

International Trade and Market Development

CURRENCIES AND COMMODITIES

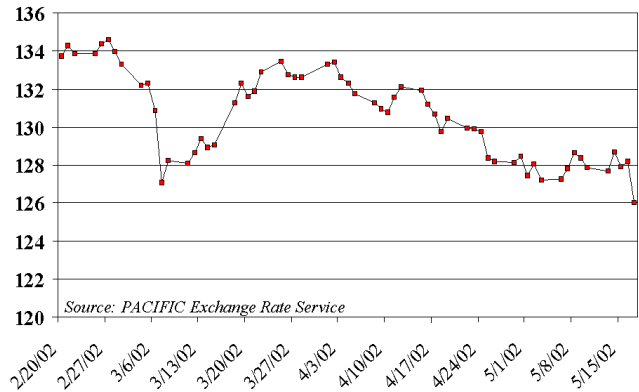
May 2002

JAPANESE YEN

The Japanese yen has strengthened against the dollar over the last three months as investor uncertainty in the U.S. stock markets and recent economic reports have weakened the dollar considerably. However, some economists believe that this trend is short lived and the dollar will strengthen in the near term. The strong yen has raised the concern of Japanese exporters because it makes Japanese goods more expensive in other markets and makes Alaska's exports more competitive in Japan. However, some economists believe that if the yen remains strong against the dollar, this could have a negative effect on the Japanese economic recovery, and eventually hurt Alaska's exports to Japan.

Japanese Yen

Per U.S. Dollar

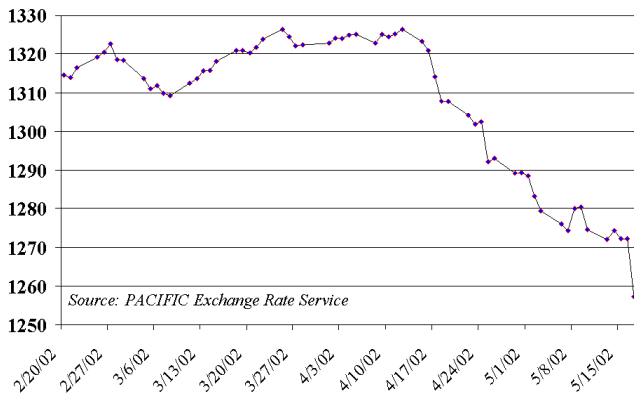


SOUTH KOREAN WON

The South Korean won rallied against the dollar through the month of April and closed at a near sixteen-month high against the dollar on May 17th. The movement of the won can be attributed to the dollar-yen exchange rate as the won often moves in tandem with the yen. Some analysts predict that the won will appreciate by about 3% in 2002. A strong won versus the dollar benefits Alaska businesses exporting to Korea. Korea was Alaska's second largest trading partner in 2001.

South Korean Won

Per U.S. Dollar

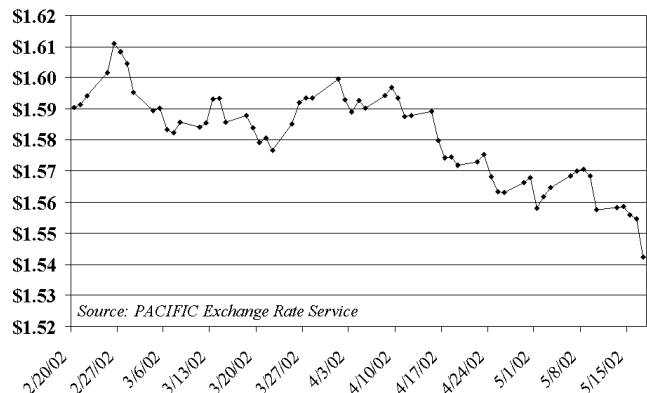


CANADIAN DOLLAR

The Canadian dollar strengthened to a nine-month high on May 17th. A strong Canadian dollar makes American exports cheaper for Canadians. Canada was Alaska's third largest export market in 2001. Alaska exported \$188 million worth of goods to Canada in 2001. Canadian firms are investors in many of the hard rock mining operations found in Alaska including Red Dog mine, the world's largest zinc ore producer.

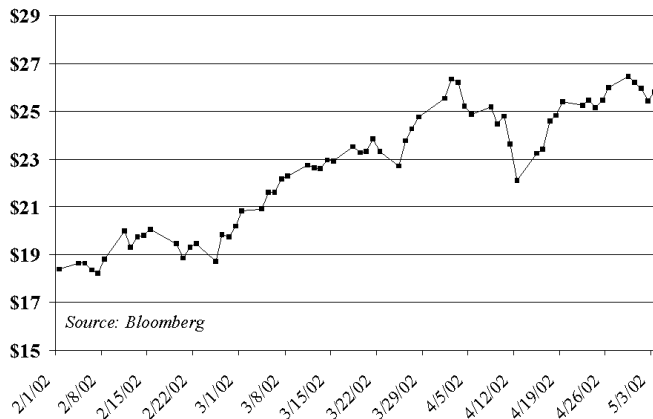
Canadian Dollar

Per U.S. Dollar



ANS Crude Oil

Daily Prices \$/barrel



CRUDE OIL

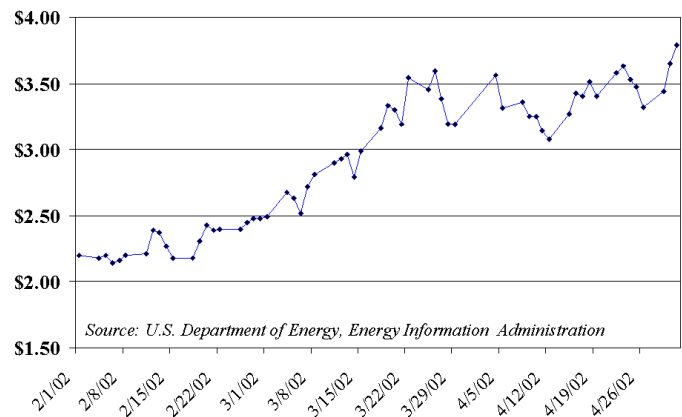
OPEC's next meeting is on June 23rd, and some ministers have signaled they will not ease production cuts, which have reduced the oil cartel's output to its lowest in a decade. In addition to these production cuts, the recent tensions in the Middle East, a self imposed embargo on crude exports by Iraq and political events in Venezuela have also contributed to the recent rise in crude prices. Prices have increased about 30% since the beginning of the year, and reached a six-month high in April. The US Energy Information Administration predicts prices should continue upward, and "Unless OPEC decides to increase production in June, oil prices will rise sharply."

NATURAL GAS

After a long and steady decline following the price shock in 2000, the spot price for natural gas is up 80% from January. The current spot price for natural gas is \$3.79, and experts say that conditions exist that could push the price even higher in the coming months. While inventories are high, a number of newly built gas-burning power plants around the country could diminish current inventories and raise prices. In addition, should this summer prove to be exceptionally warm (as predicted for some parts of the country), prices will likely go up as consumers increase air conditioner usage, and demand for electricity increases.

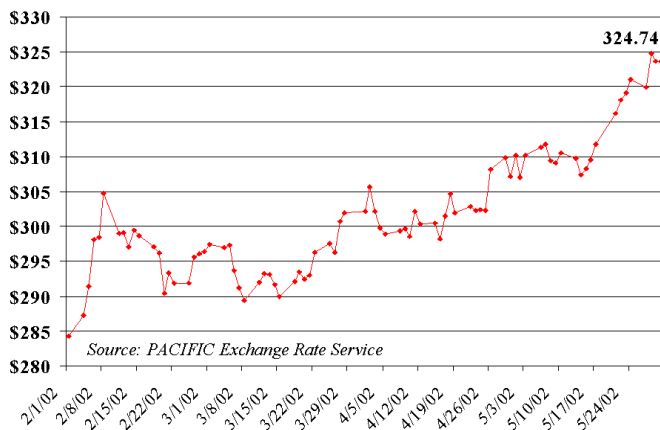
Natural Gas

Henry Hub Spot Prices-(\$ per MMBtu)



Gold

\$ per ounce



GOLD

The price of gold closed at a 32-month high on May 28th. The price of gold climbed to \$324.74 an ounce as the weakened dollar, turmoil in the Middle East, and lack of investor confidence in the stock market continue to sustain the demand for gold. In addition, Japanese investors are also turning to gold as banks have recently reduced the insurance on savings. On the supply side, it is also reported that supplies are falling from mines worldwide and production will remain flat over the next decade.