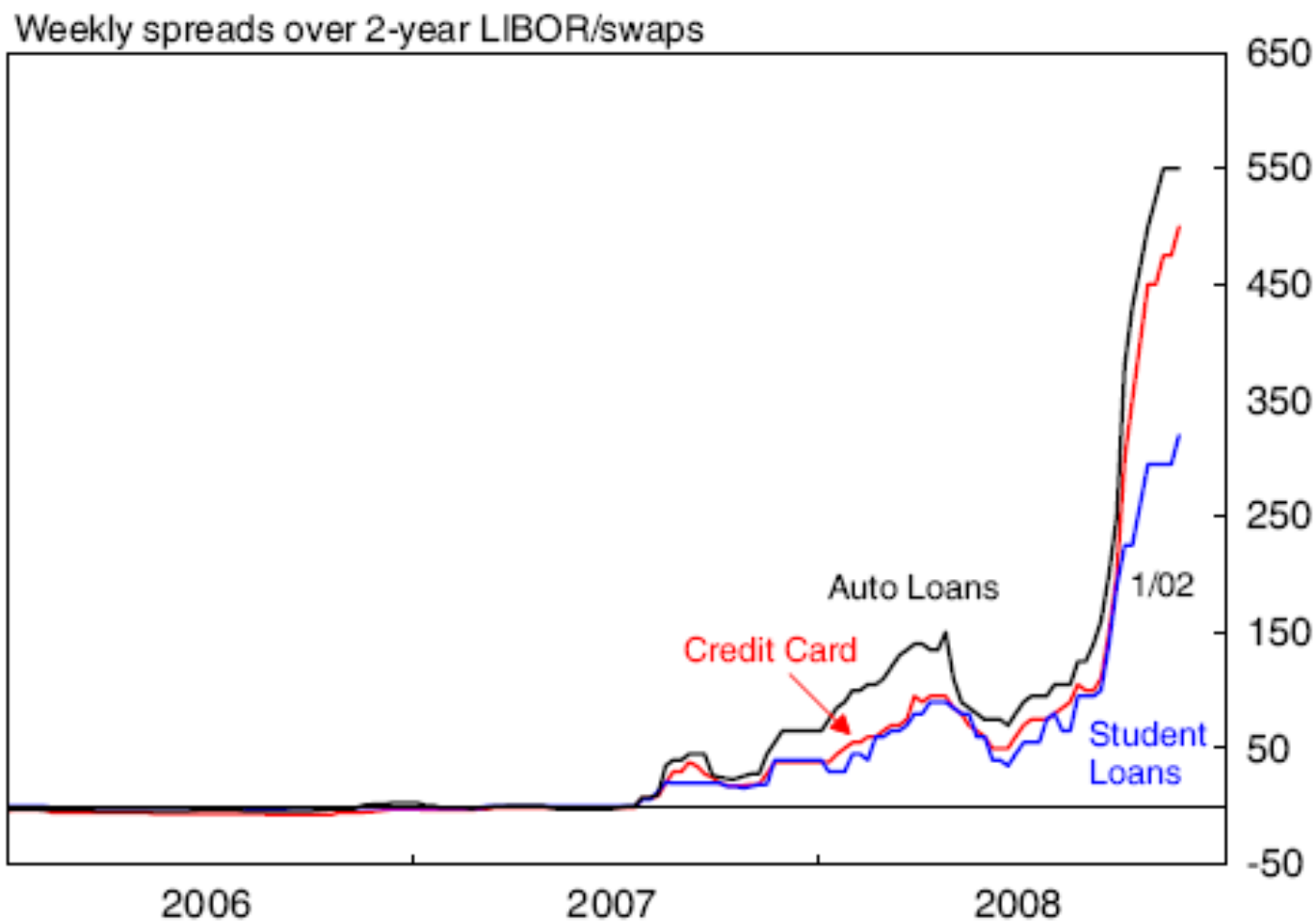
Sector	2008 Quarter		
	1st	2nd	3rd
Natural resources	255	197	335
Construction and manufacturing	90	-2	13
Trade	64	57	38
Transportation and utilities	54	-10	39
Finance and insurance	45	32	39
Real estate and rental and leasing	-10	-17	5
Professional and technical services	154	192	210
Other services	46	39	29
Health care and social assistance	64	100	142
Hospitality and Leisure	16	22	0
Government	188	311	370

Source: Derived from Bureau of Economic Analysis data

TED Spread



Spreads on AAA Asset Backed Securities



Source: Federal Reserve Bank of San Francisco

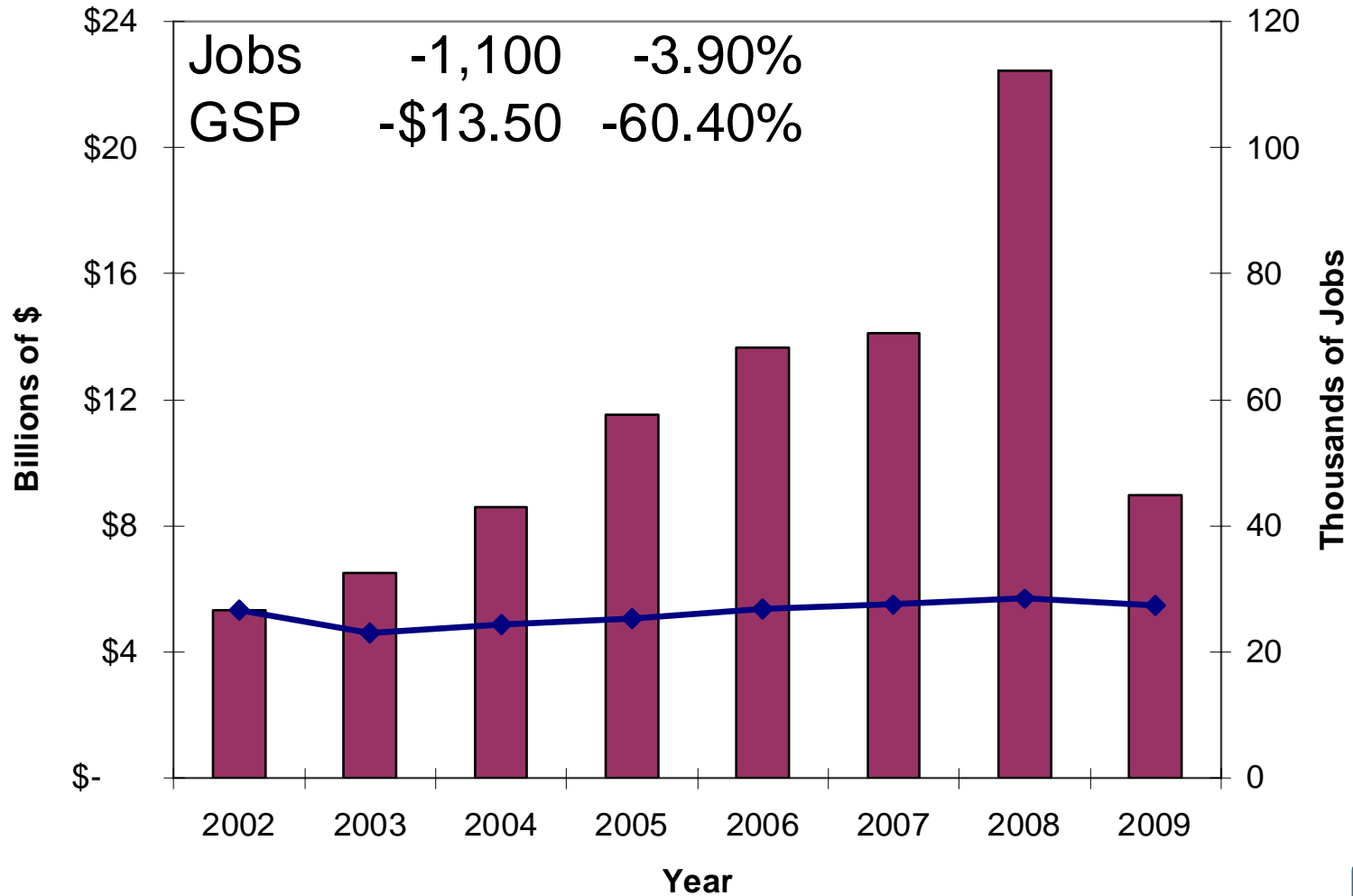
The Aftermath of Financial Crises

- Recessions accompanied by financial crises tend to lead to significant losses of wealth and substantial and persistent increases in unemployment rate

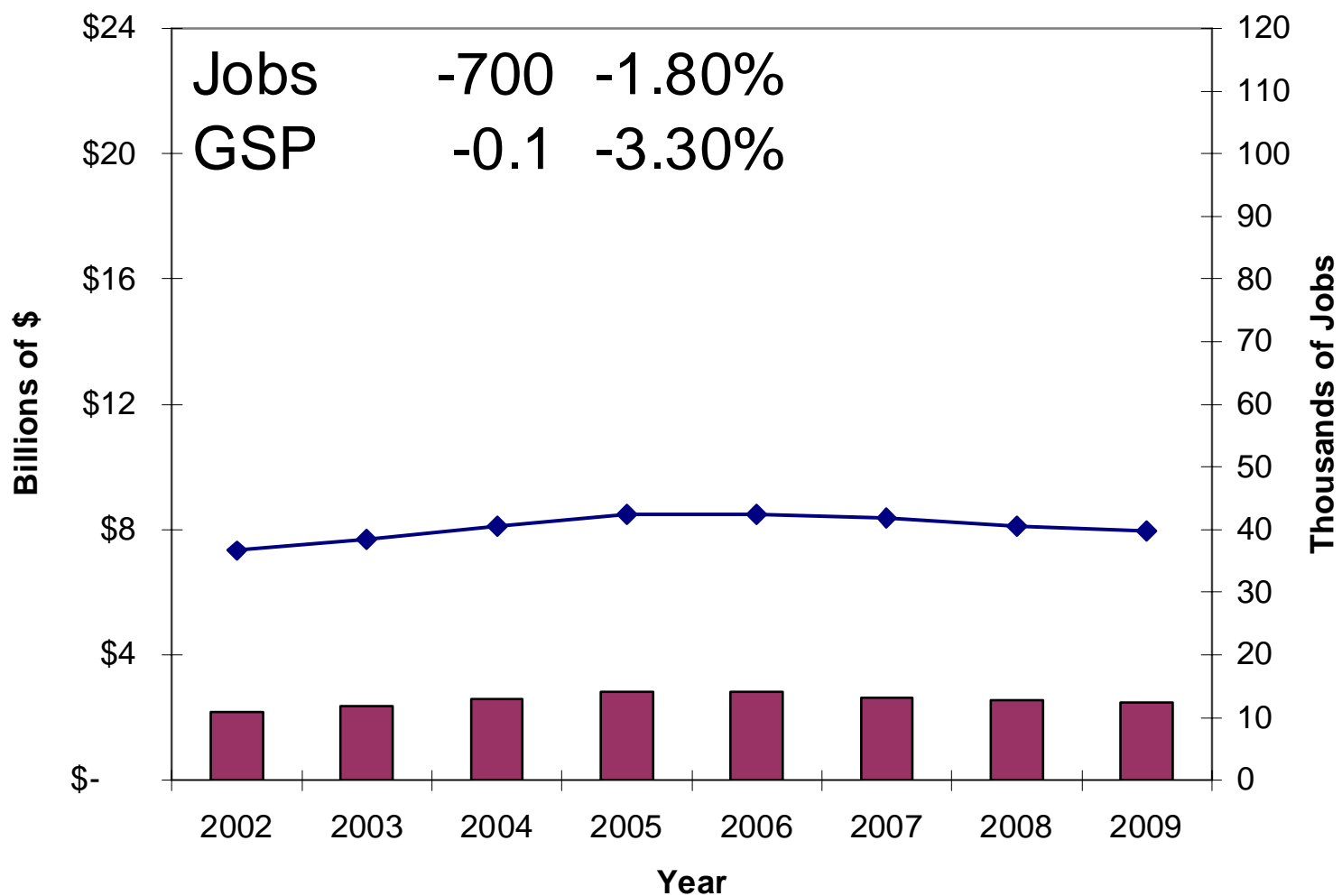
Variable	Change	Duration
Real house prices	-35%	6 years
Equity prices	-55%	3.5 years
Unemployment rate	7%	4 years
Output	-9%	2 years
Real value of government debt	86%	

Source: Reinhart and Rogoff

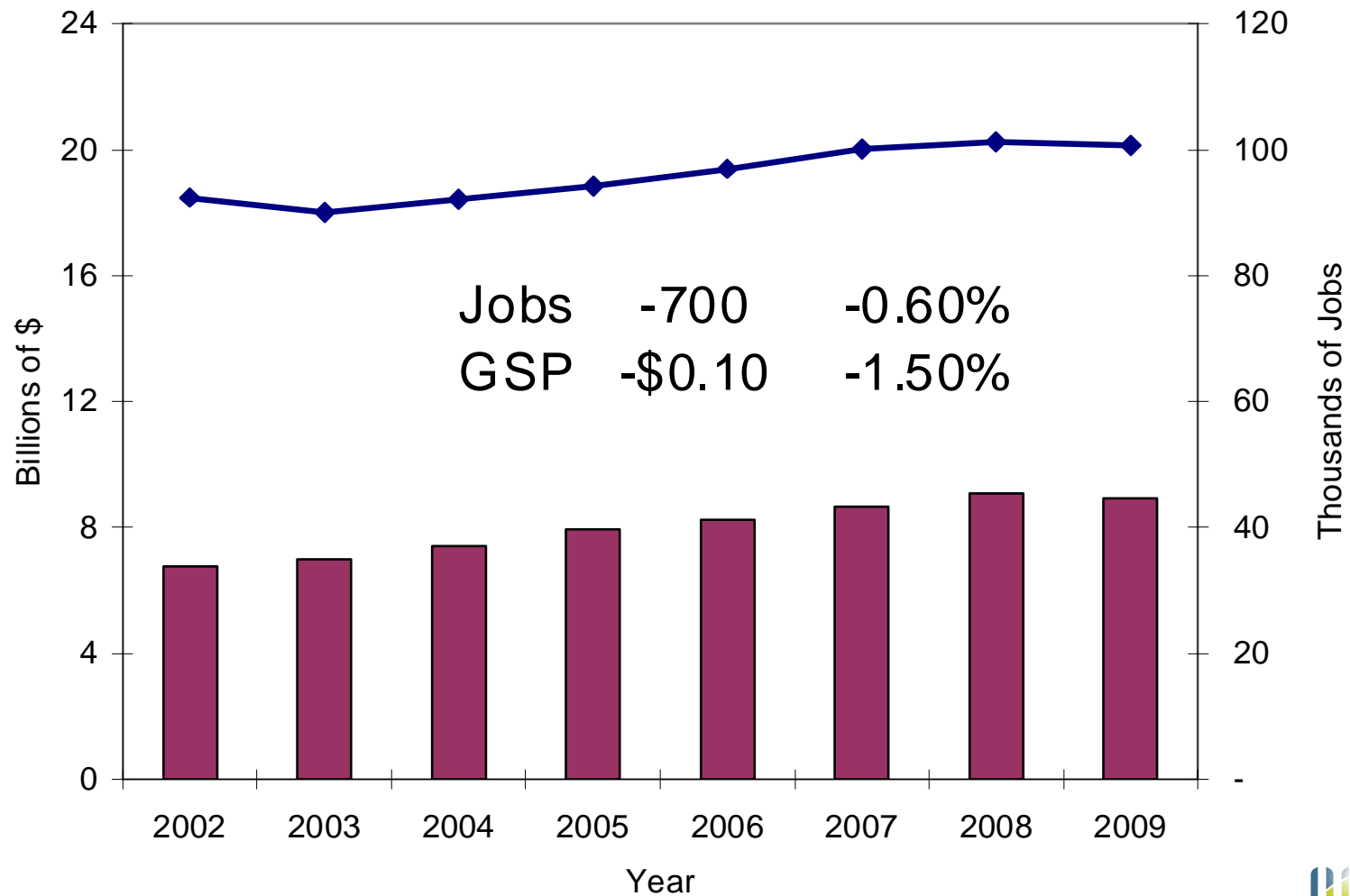
Natural Resources



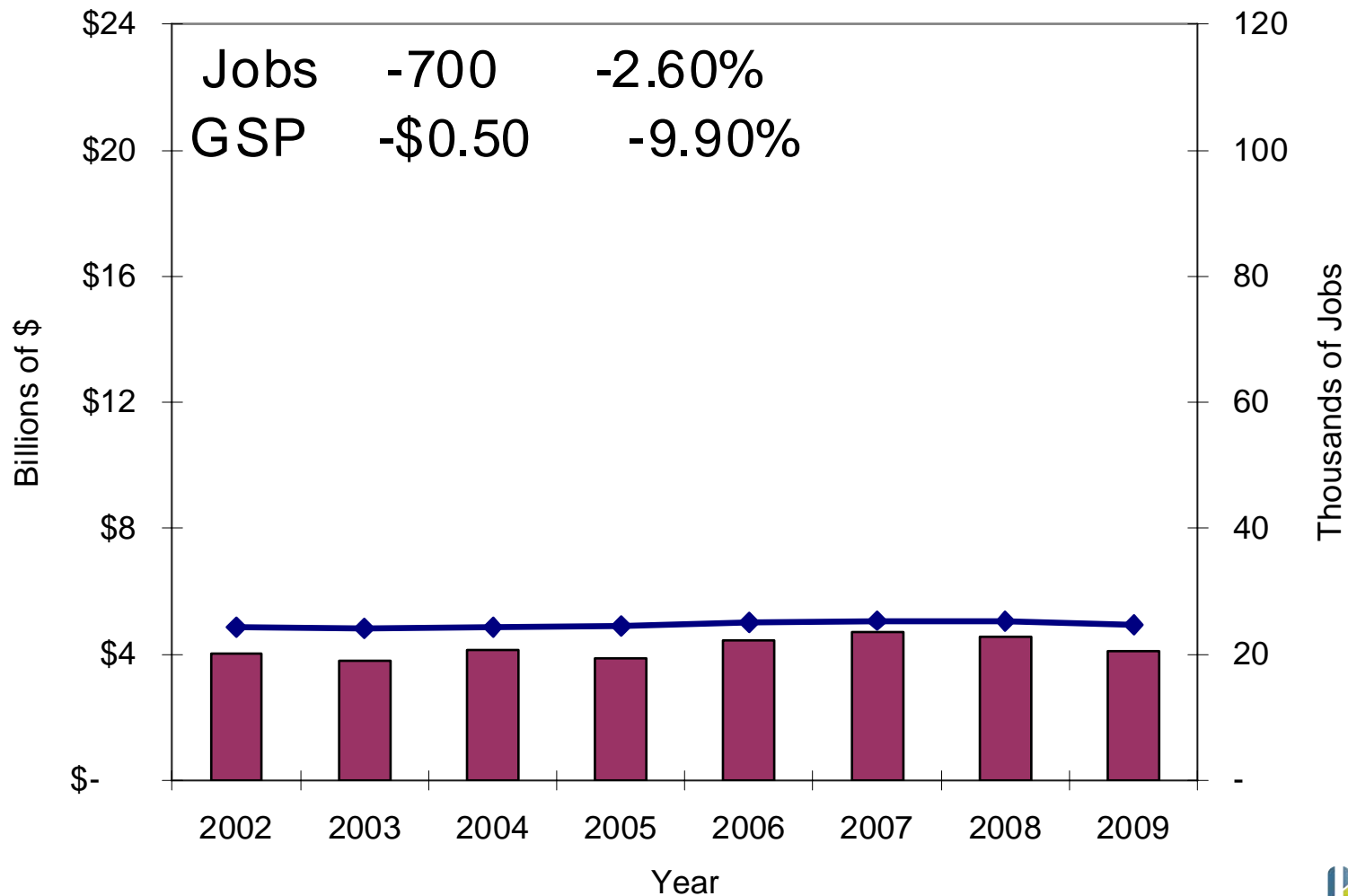
Construction & Manufacturing



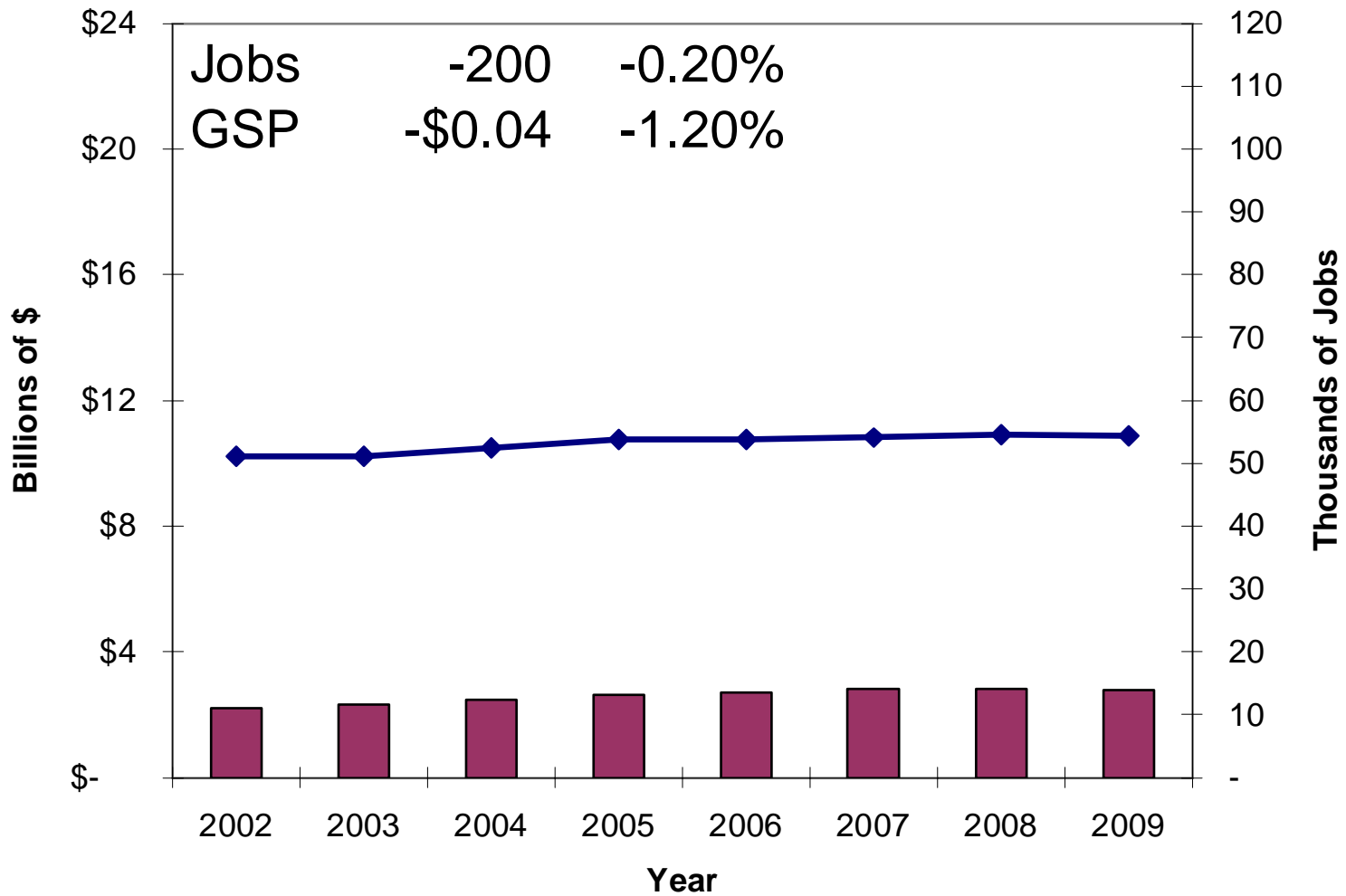
Finance & Services



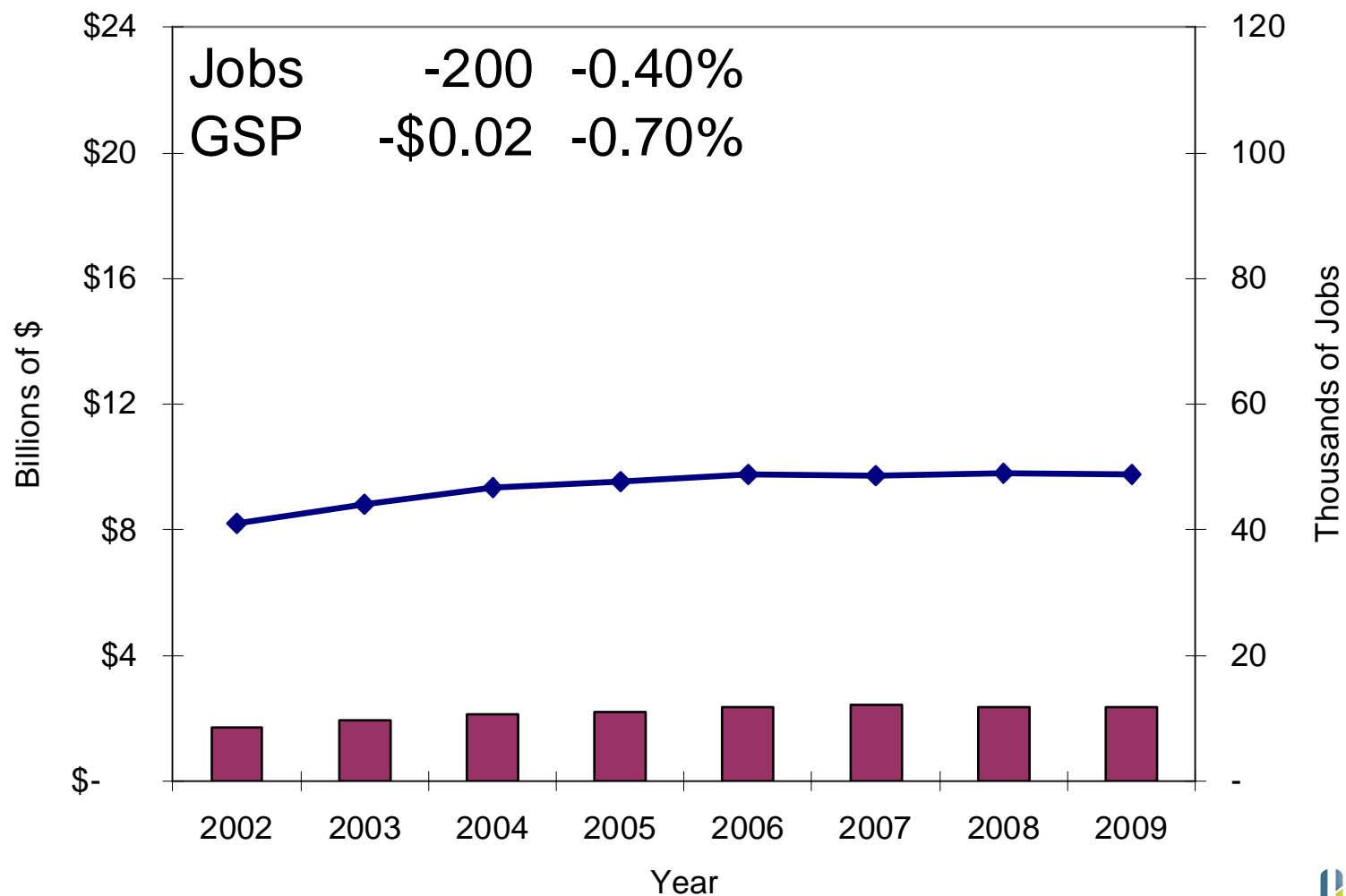
Transportation & Utilities



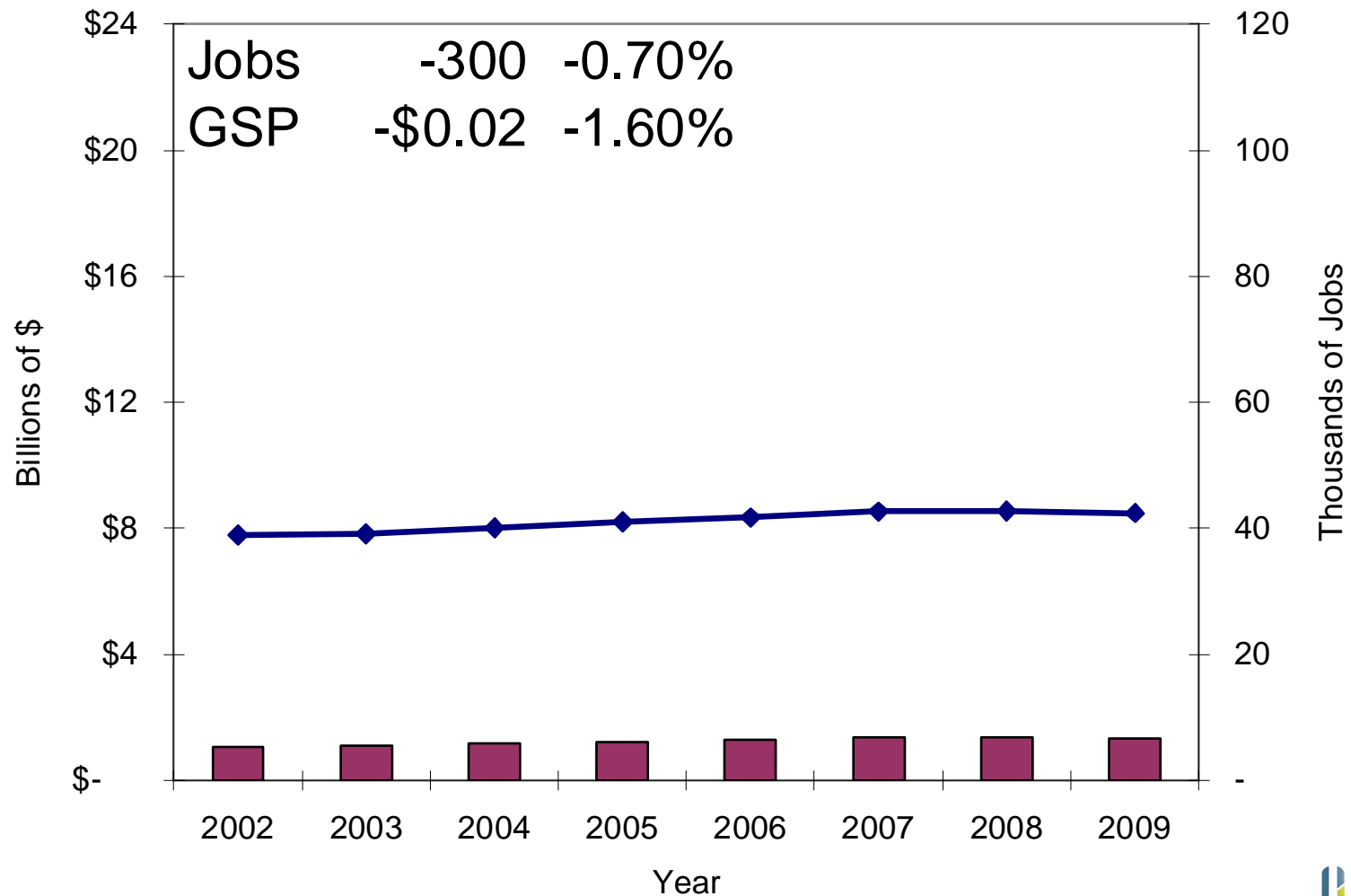
Trade



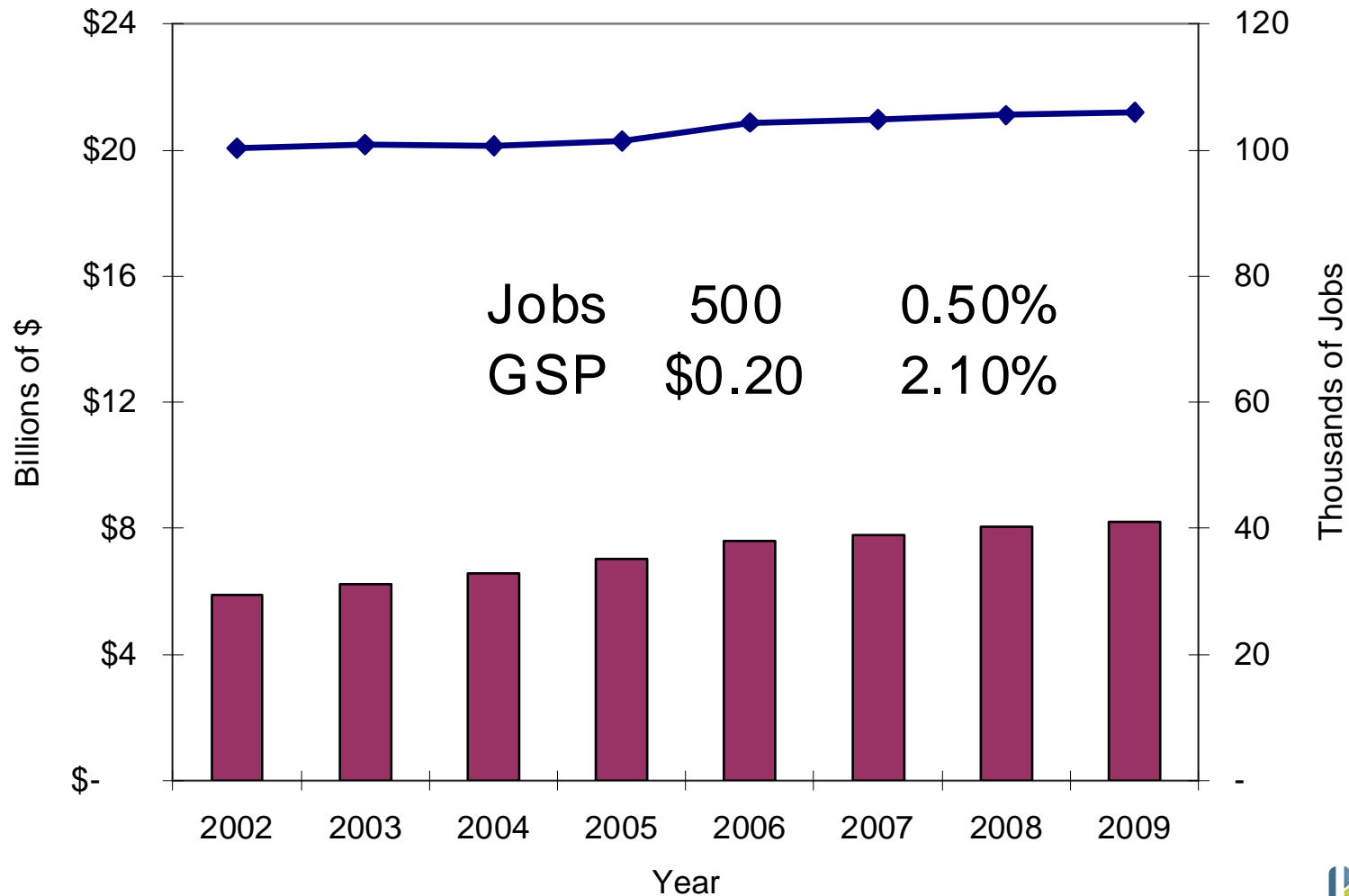
Health & Education



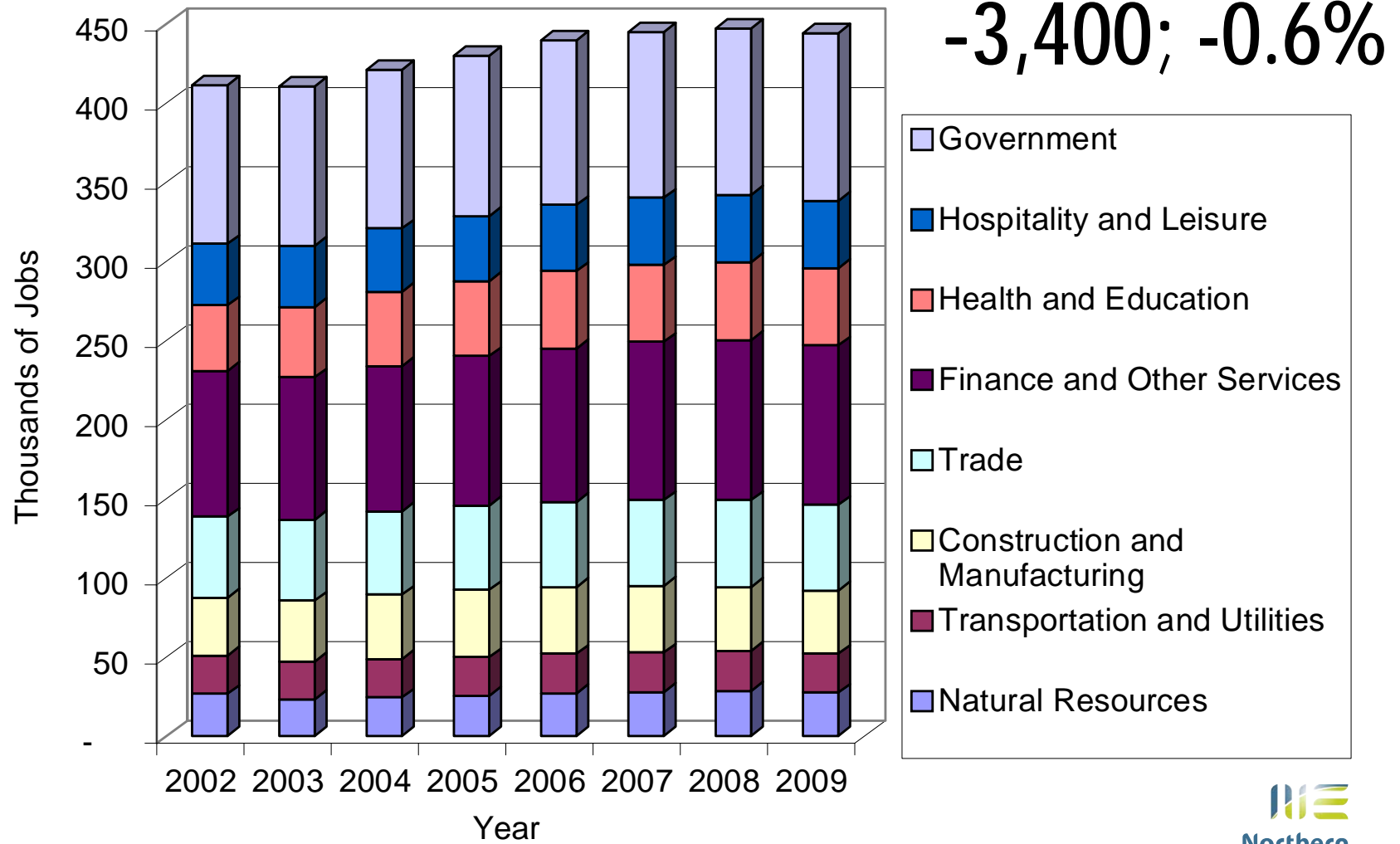
Hospitality & Leisure



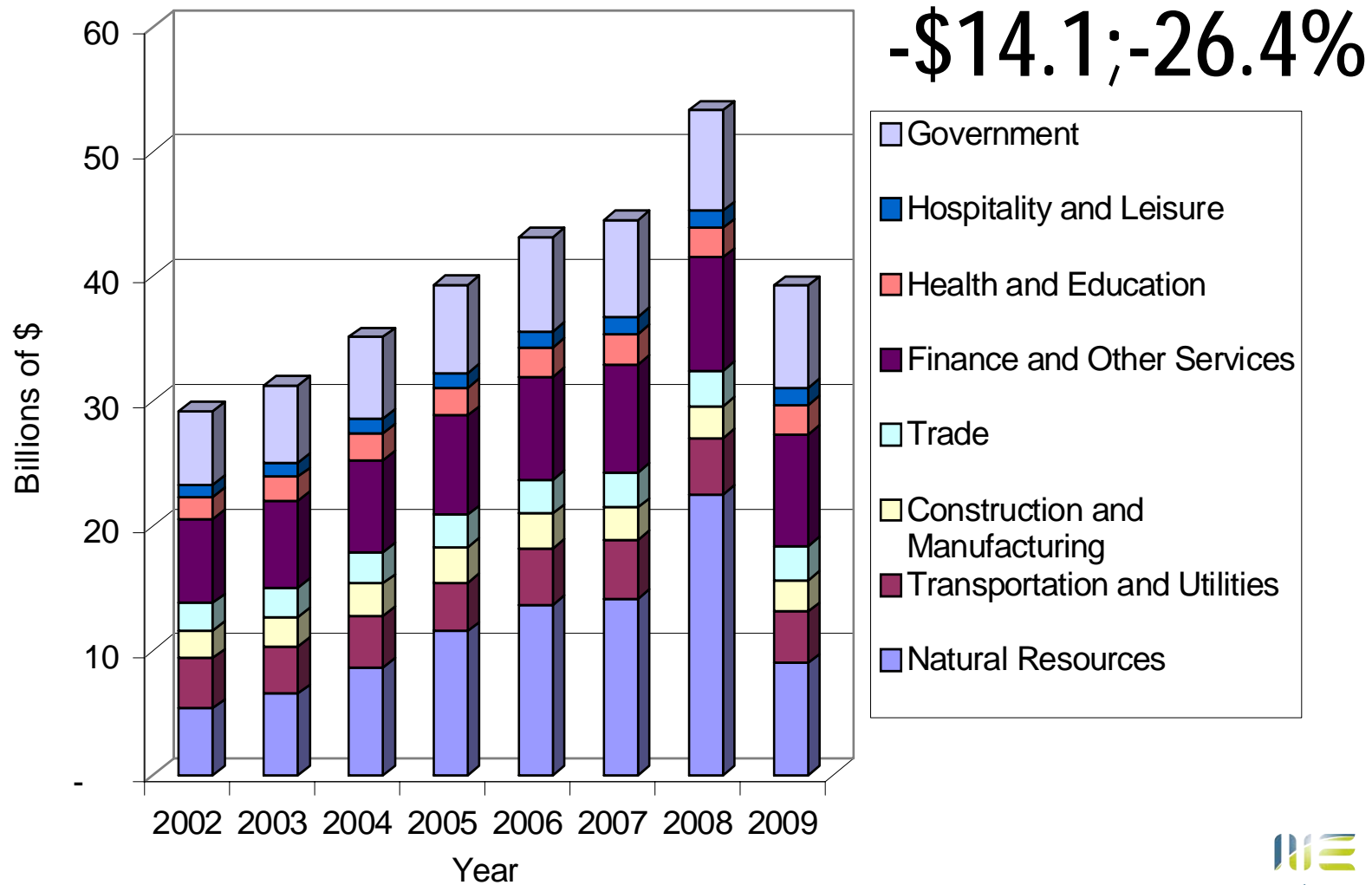
Government



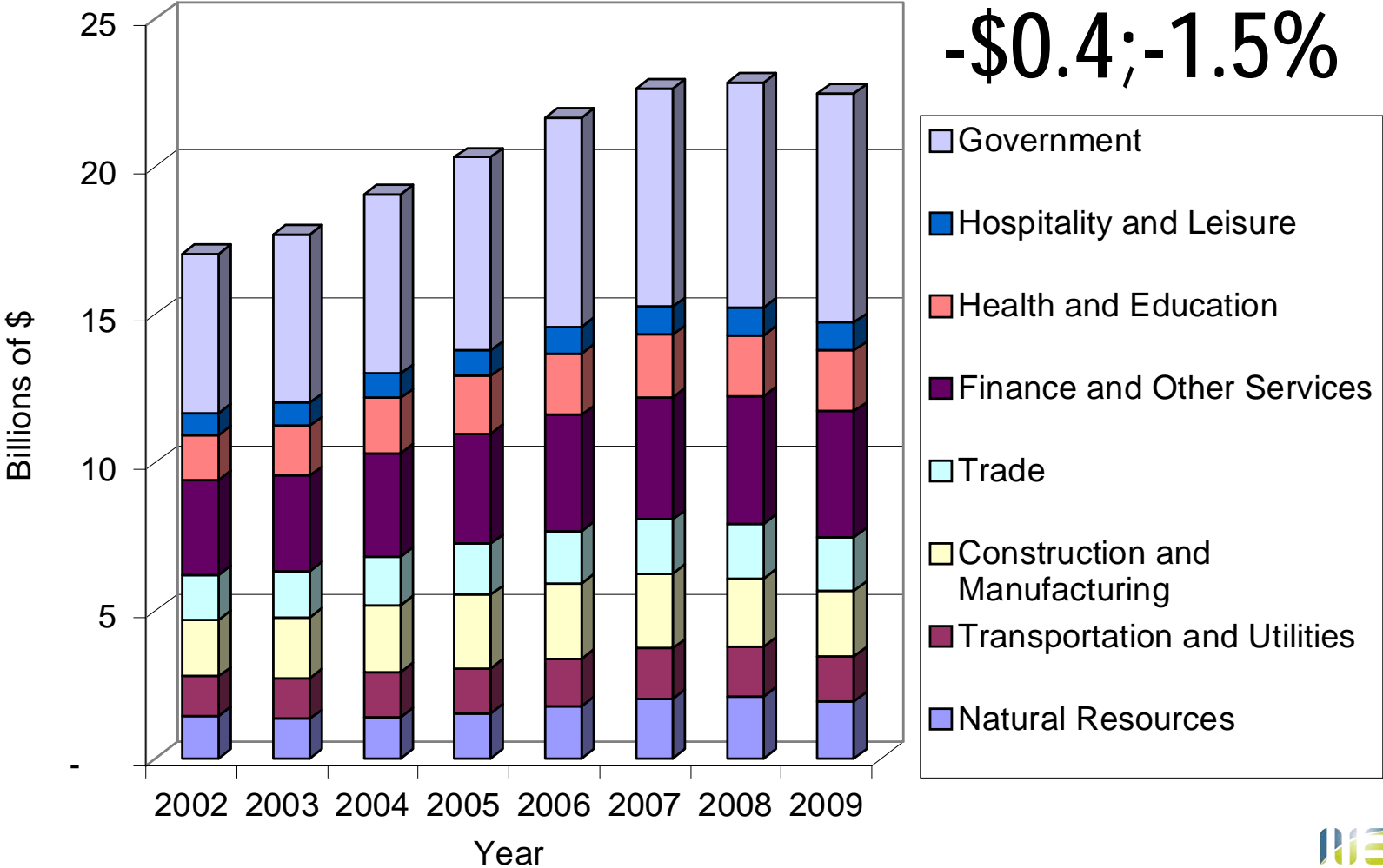
Jobs by Sector



GSP by Sector



Earnings by Sector



Summary

- Alaska will join the rest of the nation in a recession in 2009
- Jobs will decline by about 3,400 or 0.6% of total jobs in 2008
- Earnings will decline by about \$400 million – a decline of about 1.5%
- GSP will drop \$14.1 billion or 26.4%, primarily due to lower crude oil prices