

GUIDING BUSINESS TO THE TOP



Oregon

2009 Economic Forecast Breakfast - Vision 2010

The Riverhouse, Hotel and Convention Center
Bend

November 9, 2009

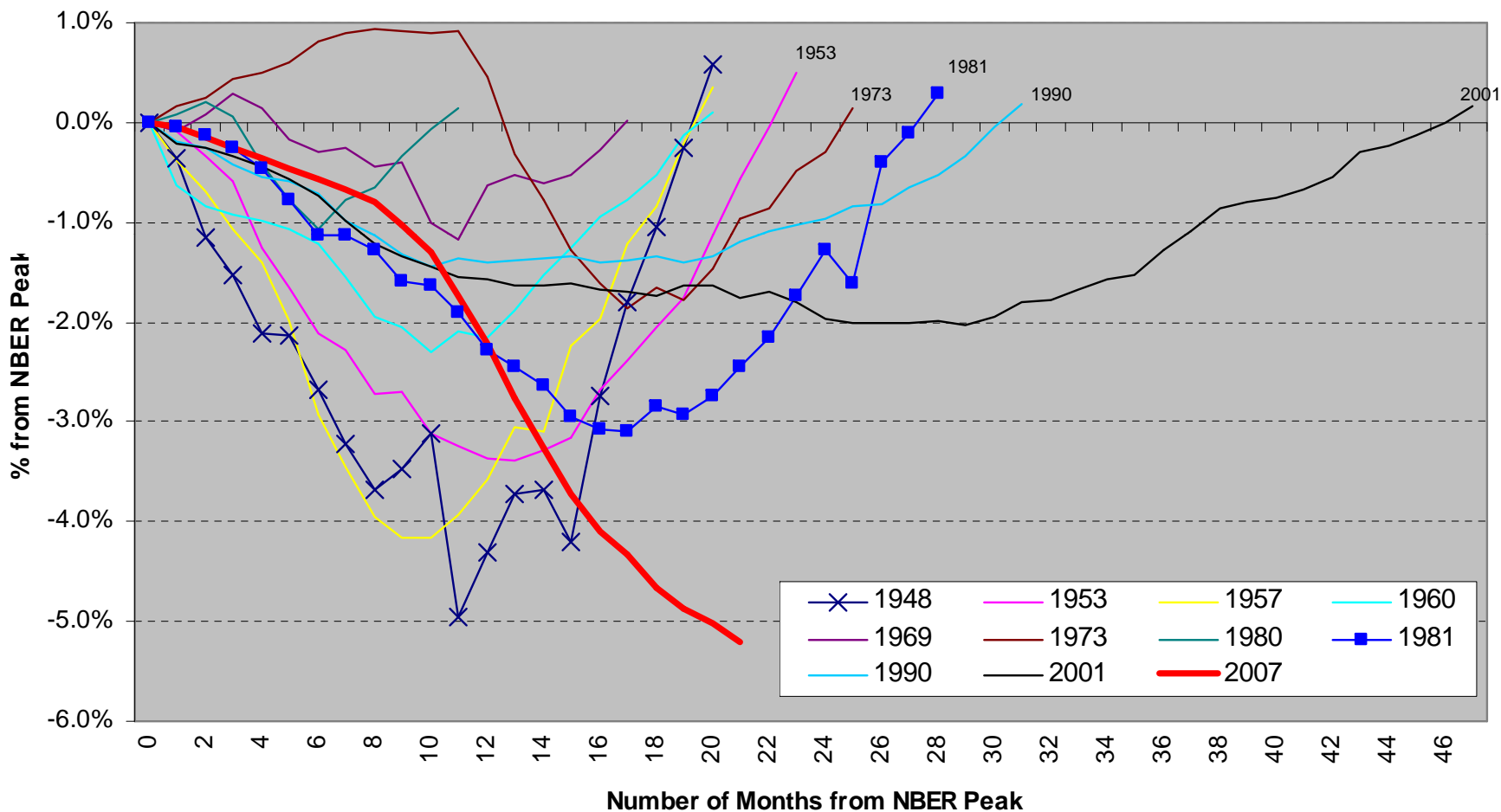
Office of Economic Analysis
Tom Potiowsky



Employment Losses

(through September 2009)

U.S. Recession Employment Losses





“Green Shoots” – “Glimmers of Hope”

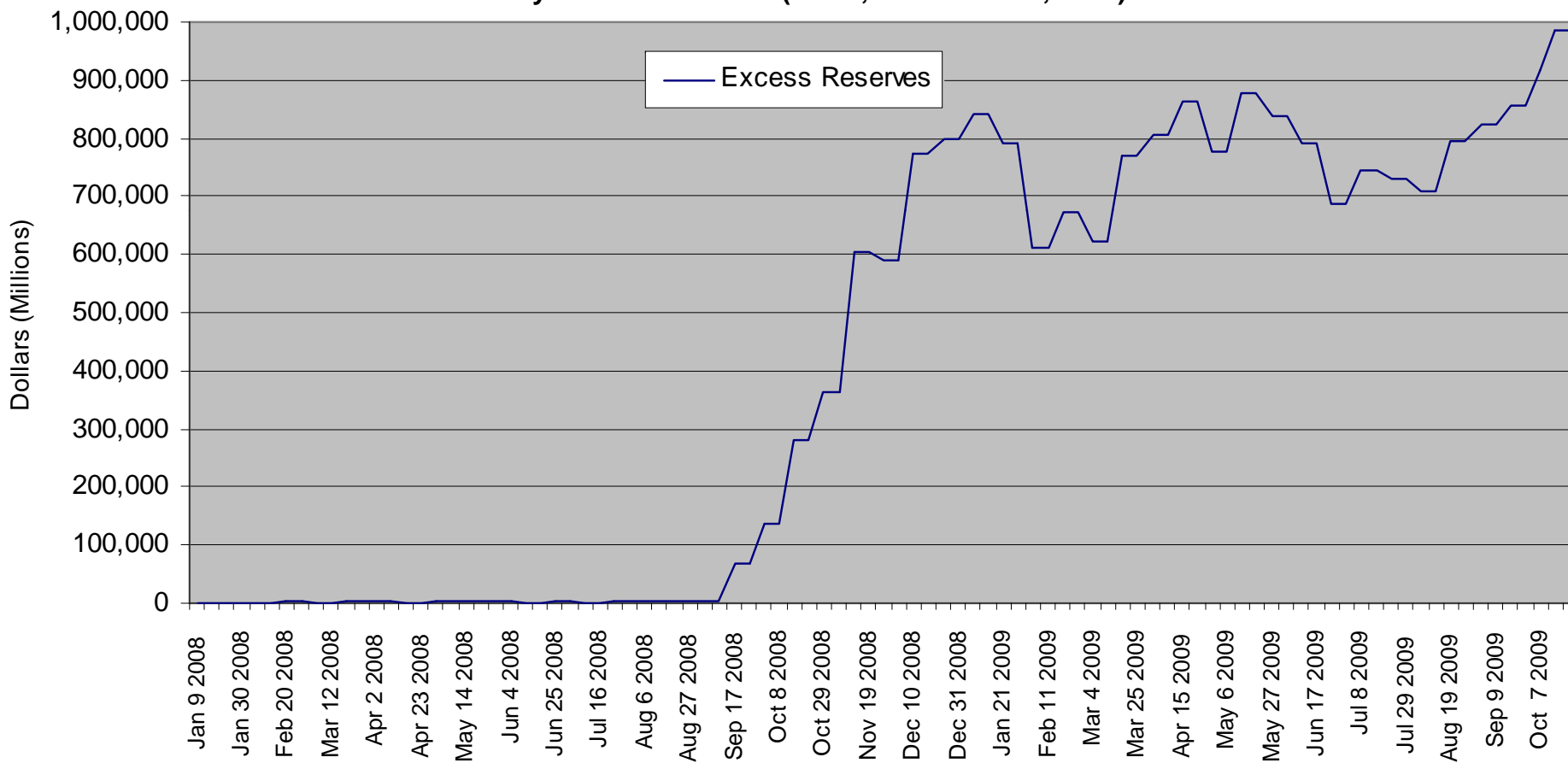
- Retail sales start to stabilize: up in January and February, down in March and April, up in May and June, slightly down in July (but more so if autos excluded. August and September pushed around by Cash for Clunkers, but both up excluding autos.
- Real personal consumer spending was positive in first quarter of 2009, negative in the second quarter, expected positive in third quarter.
- Stock market up 45% to 55% from the lows of early March
- Financial stocks (not all) see strong gains
- Credit risk spreads are down, bond markets opening up
- Housing sales may be stabilizing. Housing affordability is up; credit availability is improving
- ISM manufacturing index up for the first 9 months of 2009 (slight down in Sept. but still above 50 since August)
- Conference Board Leading Economic Indicators rose for the sixth straight month in September.
- \$62.5 billion of \$787 billion in American Recovery and Reinvestment Act of 2009 spent or dedicated at the end of August.





Excess Reserves

Weekly Excess Reserves (Jan 9, 2008 - Oct 21, 2009)





Oregon





Recent Oregon Economy Facts

- 11.5% unemployment rate for September 2009 (Sept US rate is 9.8%) is up from the latest lowest rate of 5.0% in April 2007. Oregon unemployment rate has been around 12% from March thru August.
- 47th fastest job growth at -6.05% for all states for September 2009 over September 2008.
- Total nonfarm employment dropped -5.7% year-over-year for the 3rd quarter of 2009. Job losses (S.A.) basically since January 2008 (up slightly July 2008, 2009) but have slowed since April. The last five months' losses averaged 4,400 per month versus 13,400 per month over the first four months of 2009.
- -1.4% personal income growth for 2nd quarter of 2009 over 2nd quarter of 2008. Annualized 2nd quarter 2009 growth at 1.8%.
- Oregon exports fell 34.3% in the 2nd quarter compared to the same period last year and finished 2008 up 17% over 2007. (Export growth is positive Q/Q and is expected to follow the global economy)





Historical Comparison

Recession	1981-82	1980-82	1990-91		2001		2008-?? *	
	U.S.	Oregon	U.S.	Oregon	U.S.	Oregon	U.S.	Oregon
Employment								
Loss (in 000s)	2,734.3	123.3	1,498.3	12.3	2,657.3	60.1	7,586.3	121.4
% Change	(2.99)	(11.50)	(1.37)	(0.97)	(2.01)	(3.69)	(5.50)	(7.00)
Duration								
Peak-to-Trough	5 Qtrs	12 Qtrs	5 Qtrs	3 Qtrs	9 Qtrs	10 Qtrs	9 Qtrs	8 Qtrs
Return to Peak	8 Qtrs	28 Qtrs	10 Qtrs	5 Qtrs	15 Qtrs	16 Qtrs	20 Qtrs	21 Qtrs

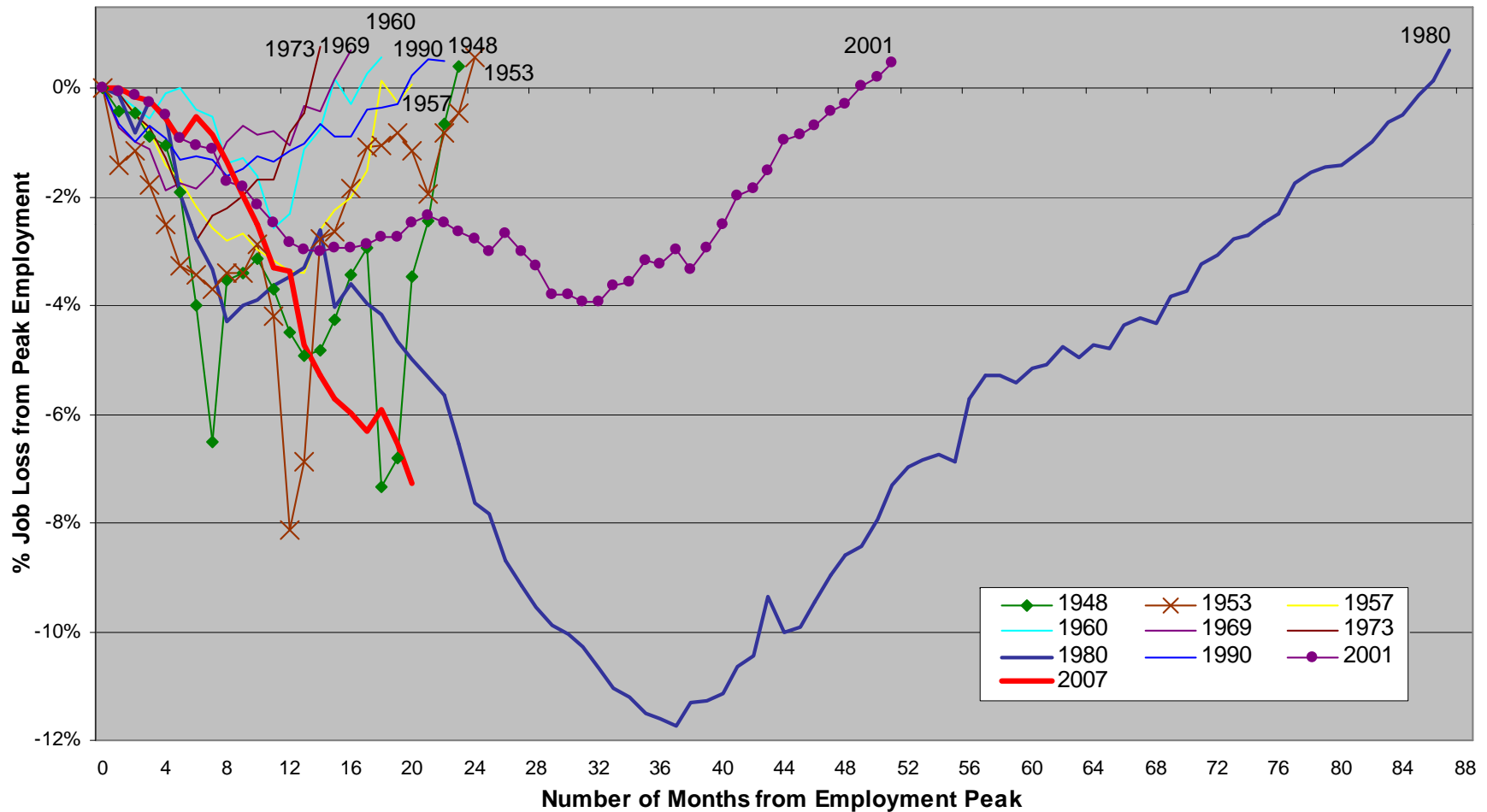
* Estimates based on Global Insight and OEA forecasts





Historical Comparison

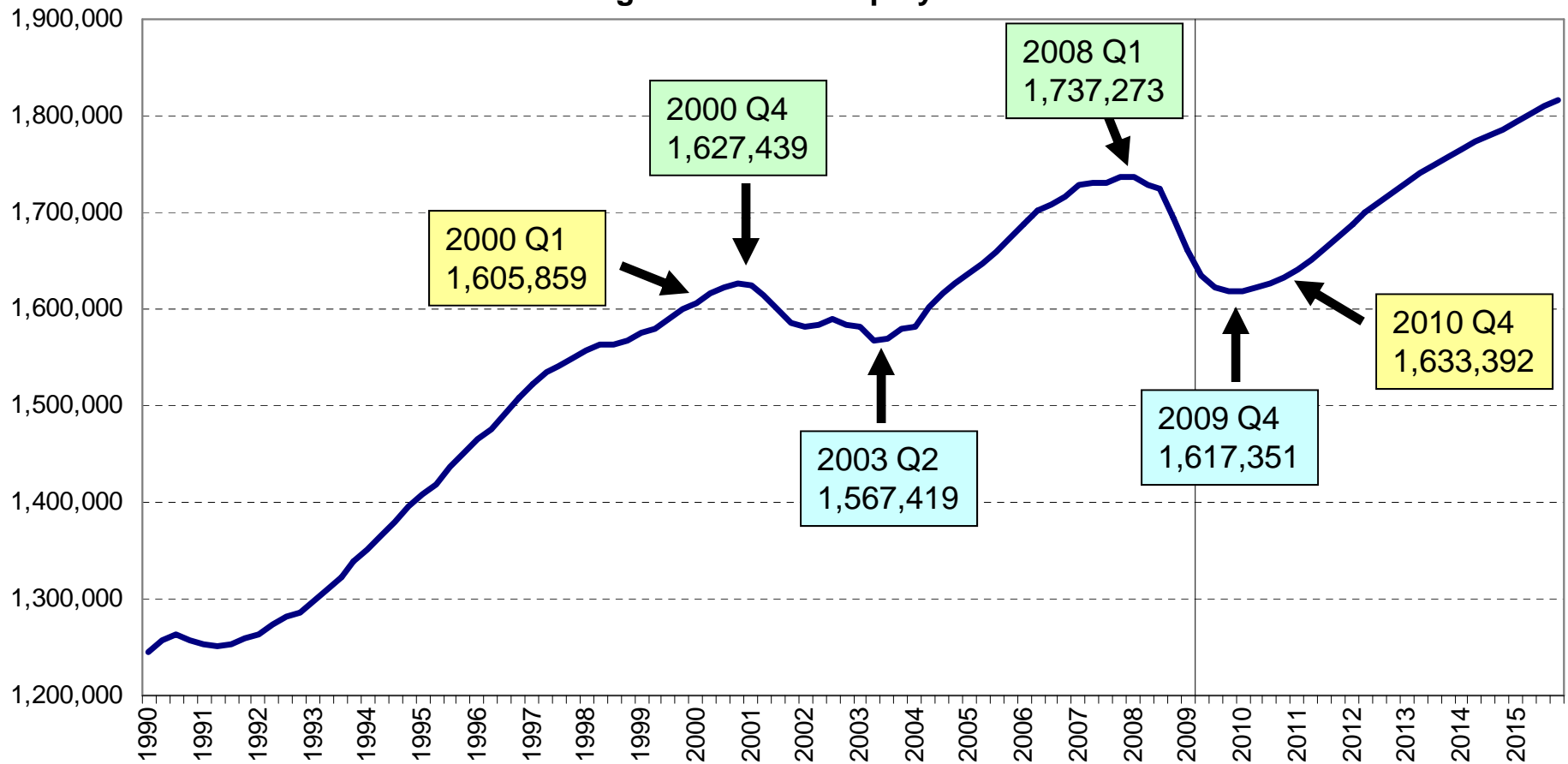
Oregon Employment Loss by Recession





Oregon's Lost Decade?

Oregon Nonfarm Employment

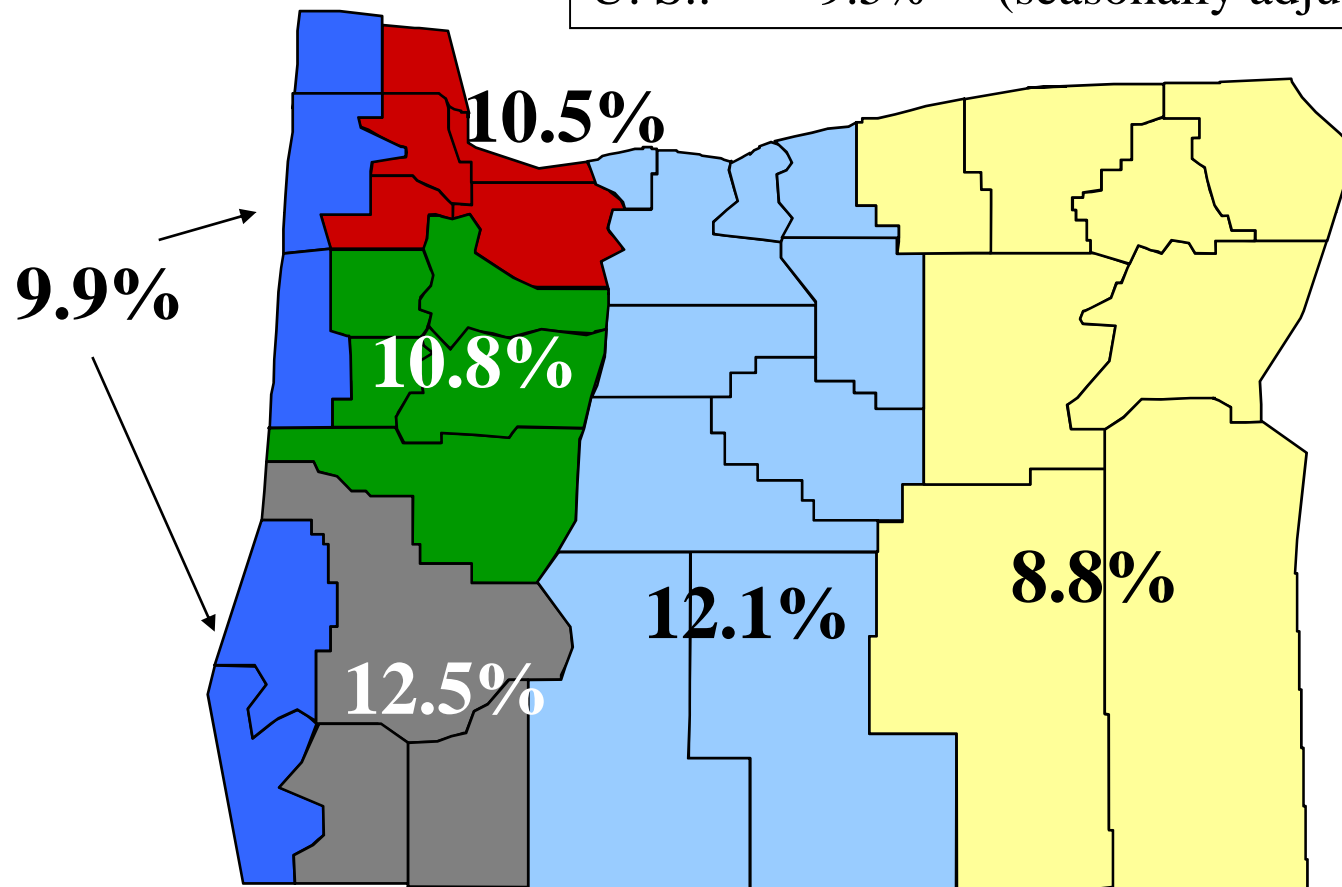




Unemployment Rate by Region, September 2009

(Not seasonally adjusted for counties)

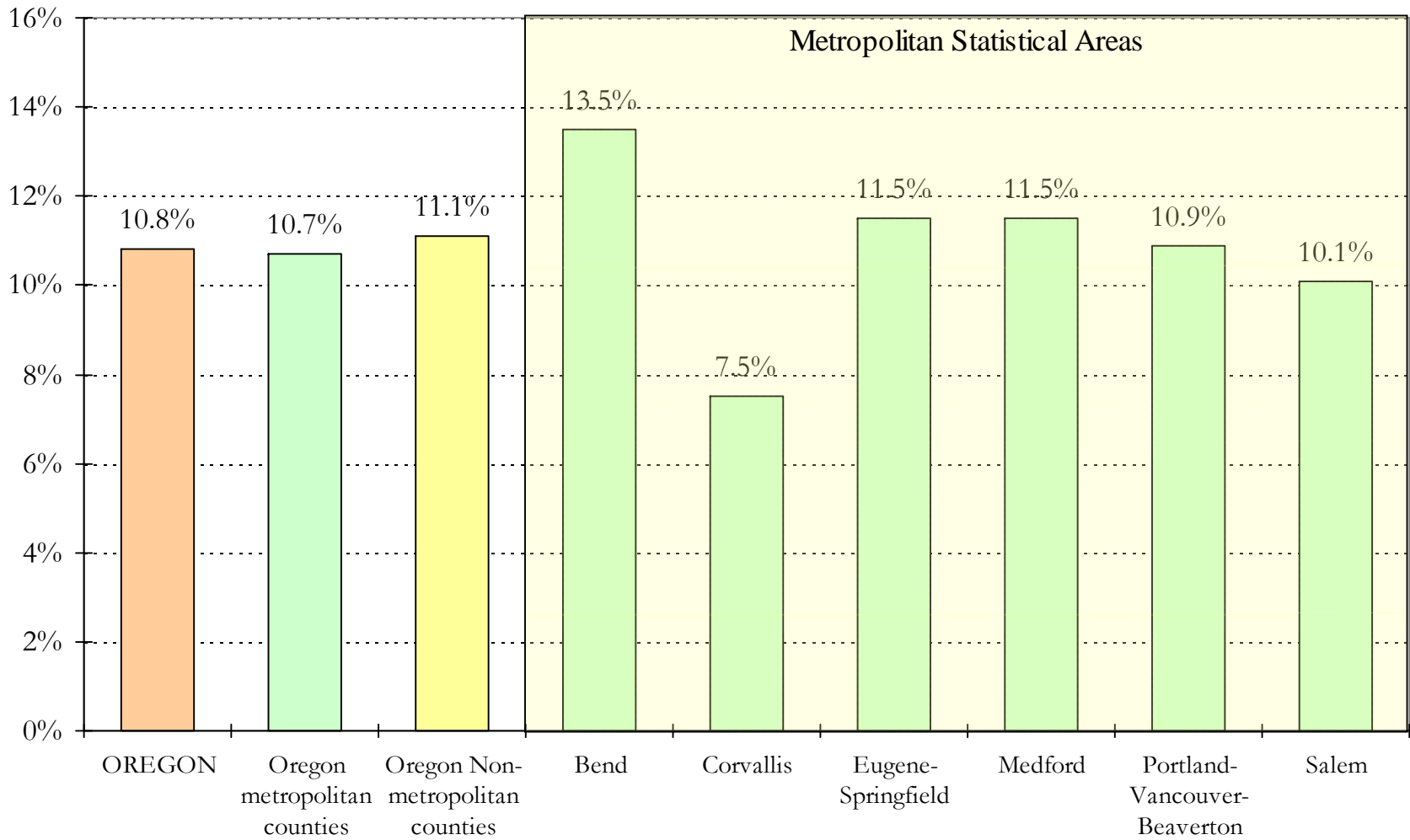
Oregon: 10.8% (seasonally adjusted: 11.5%)
U. S.: 9.5% (seasonally adjusted: 9.8%)





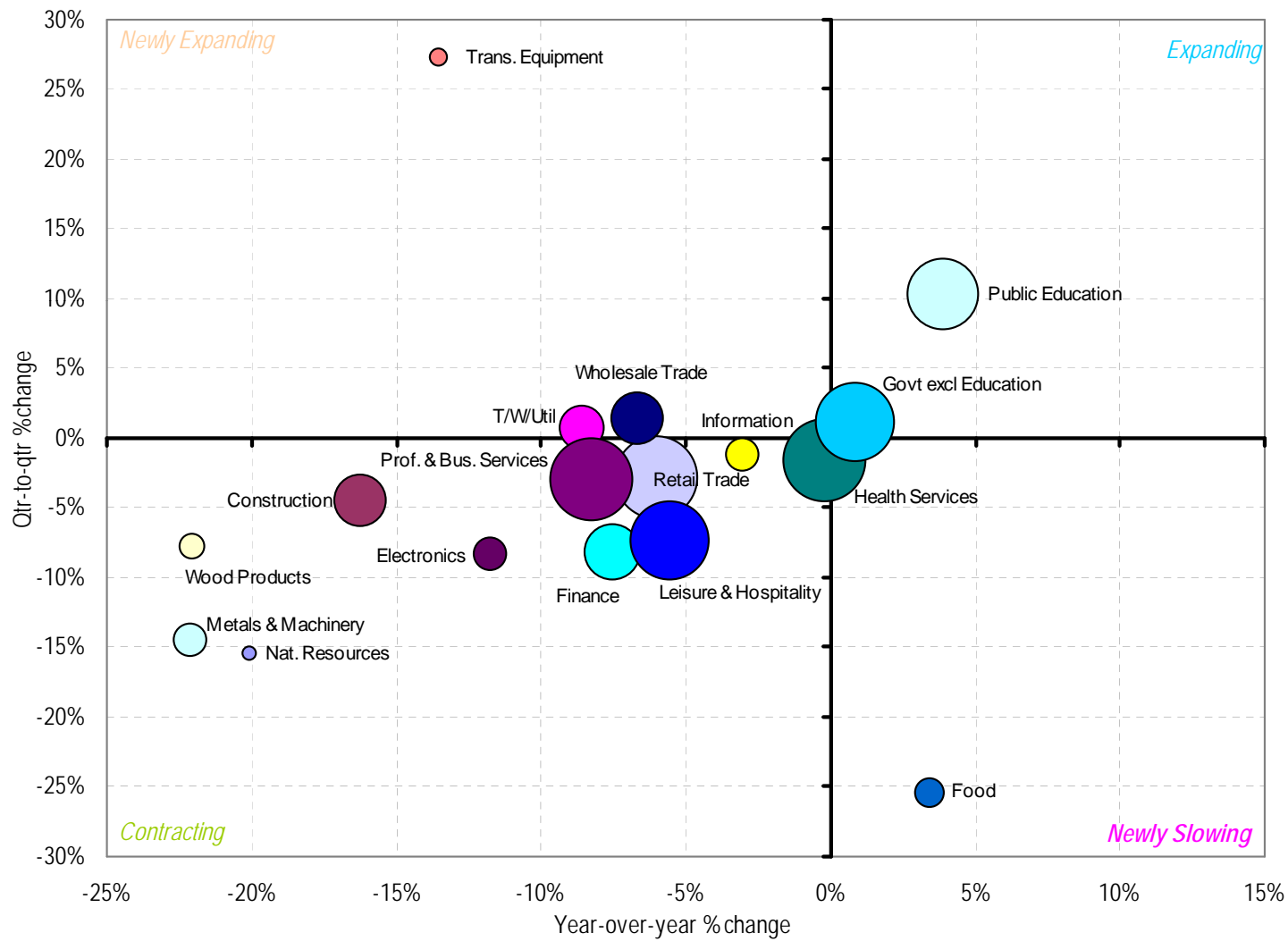
Unemployment rate by MSA designations, September 2009

Note: Portland-Vancouver-Beaverton includes Clark and Skamania counties in Washington State



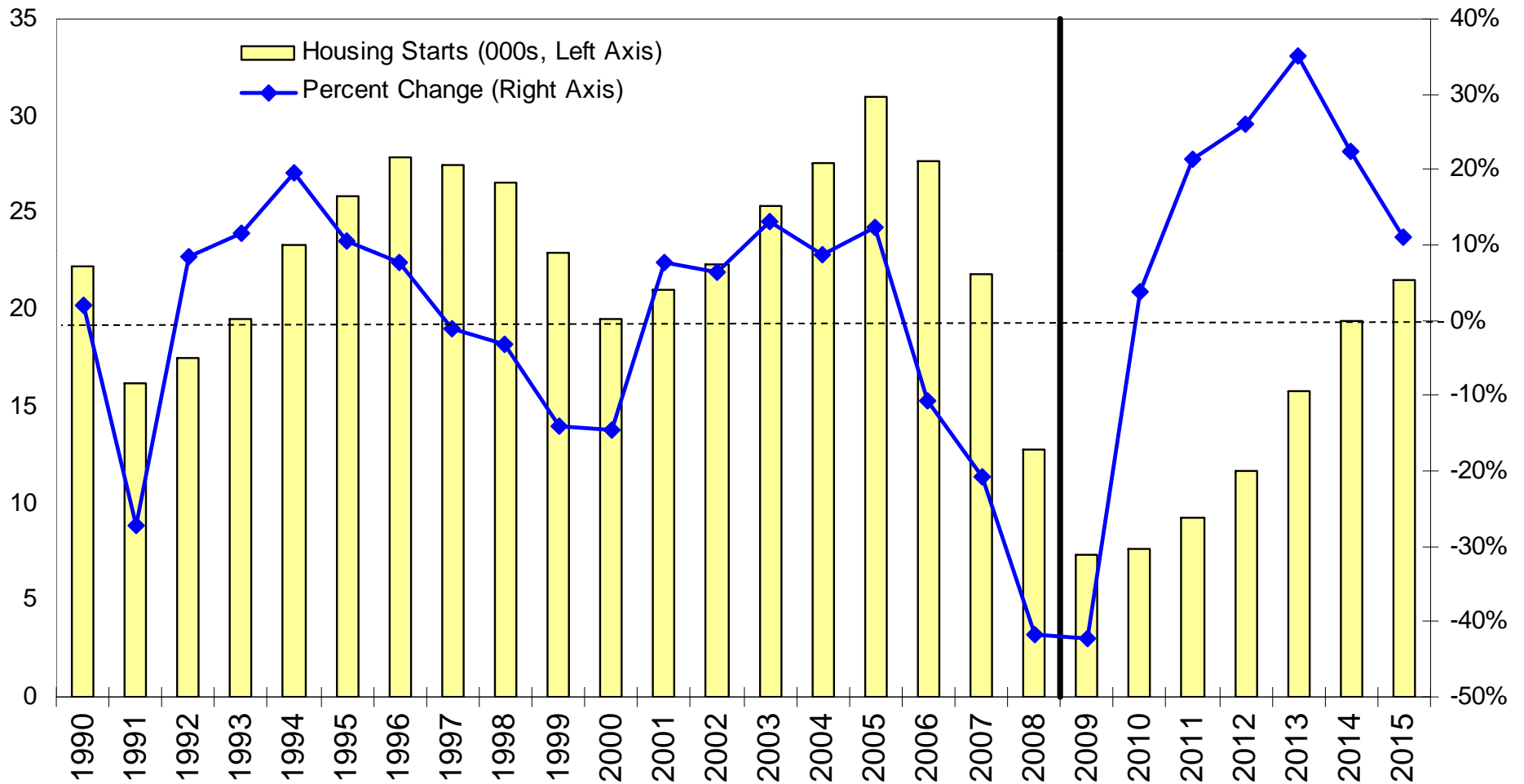


“Less Bad” Positions is Good... (3rd Quarter 2009)





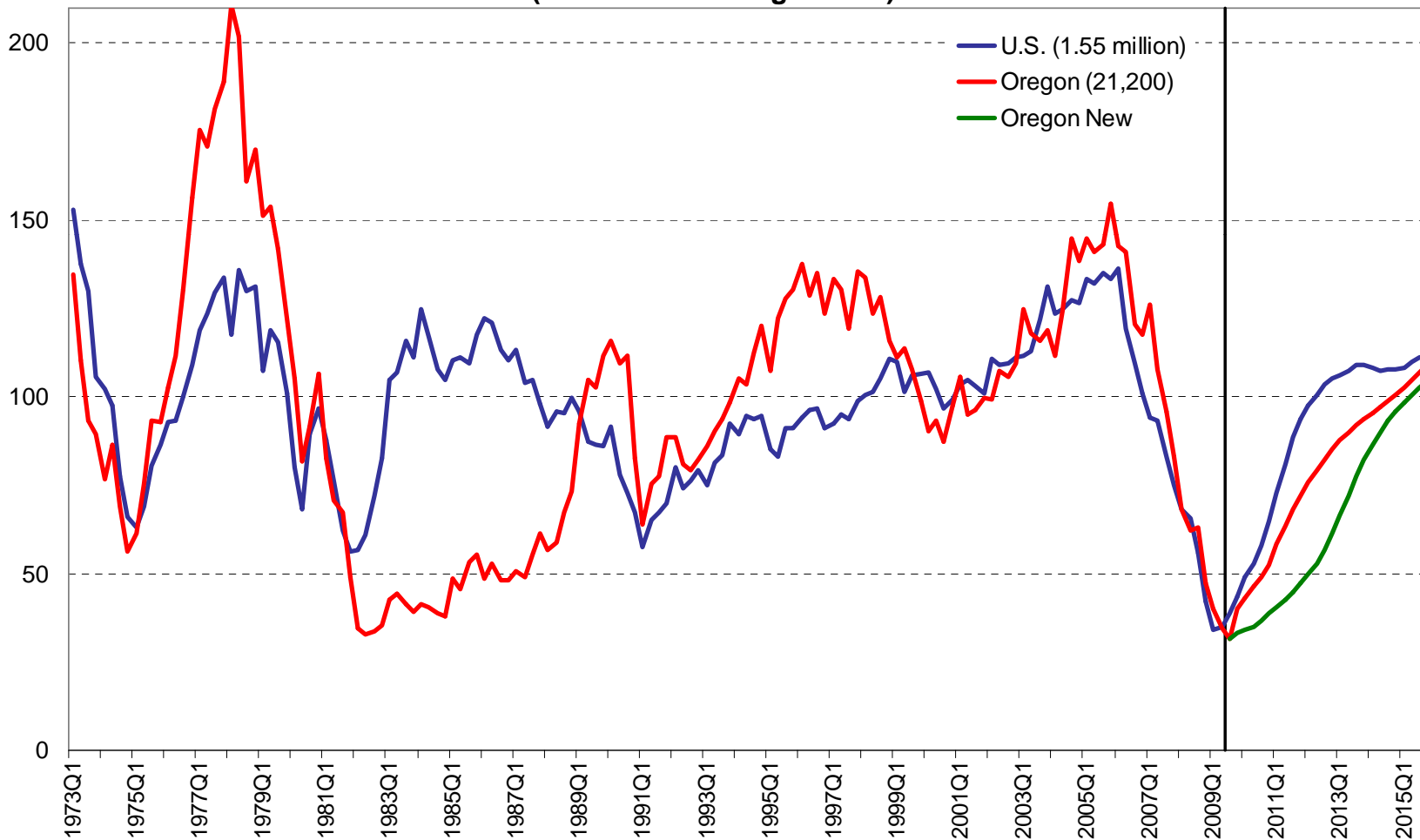
Oregon Housing Starts





Housing Starts: Oregon & U.S.

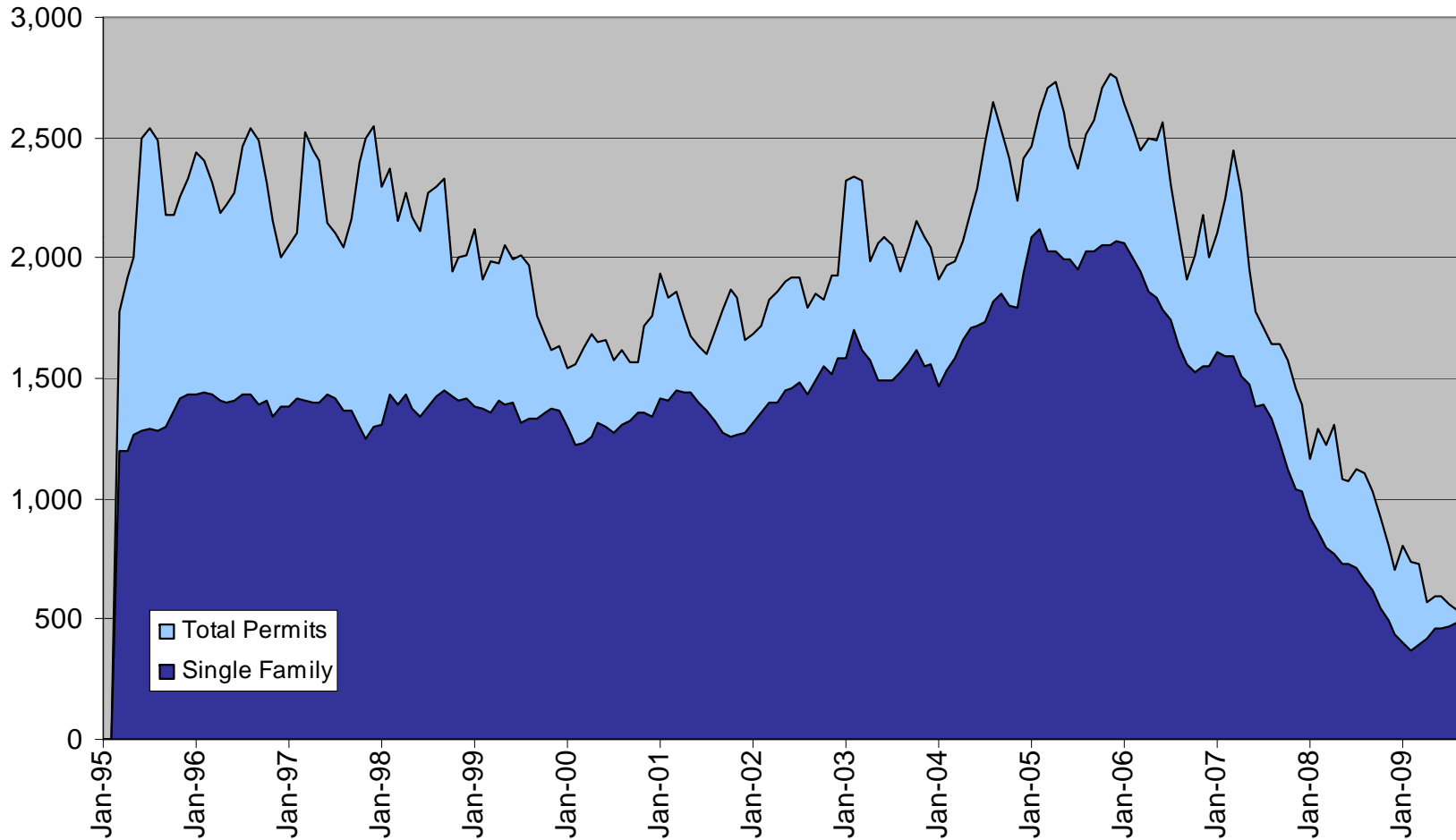
Housing Starts Index
(1973-2007 Average = 100)





Oregon Housing Permits

Oregon Housing Permits (Monthly, SA 3 MMA)





Residential Building Permits Percent Change (September Year to Date)

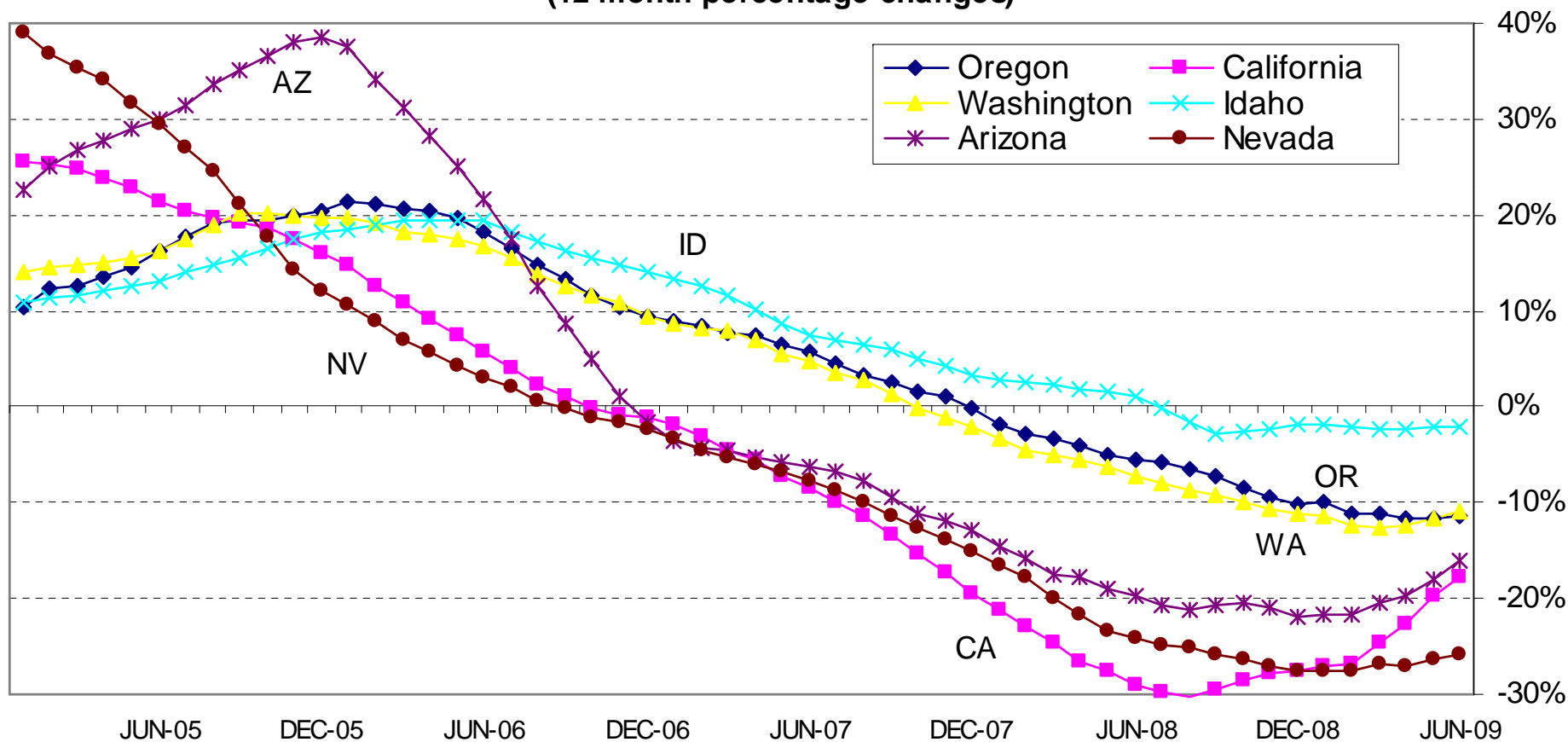
Area	Total Building Permits	Single Family Permits
Oregon	-44.4%	-35.9%
Bend	-54.0%	-52.1%
Eugene-Springfield	-38.8%	-36.0%
Medford	-34.7%	-25.3%
Portland-Vancouver-Beaverton	-58.7%	-38.5%
Salem	-41.7%	-37.0%
U.S.	-41.9%	-31.2%





Oregon was Late to the Run Up in Prices (Jan 2005 - Jun 2009)

Housing Price Index (12-month percentage changes)



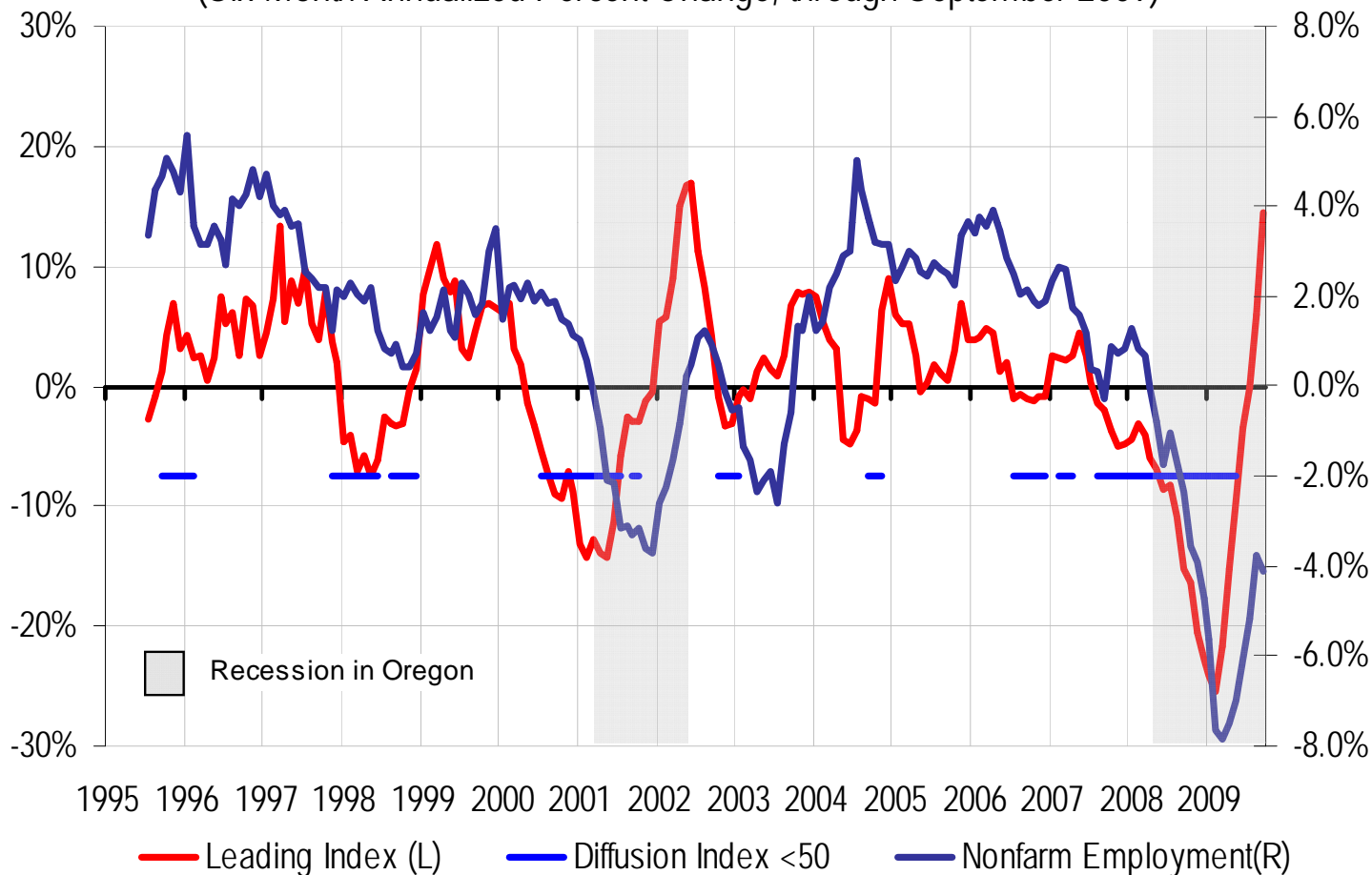


Leading Indicators

8 of 11 Indicators are Positive

Oregon Index of Leading Indicators

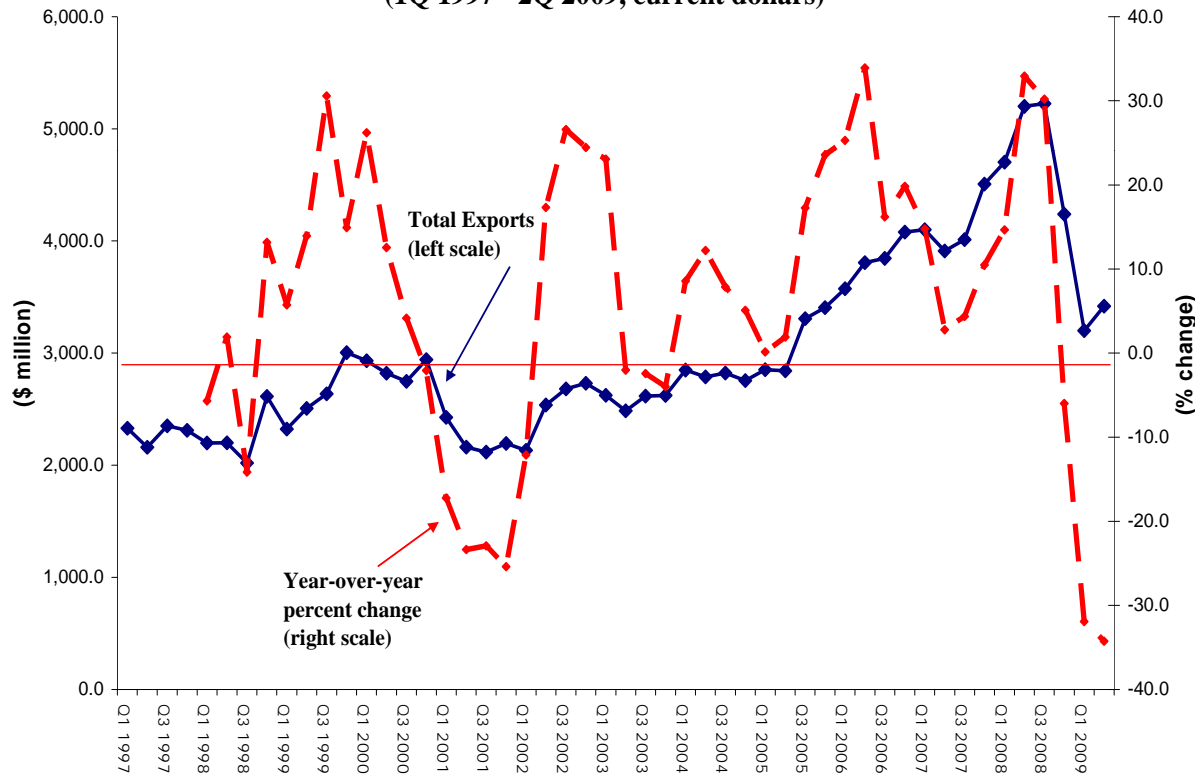
(Six-Month Annualized Percent Change, through September 2009)



Oregon Exports



Oregon's Total Exports
(1Q 1997 - 2Q 2009, current dollars)

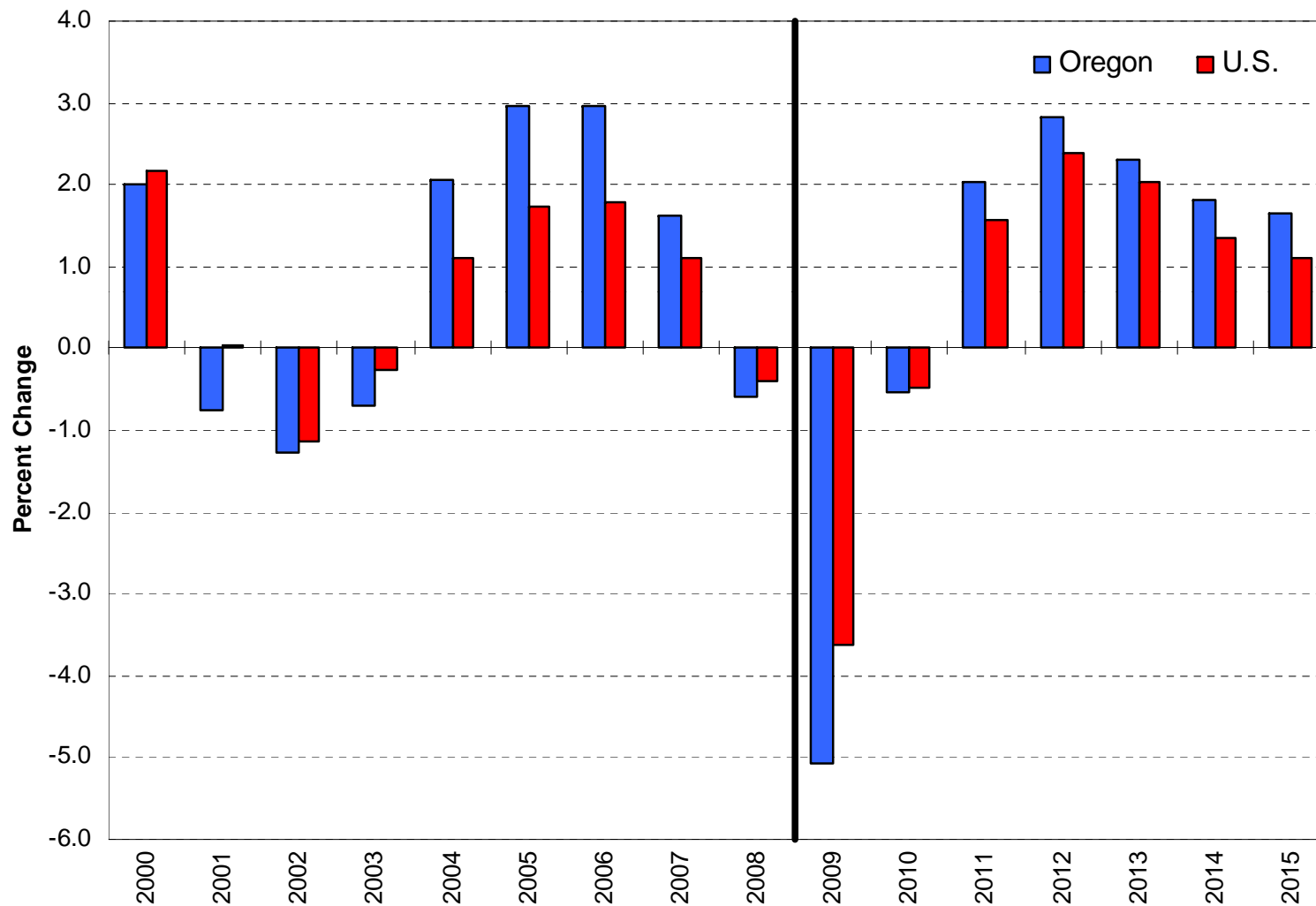


Oregon Exports by Industry			
	2008 Q2	2009 Q2	Y/Y % Change
Total All Industries	5,199.0	3,417.2	-34.3%
Computer And Electronic Products	2,073.2	1,613.8	-22.2%
Agricultural Products	781.9	459.6	-41.2%
Machinery, Except Electrical	484.1	267.6	-44.7%
Chemicals	293.6	176.2	-40.0%
Transportation Equipment	419.7	154.5	-63.2%
Primary Metal Manufacturing	200.9	101.7	-49.3%
Waste And Scrap	211.6	100.2	-52.7%
Food And Kindred Products	95.8	89.1	-7.0%
Wood Products	128.1	73.3	-42.8%
Paper	102.8	56.3	-45.2%



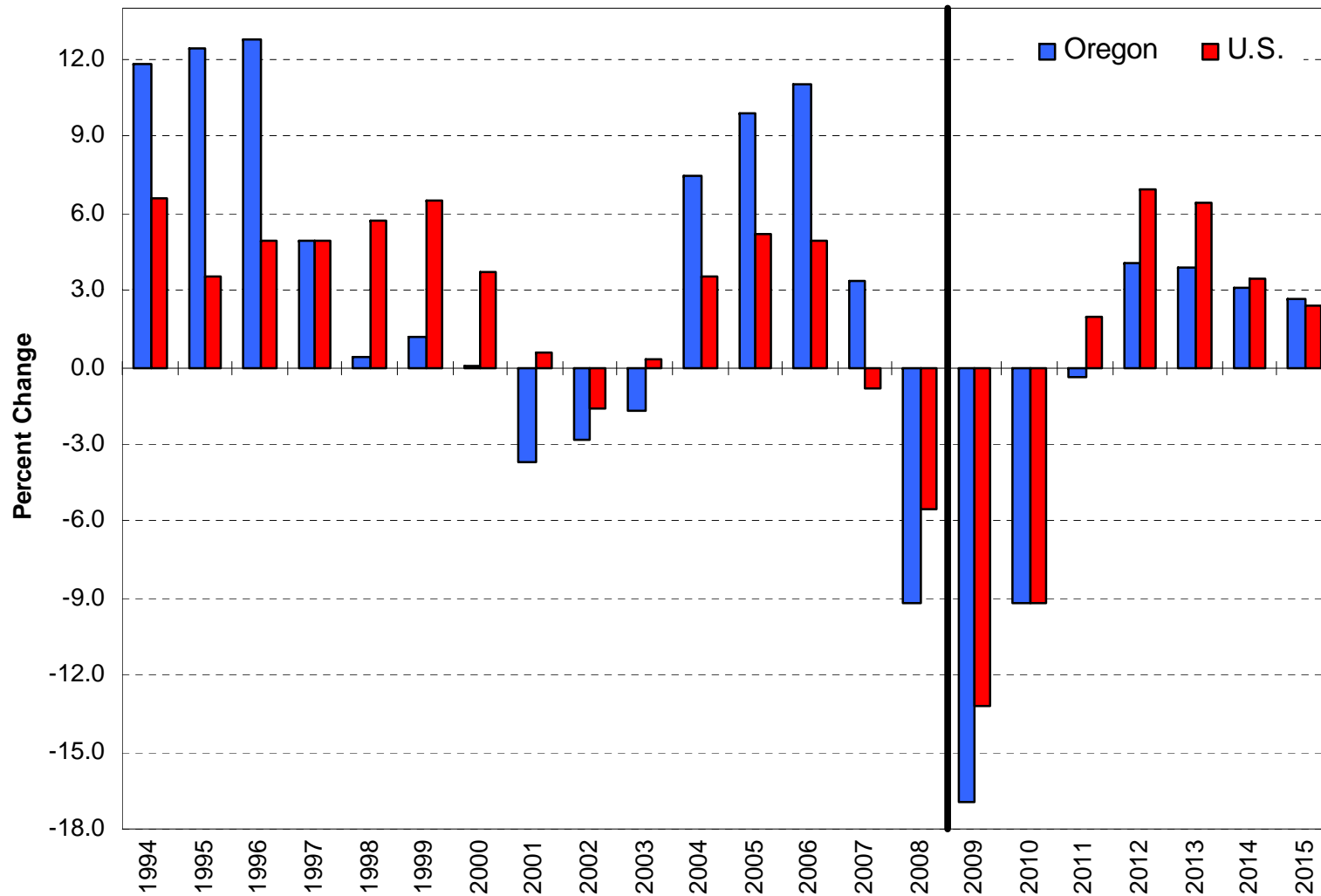


Total Non-farm Employment (Annual Percent Change)



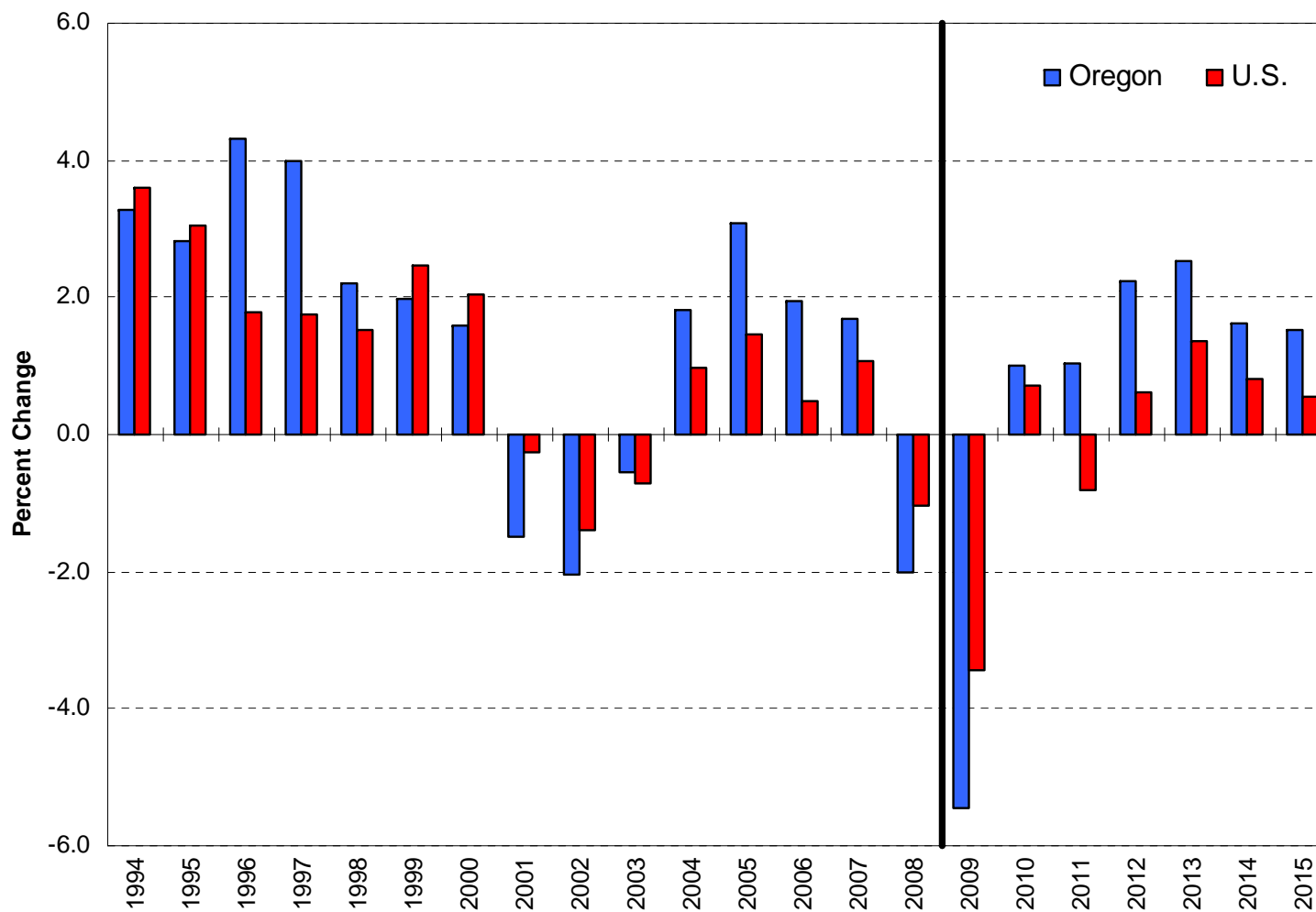


Construction Industry Employment (Annual Percent Change)



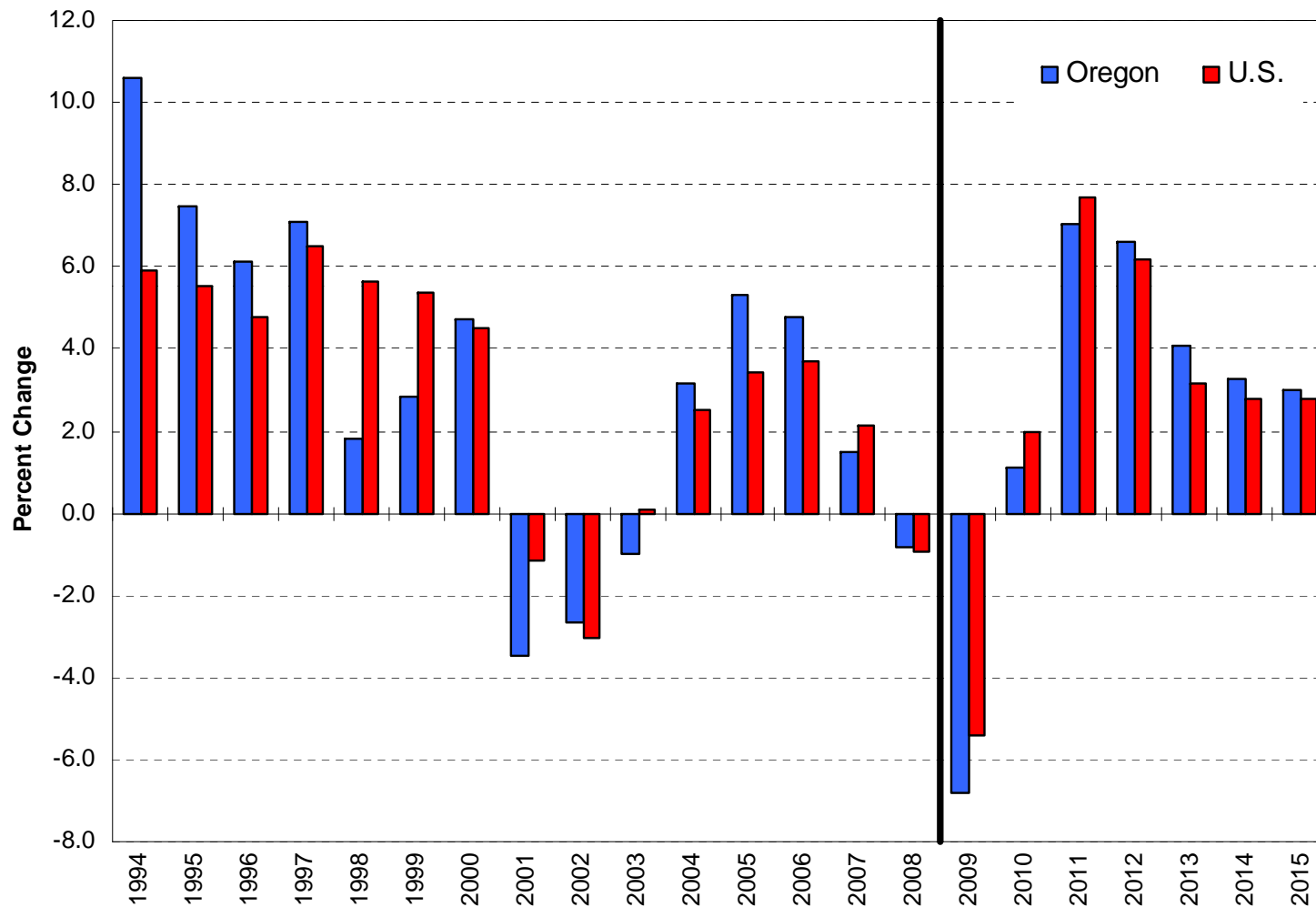


Retail Trade Industry Employment (Annual Percent Change)



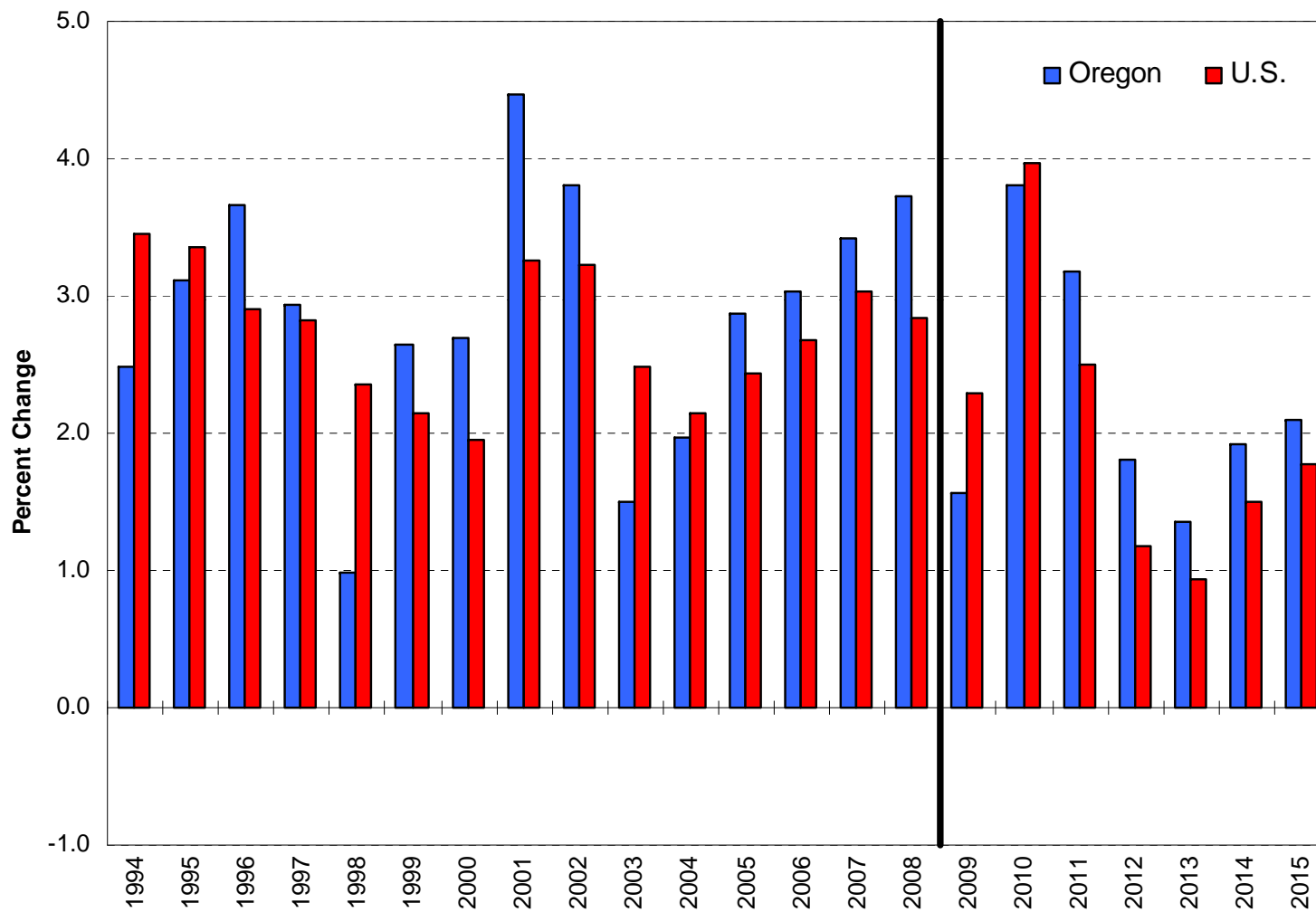


Professional & Business Services Industry Employment (Annual Percent Change)



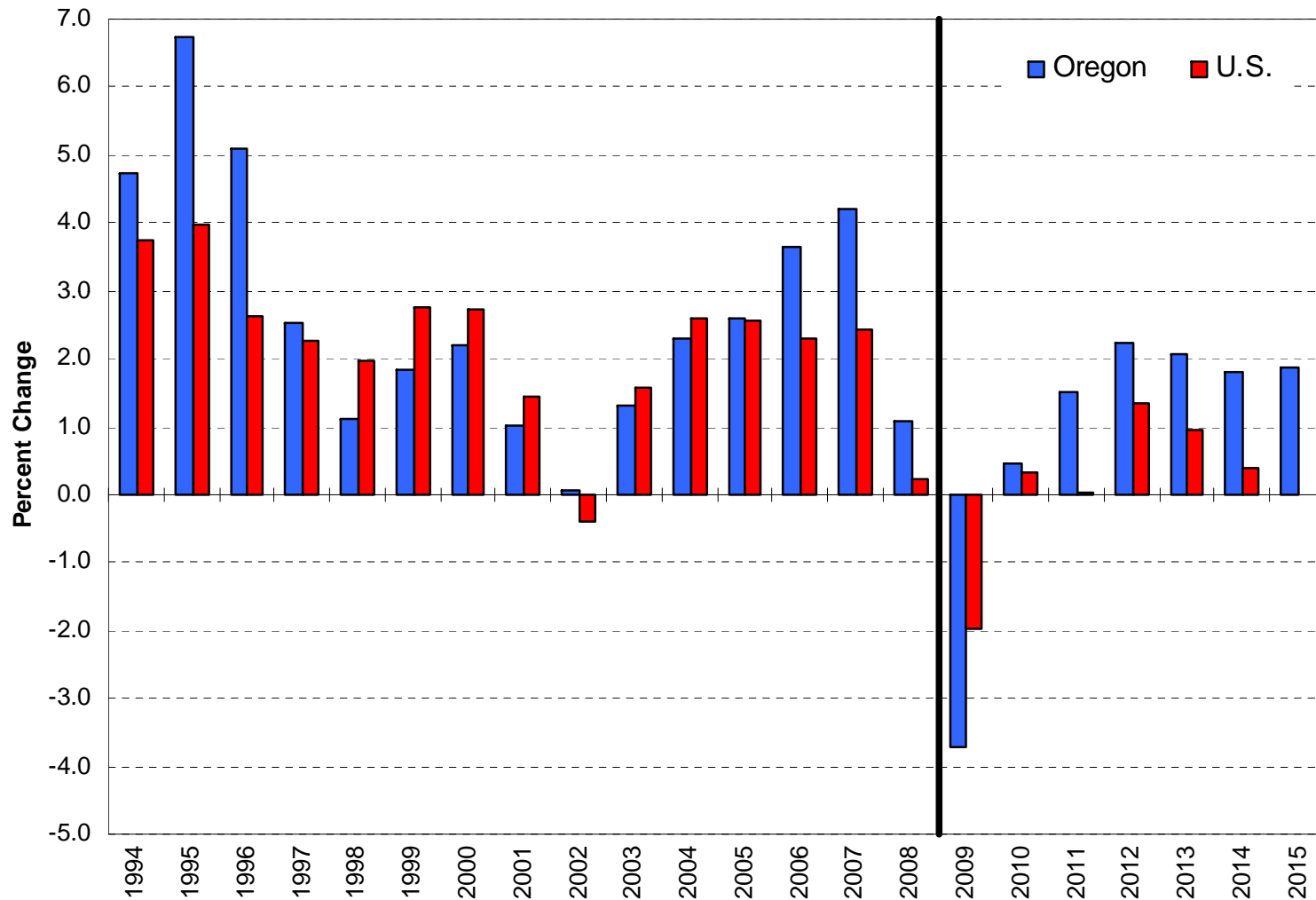


Health Services Industry Employment (Annual Percent Change)



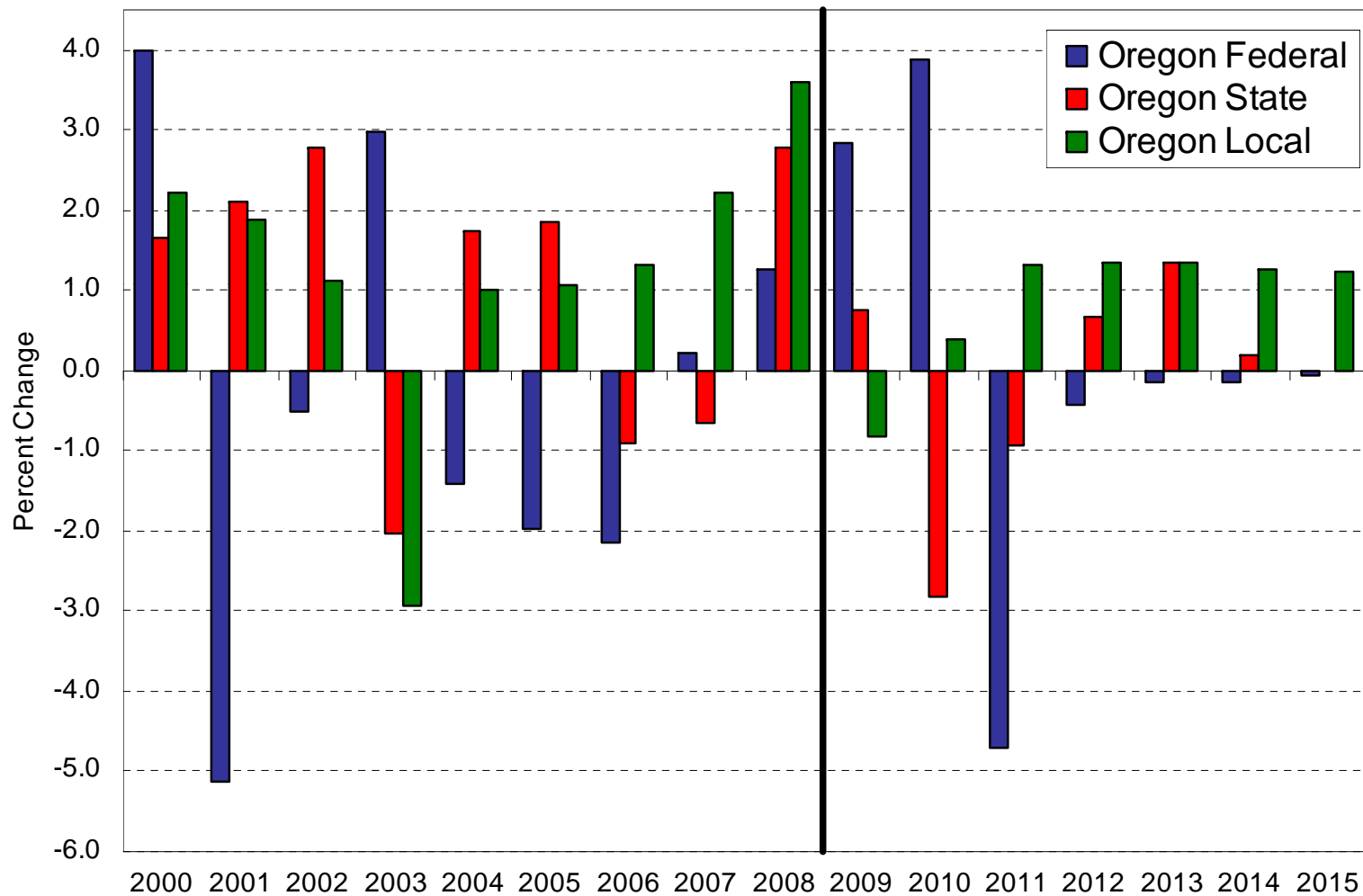


Leisure & Hospitality Industry Employment (Annual Percent Change)





Public Sector Industry Employment (Annual Percent Change)





Risks to the Forecast...

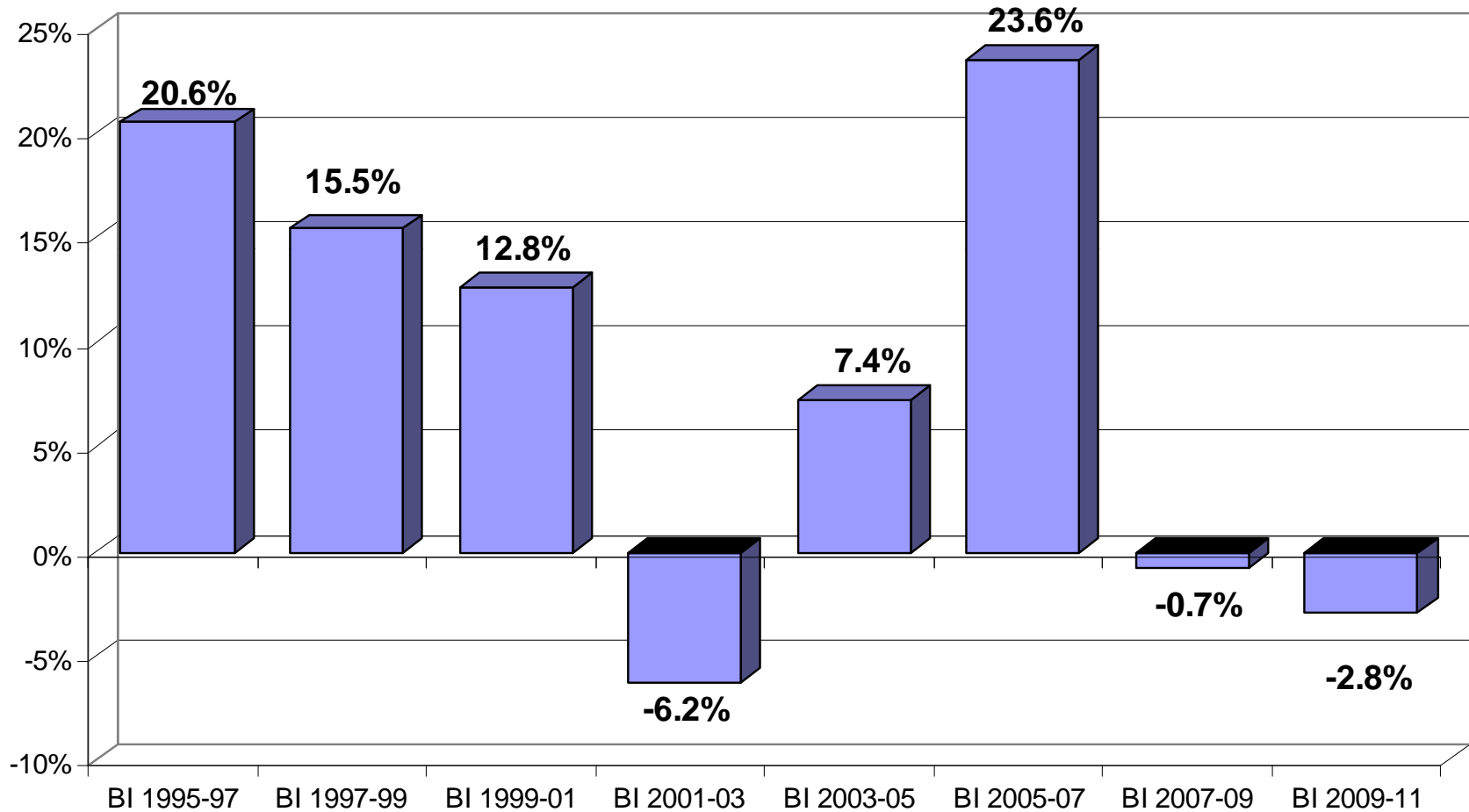
Downside and Upside...

- Credit Markets
- H1N1
- Export Markets
- Geopolitical
- Initiatives, referendums, referrals, ...





Biennial Growth Rates

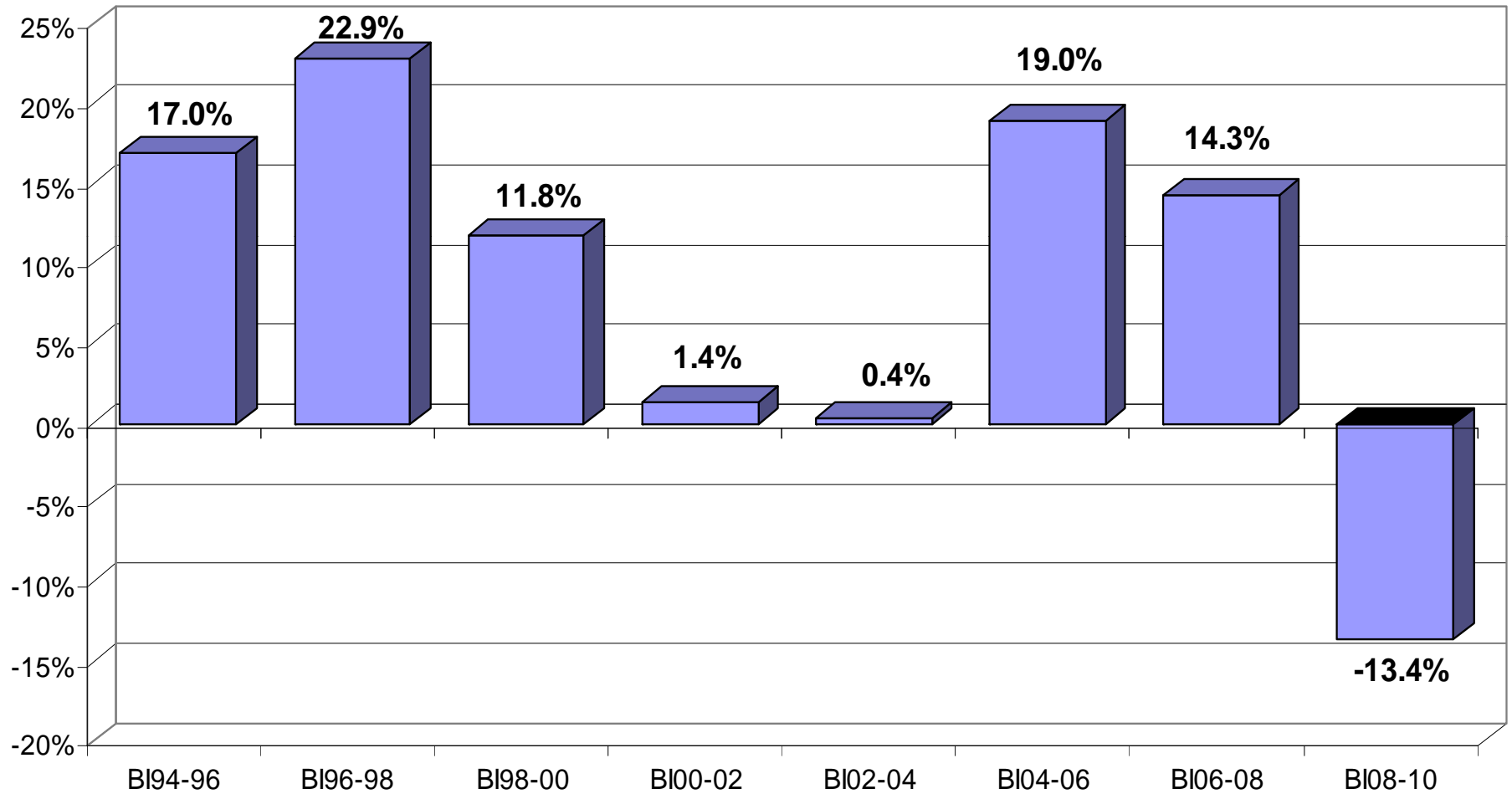


Note: Not including 2009 revenue actions

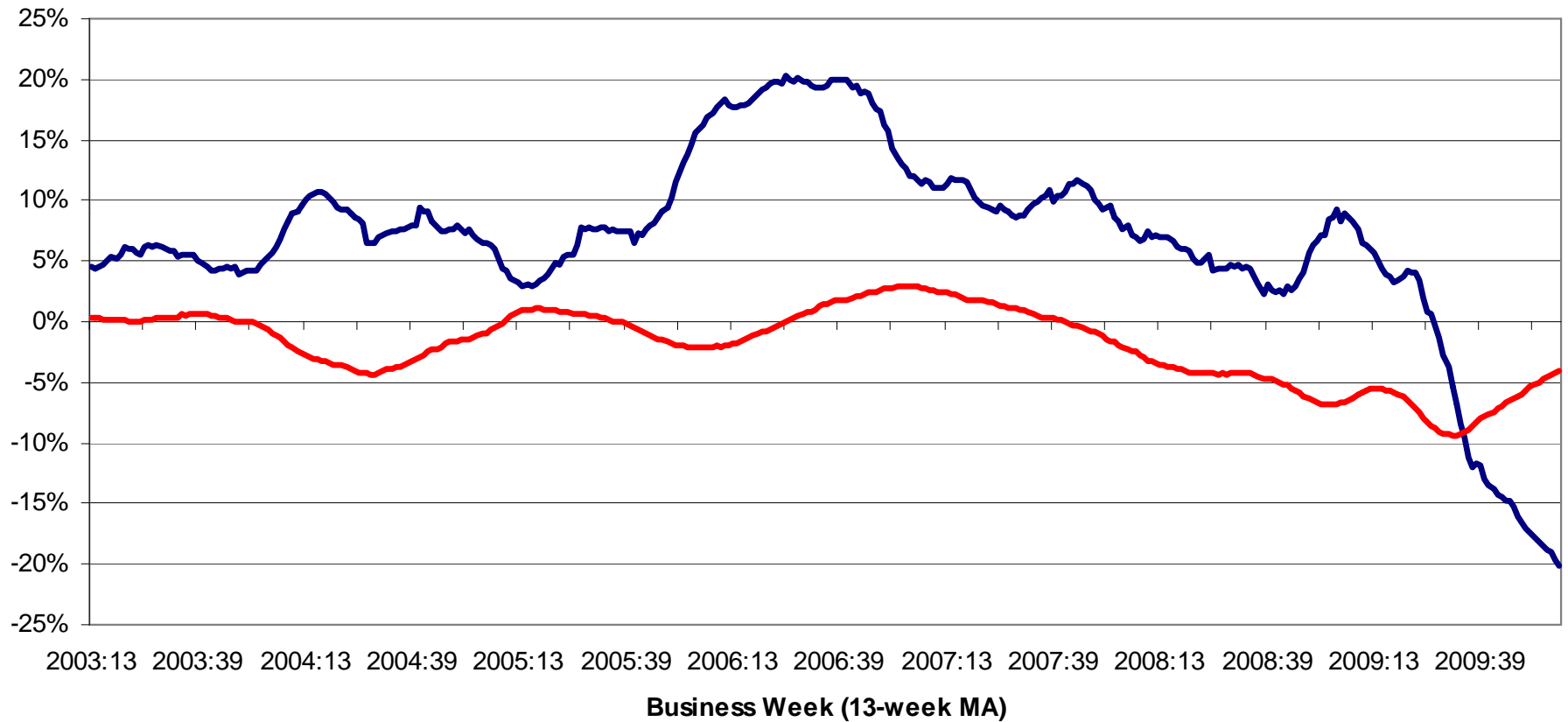




Biennial Growth Rates



Lottery Data



— Games Played

— Average Wager

Source: Oregon Lottery





For More Information

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