



Alaska Economic Outlook 2006

Presentation to

World Trade Center Alaska

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Our Outlook Measures



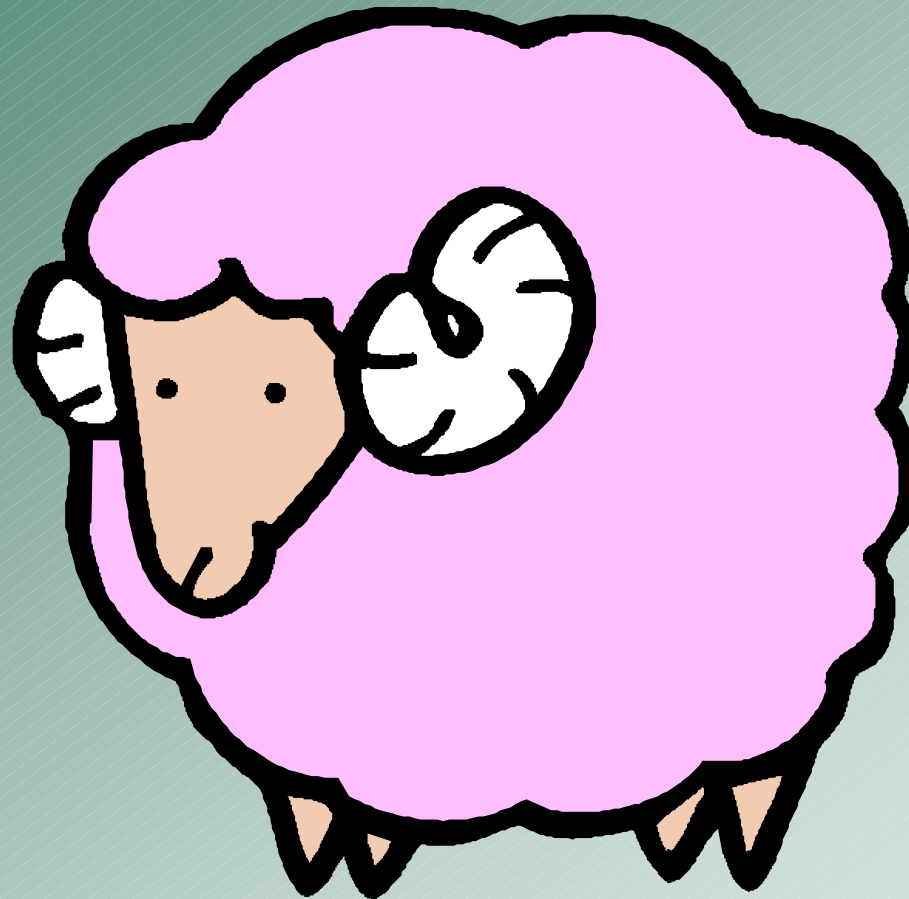
- **Gross State Product (GSP)**
 - Measure of economic activity; similar to GDP
 - Includes all goods and services produced in the state
- **Number of jobs**
 - Includes military and self-employed residing in Alaska
- **Earnings**
 - Includes wages and salaries, proprietor's income, and contributions to pensions and social security

Forecasting Methods

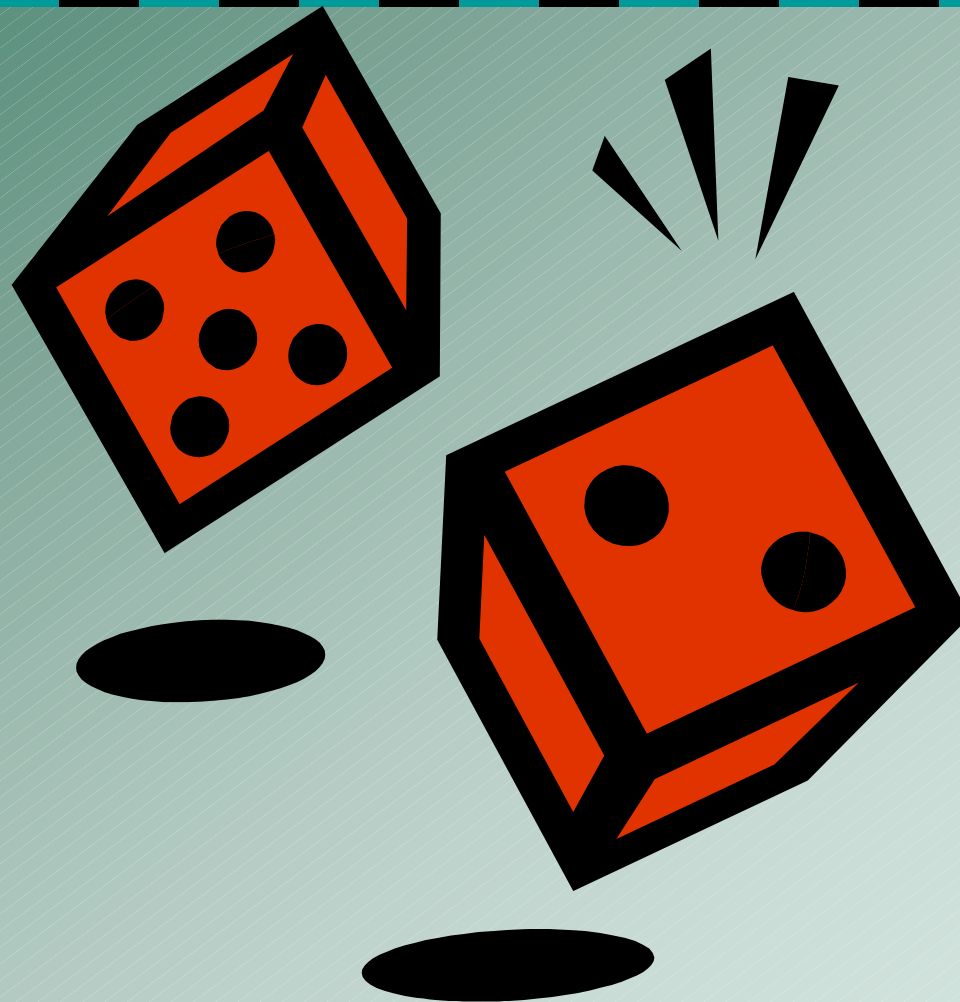


Sacrificing a Sheep

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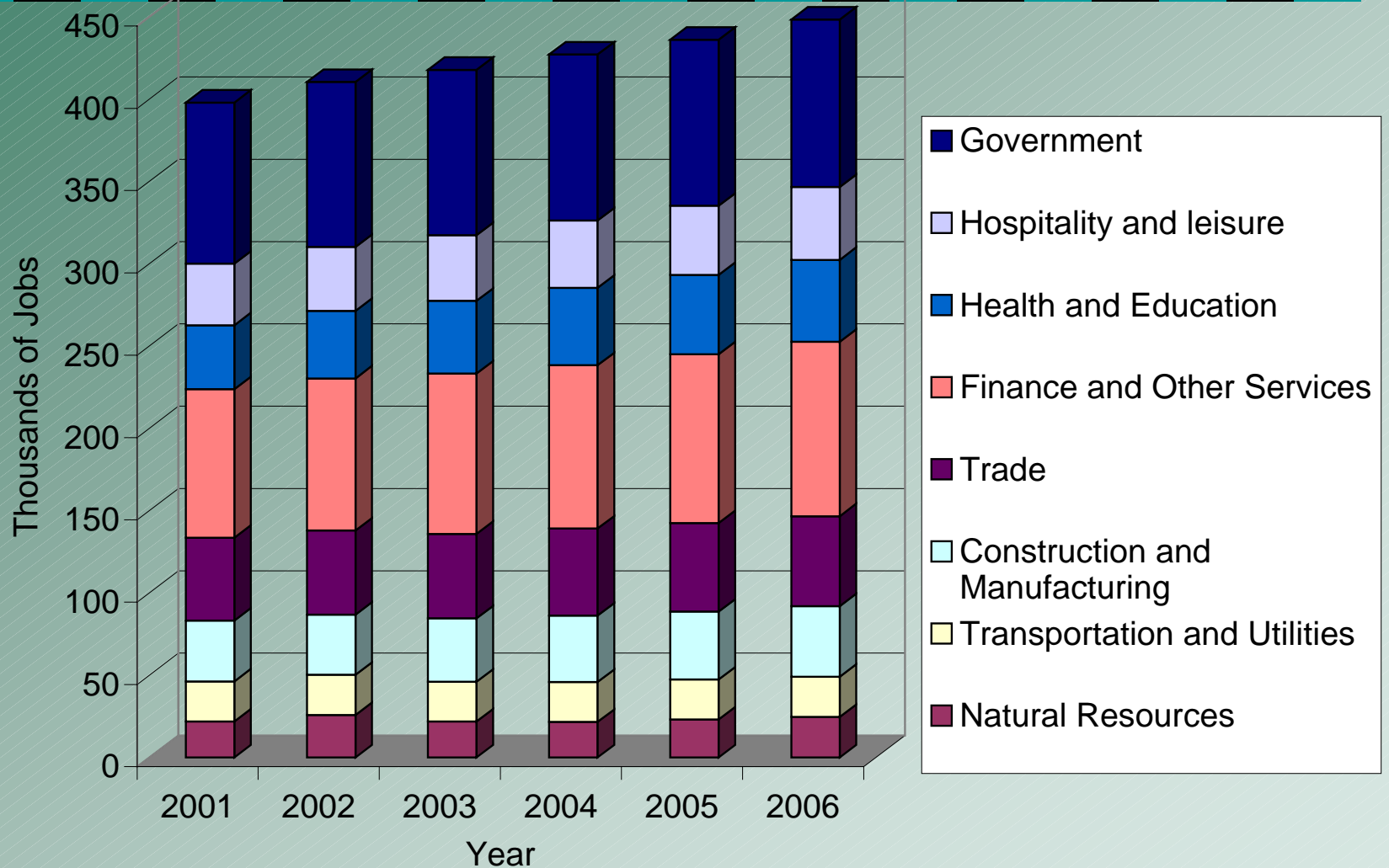
Rolling the Dice



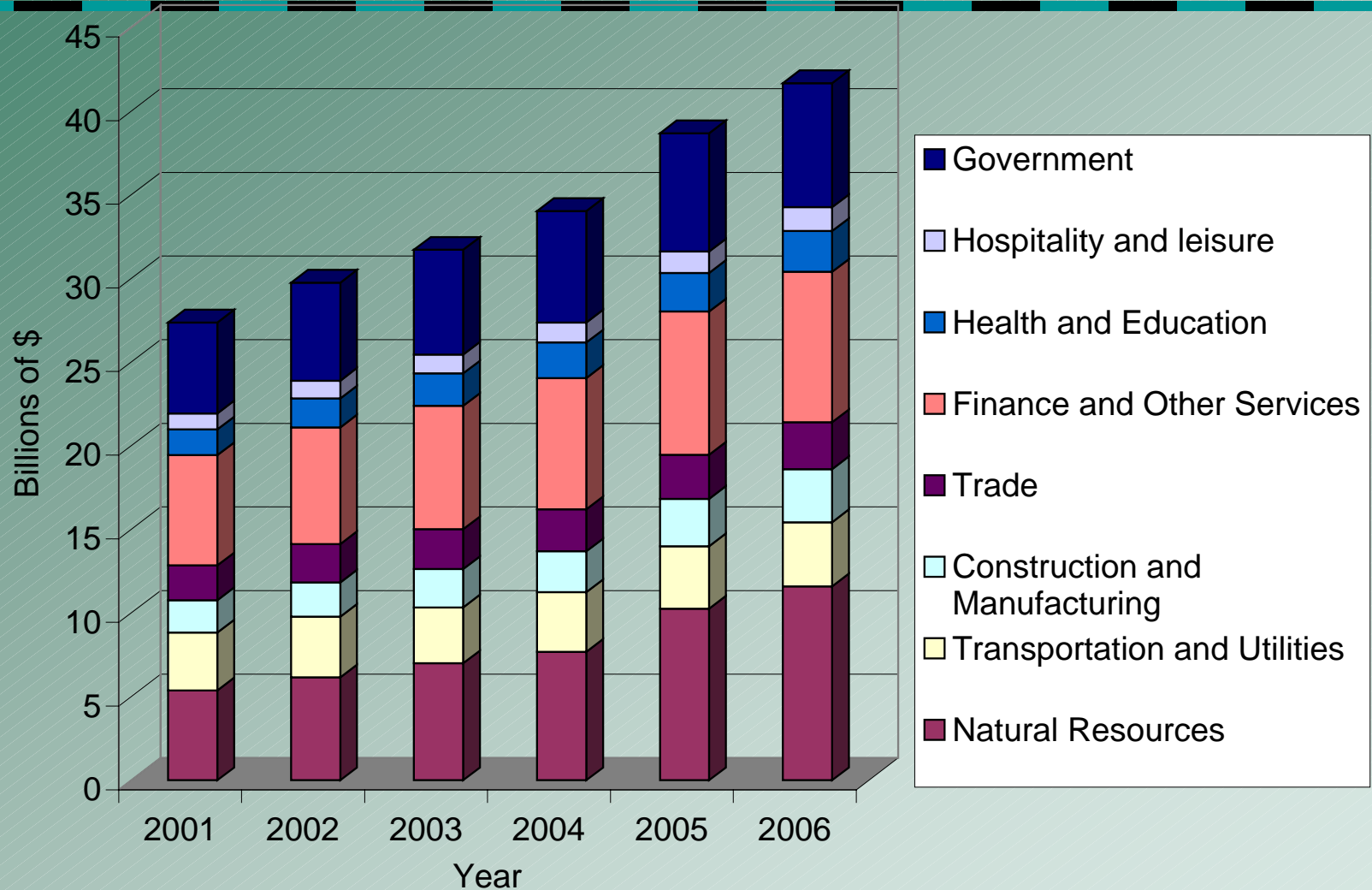
Consulting the Experts



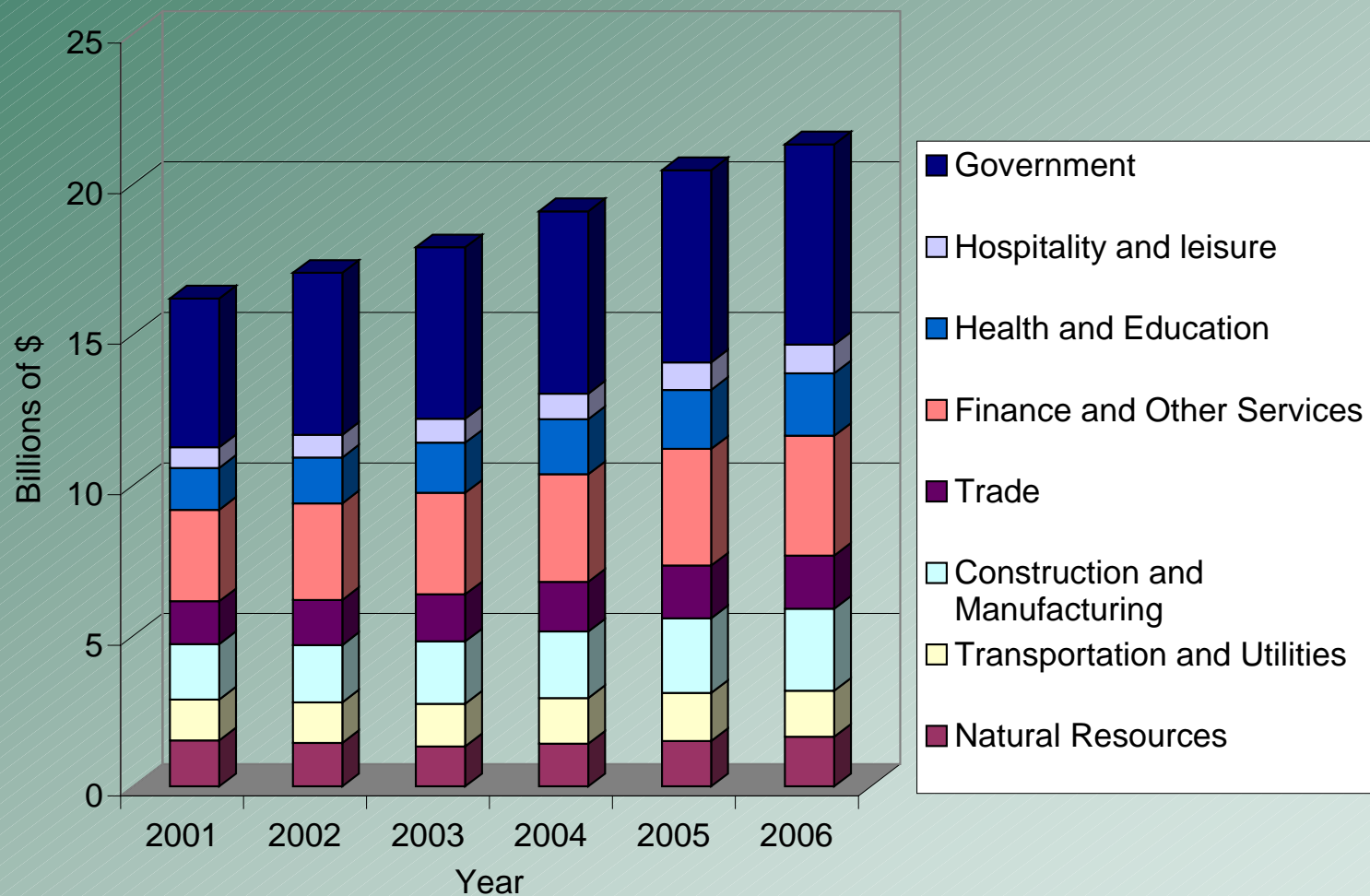
Jobs By Sector



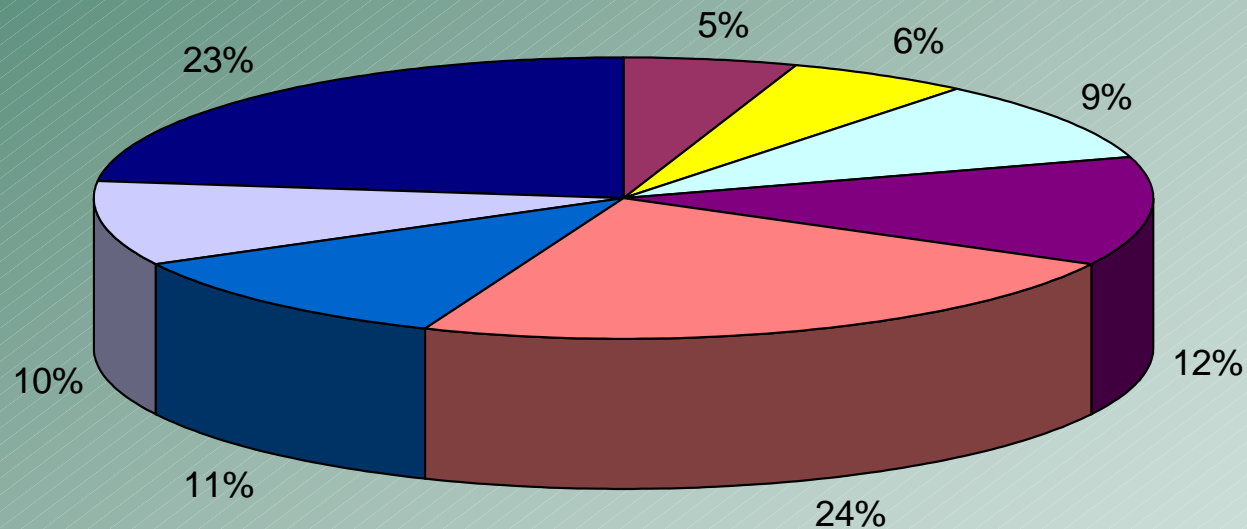
GSP by Sector



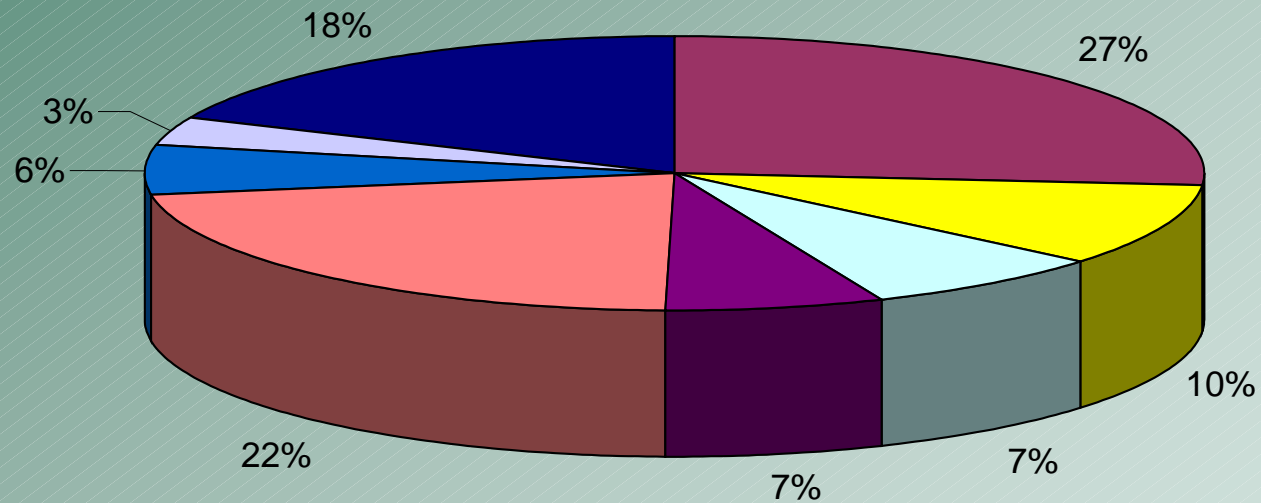
Earnings by Sector



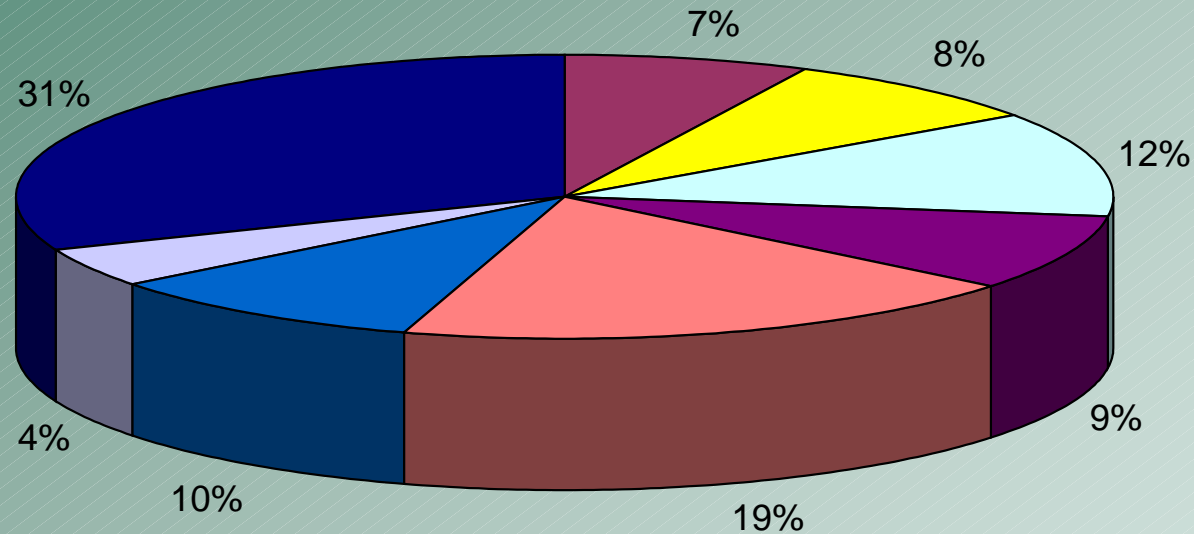
2005 Jobs by Sector



2005 GSP by Sector



2005 Earnings by Sector

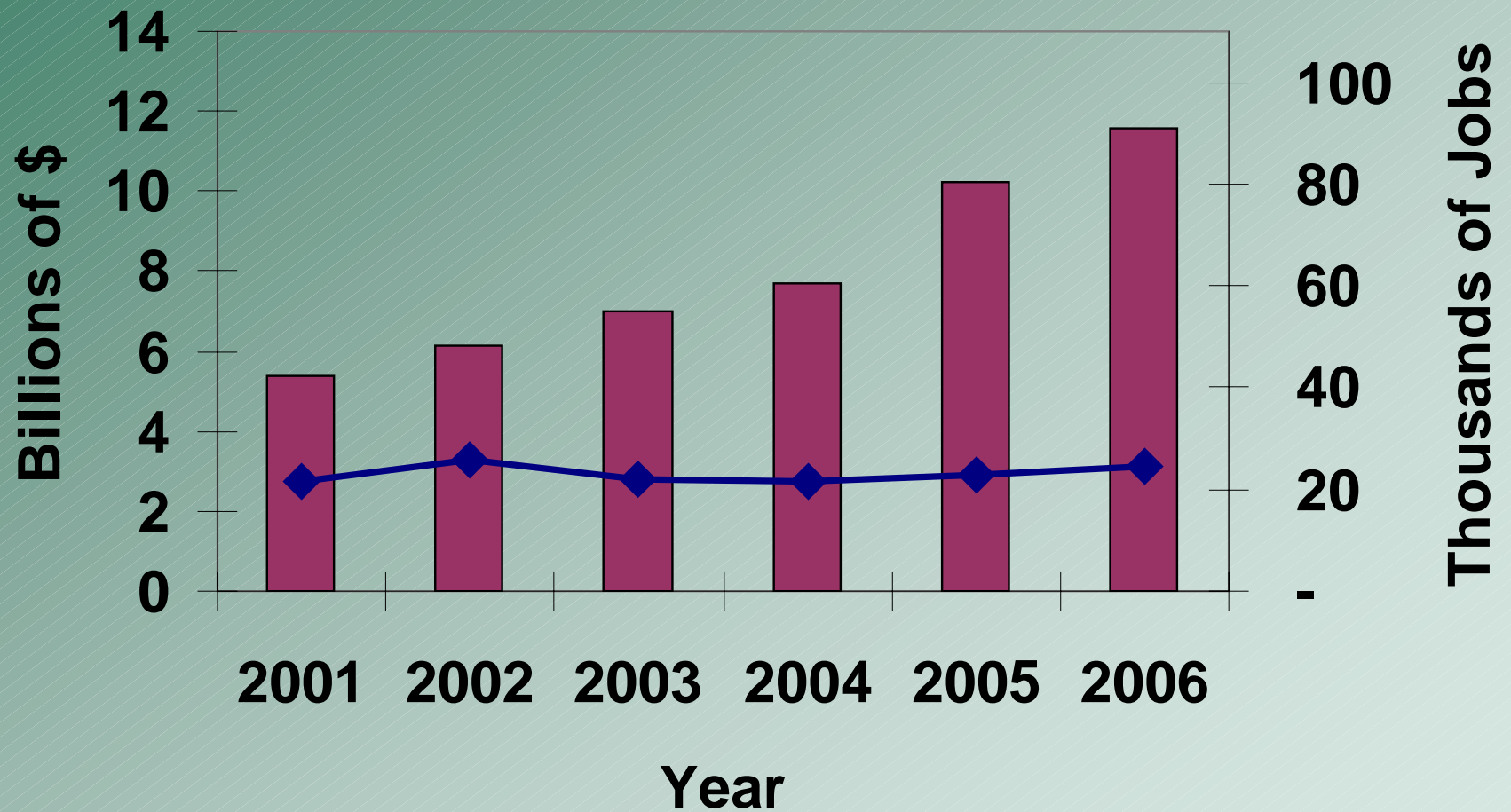


Economic Drivers for 2006

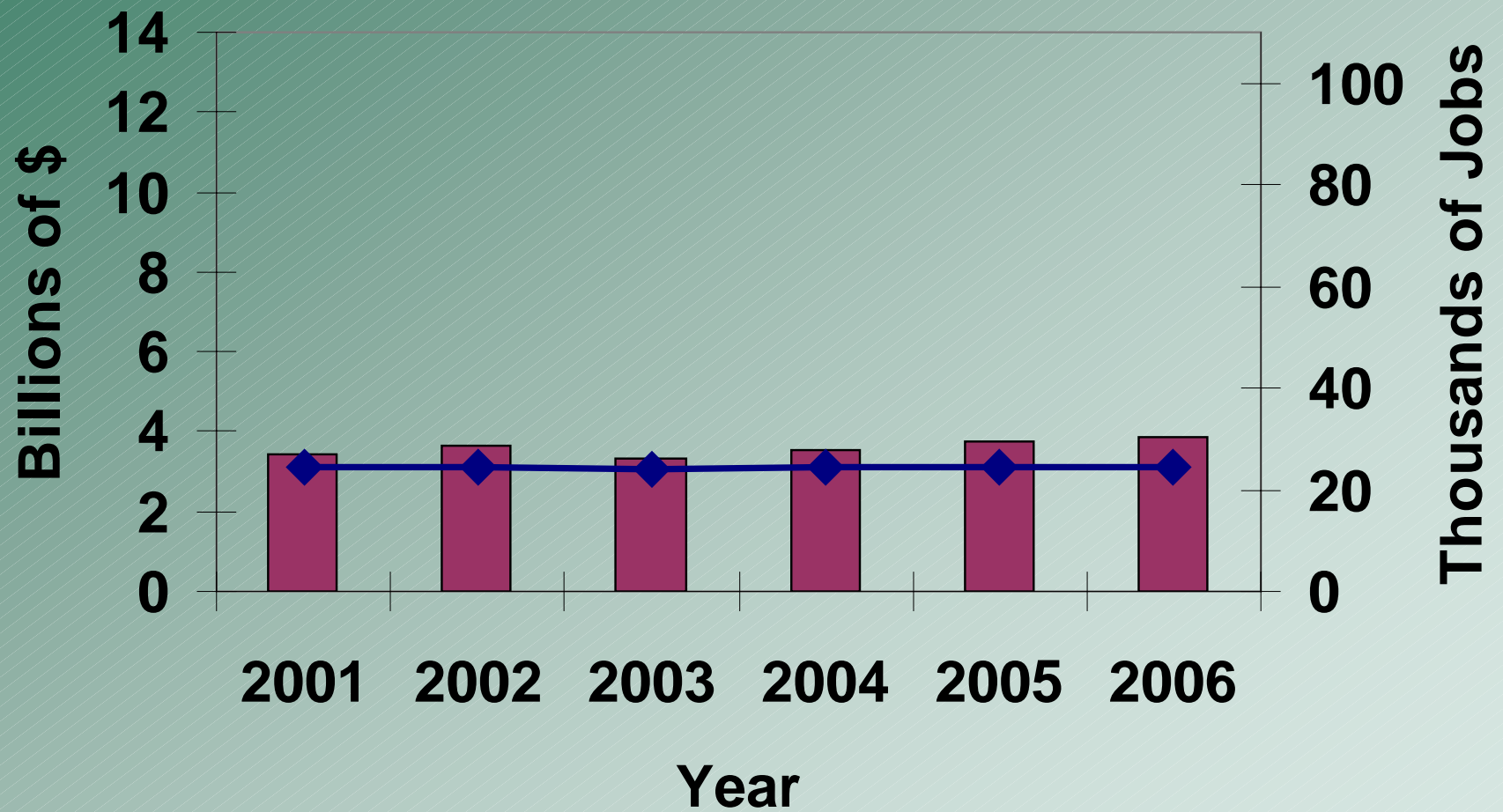


- Continued demand and higher pricing for natural resources
- Lower oil prices than at present but average prices will be higher for 2006
- Spending of FY 2006 budget surplus
- Continued decline in the U.S. dollar
- Iraq War and reduced federal dollars for certain agencies
- Continued growth in U.S. economy
- Higher short-term interest rates
- Growth in number of military personnel

Natural Resources

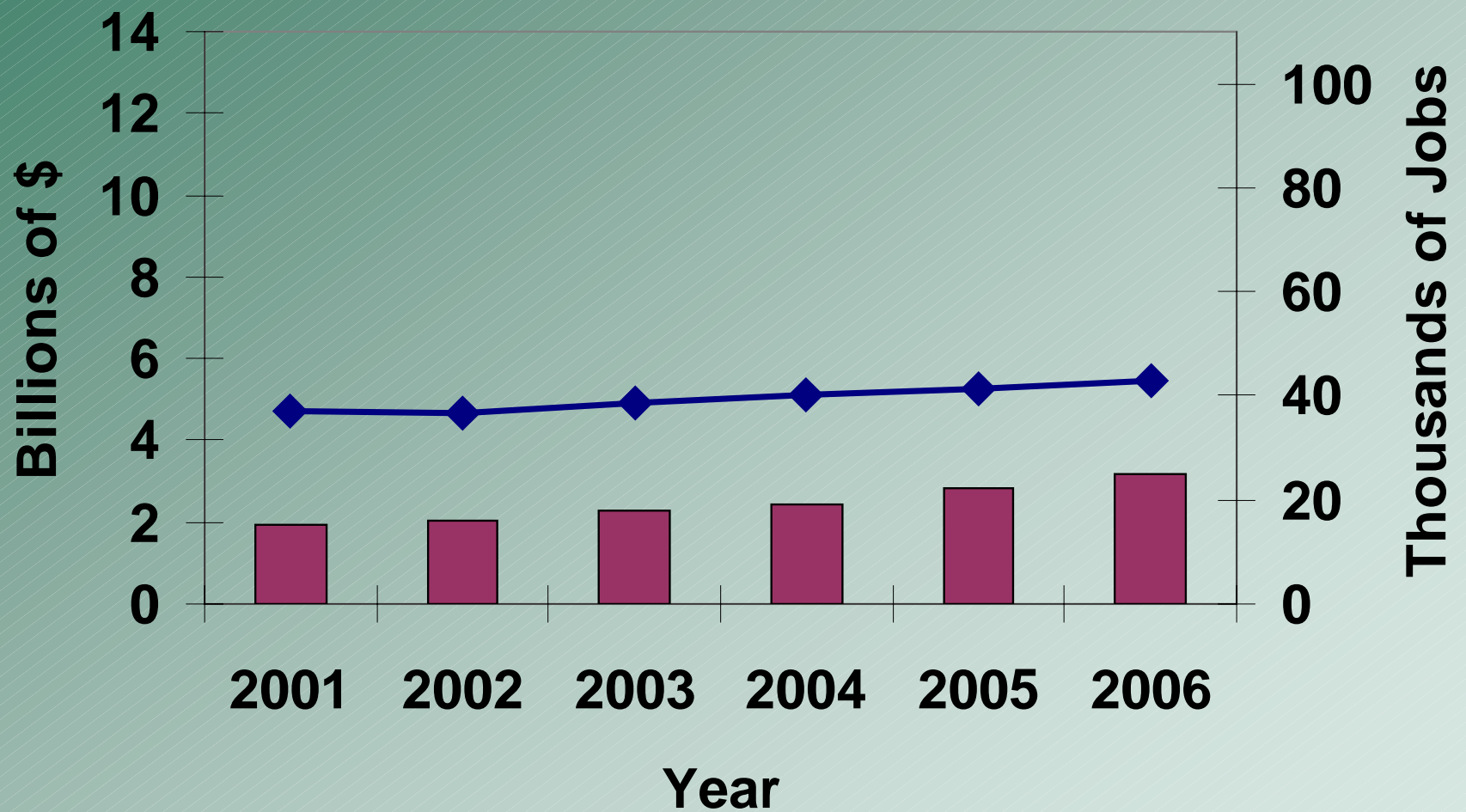


Transportation & Utilities

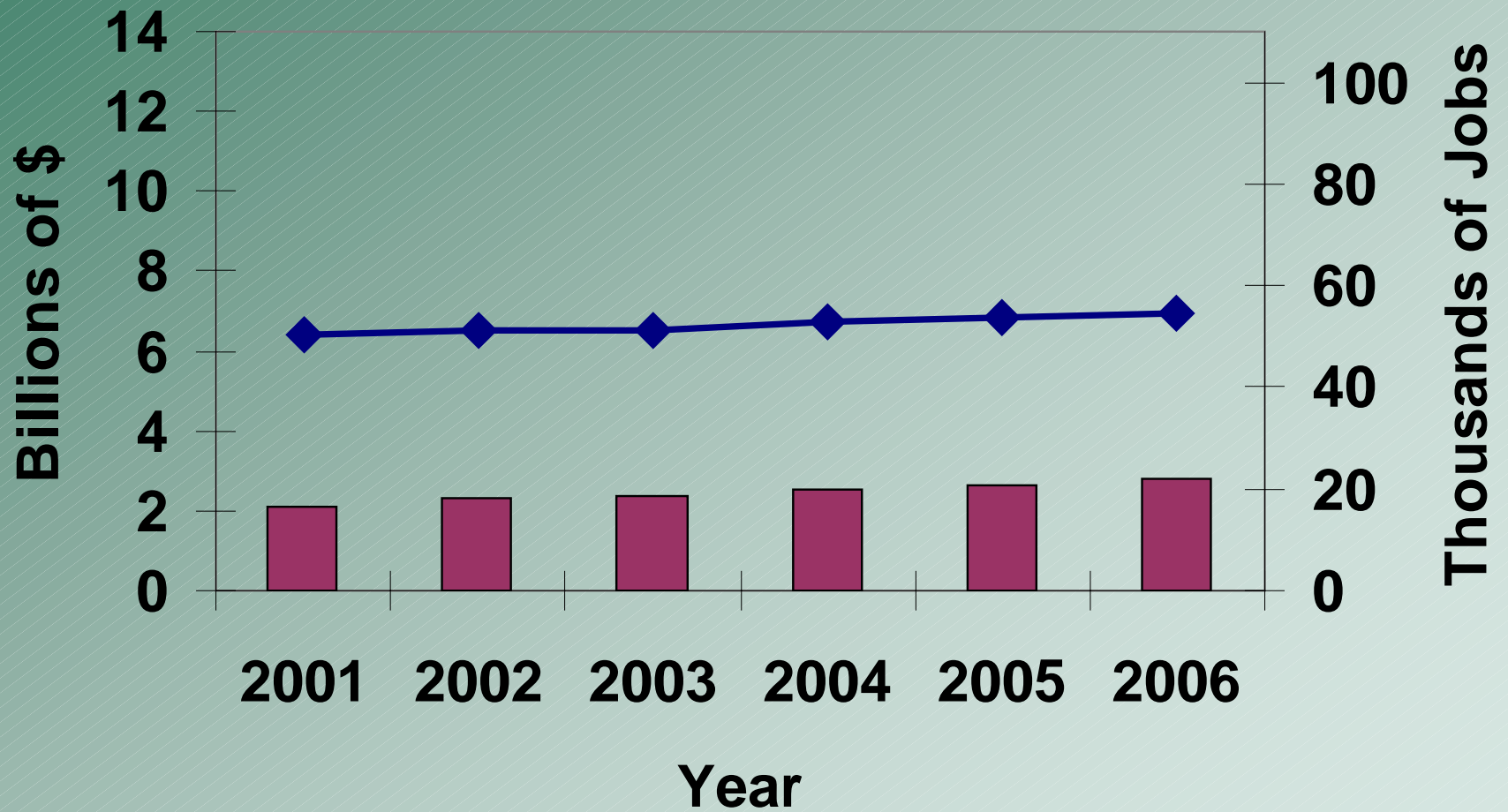


Construction & Manufacturing

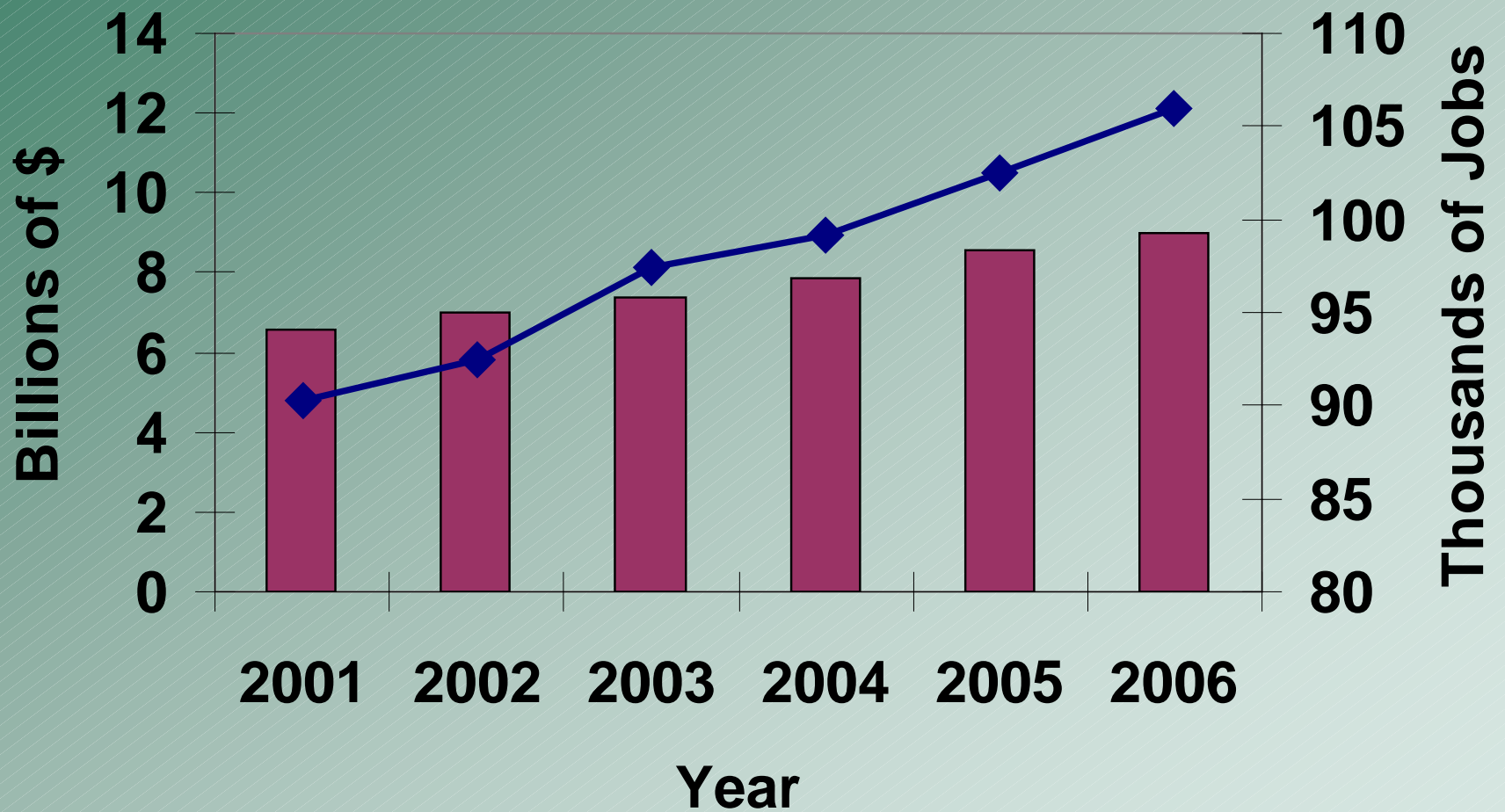
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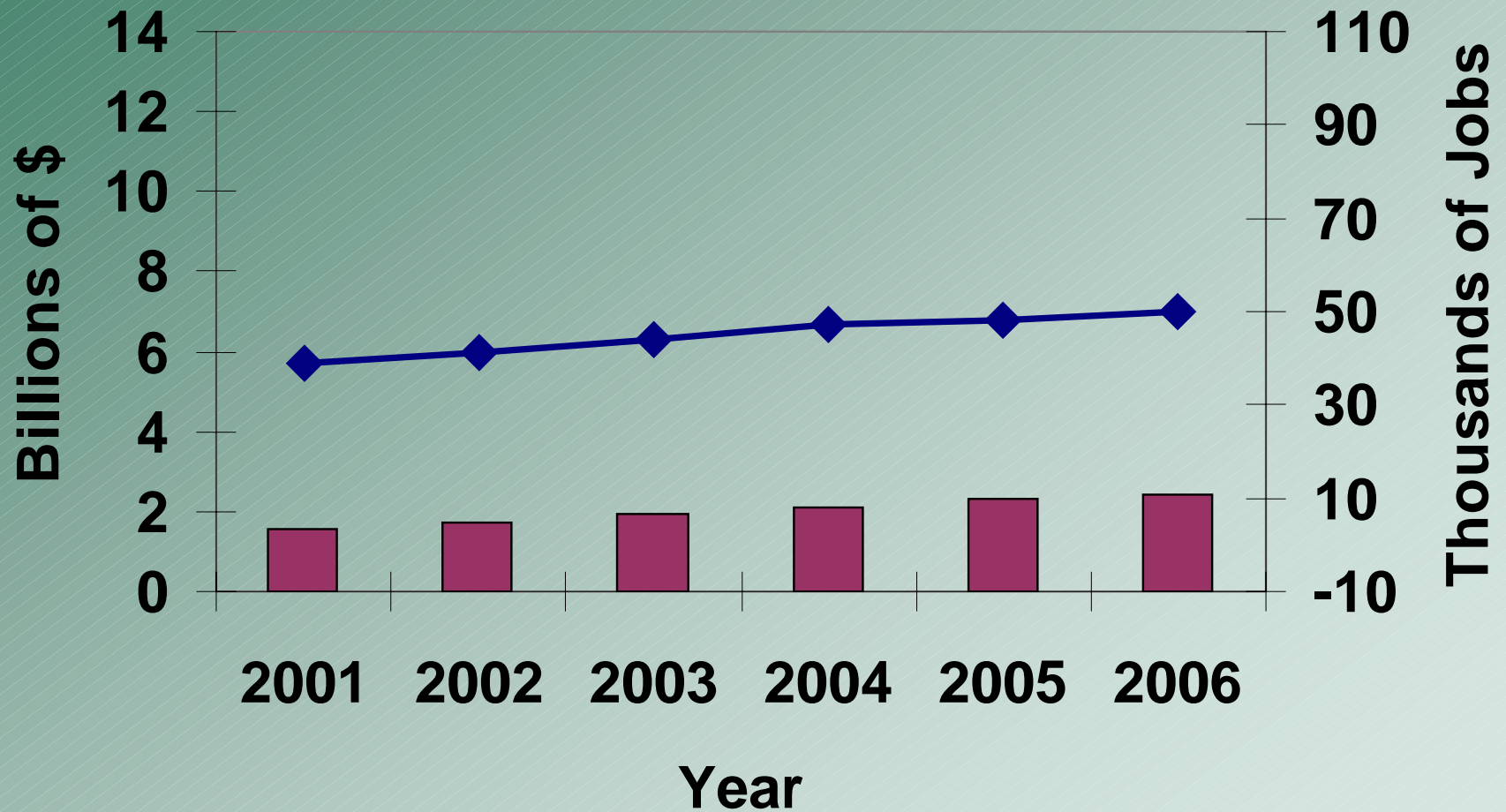
Trade



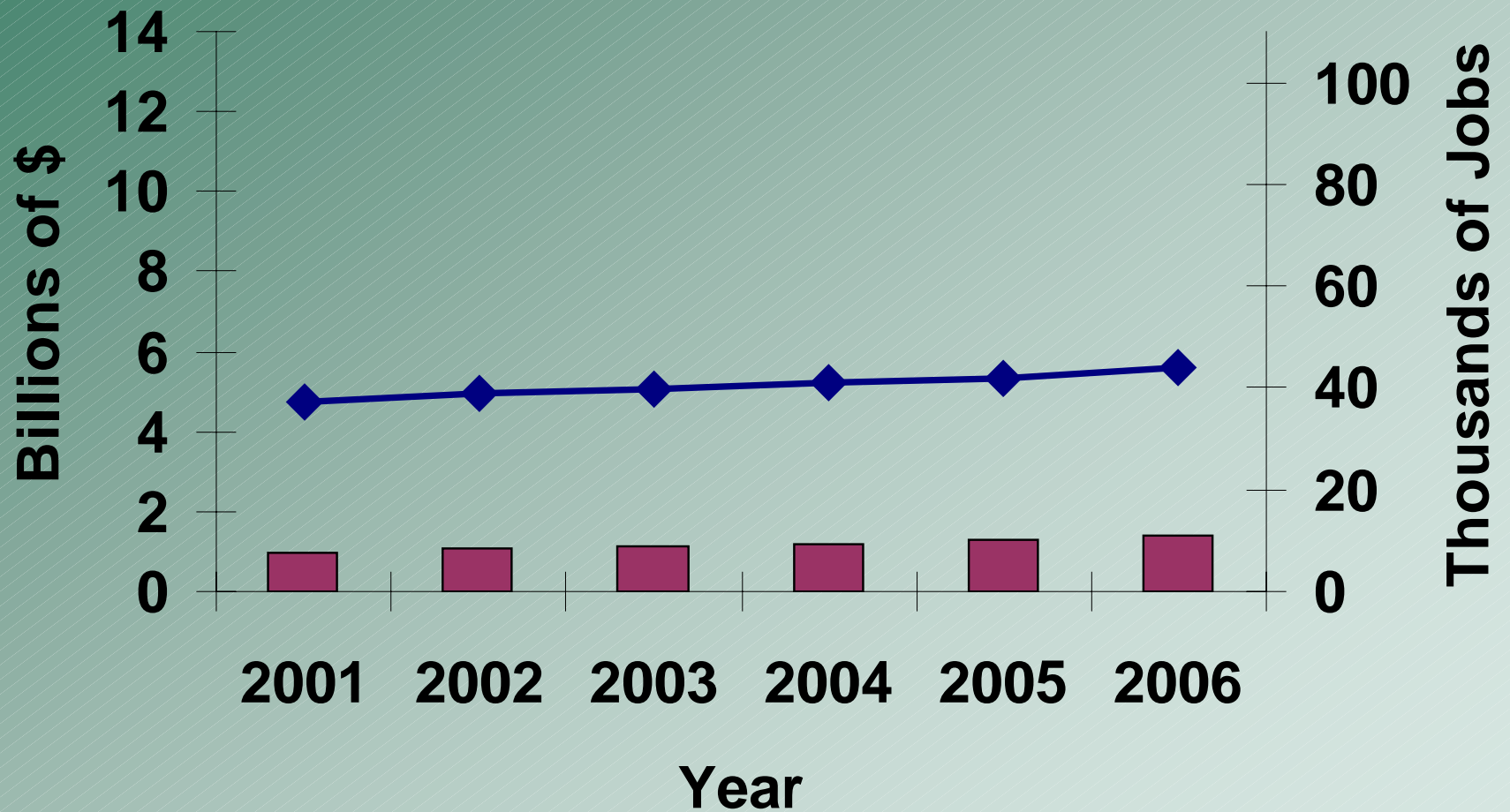
Services



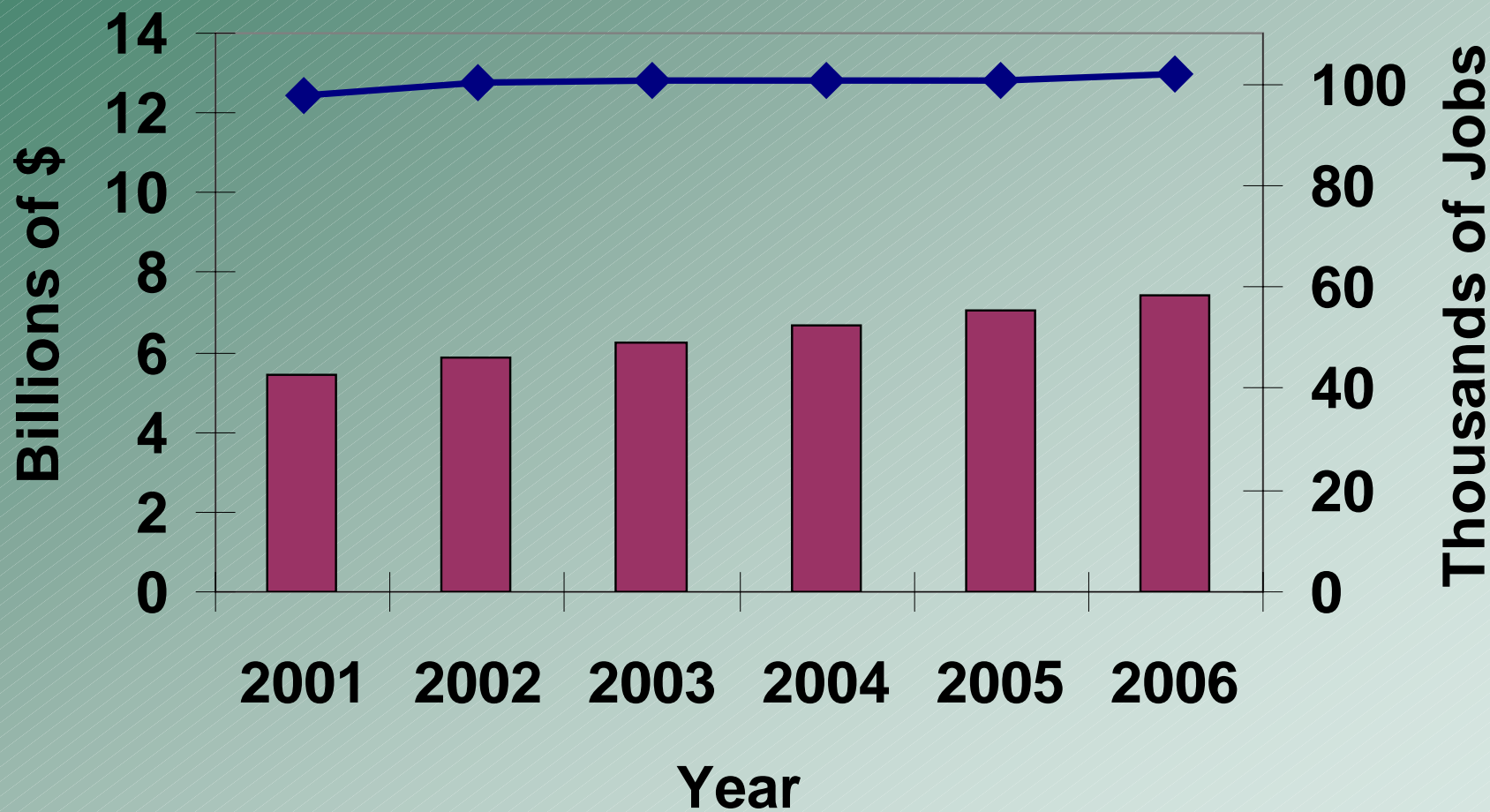
Health & Education



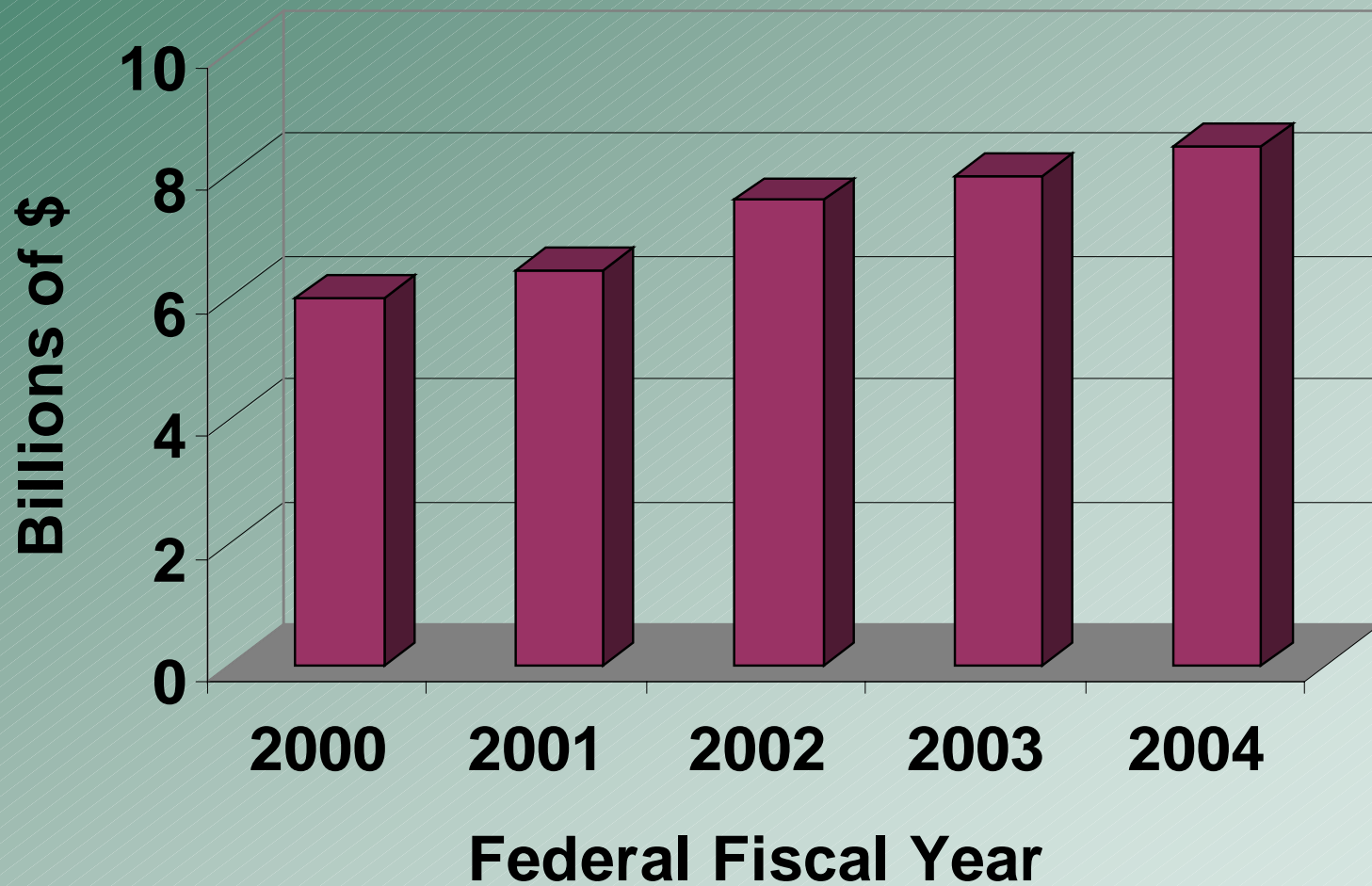
Hospitality & Leisure



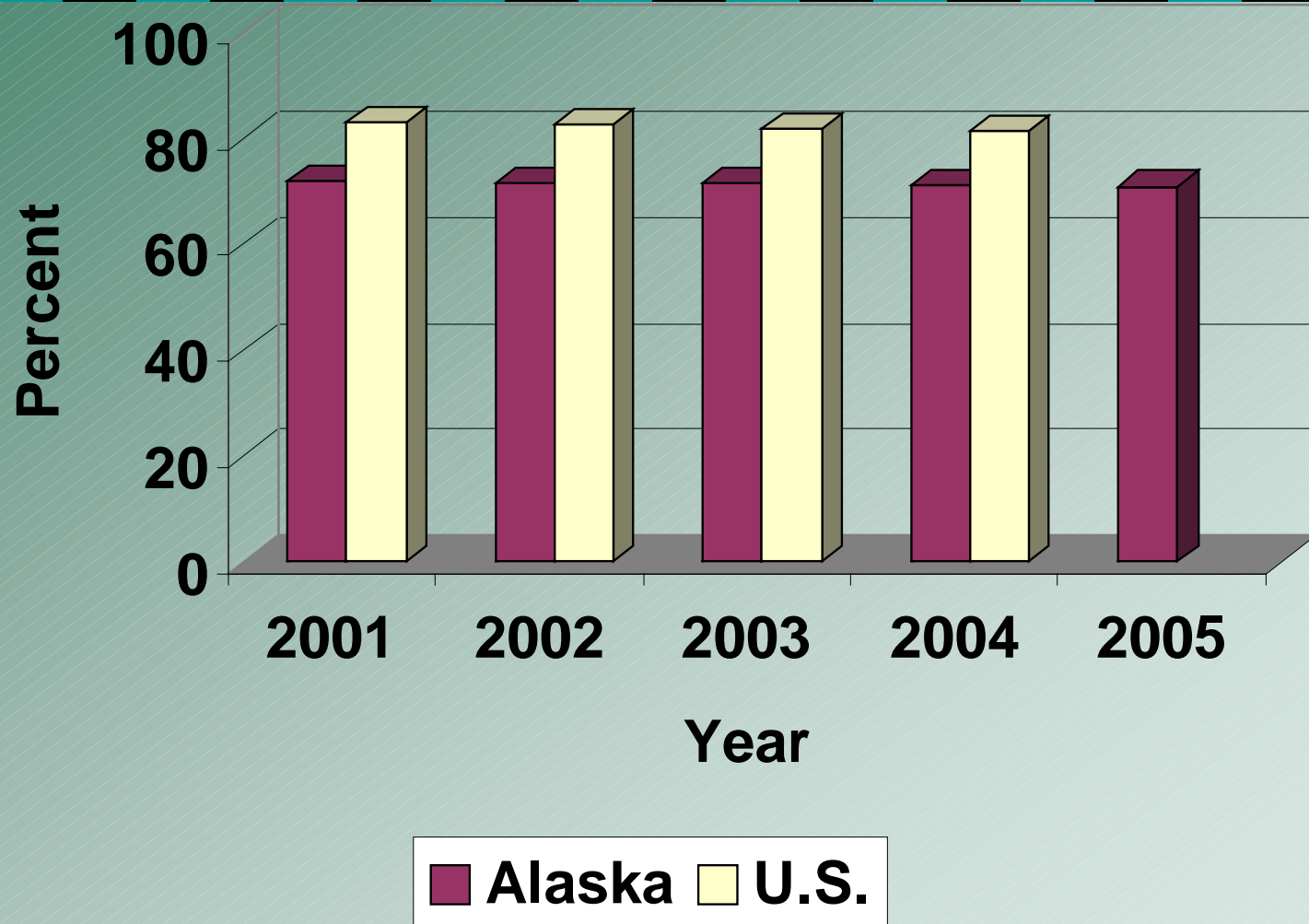
Government



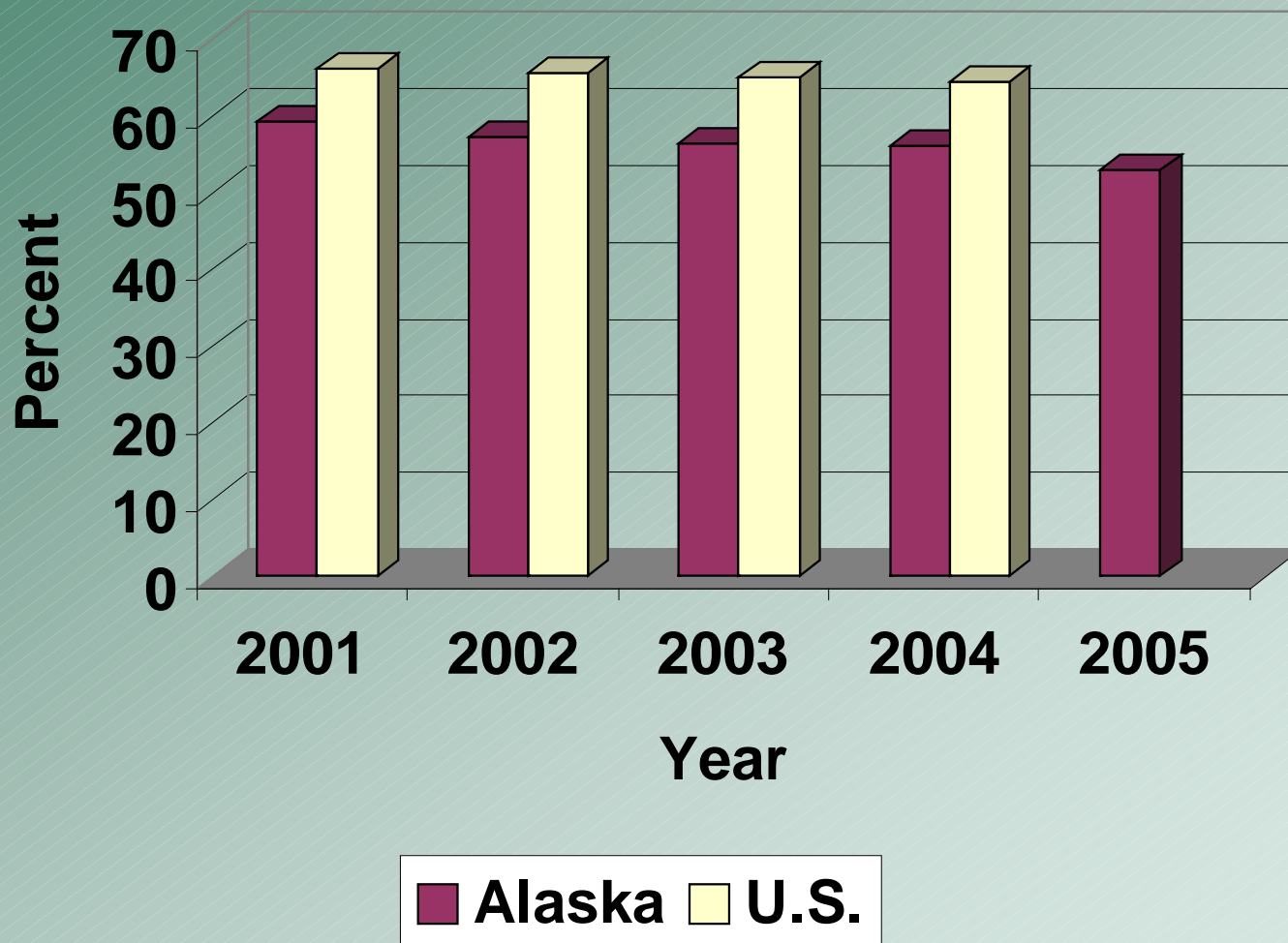
Government – Federal Funds



Other Trends: Changing Workforce Composition



Earnings as % of GDP/GSP



Effect of Oil Prices



■ Outlook is \$54/Barrel

- \$41.8 billion in GSP
- 448,000 jobs

■ *If* oil is \pm \$5/Barrel

- \pm \$2.3 to \$2.4 billion in GSP
- \pm 7,000 jobs

When the model doesn't work...

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