

D. Oregon Economic Review and Forecast

Summary of Recent Trends

Statewide Trends

The second quarter of 2009 is now the third consecutive quarter of above six percent job losses. This recession has taken away jobs at a very fast and deep pace. Quarterly percentage jobs losses are the largest on current record back to 1976. In percentage terms, total job losses are only surpassed by the 1980 to 1982 back-to-back recessions. But we are not done counting for this recession. On a year-over-year (Y/Y) basis, jobs decreased in the second quarter by 5.5 percent.

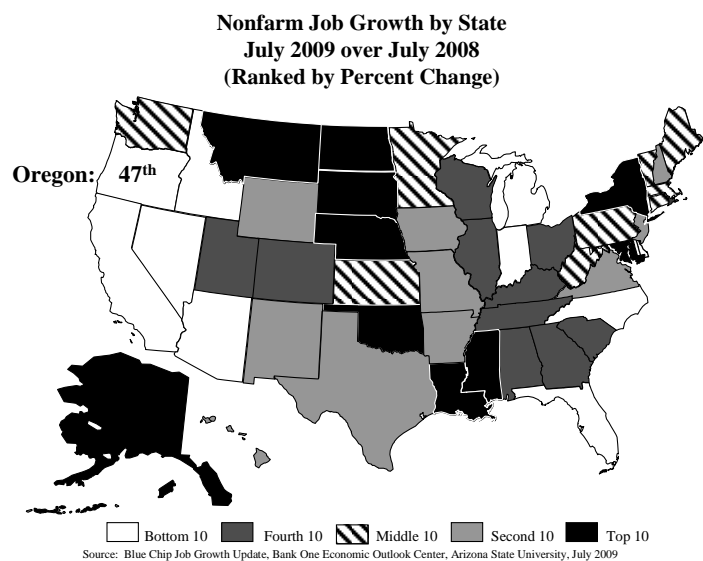
Oregon's recession, which essentially started in the first quarter of 2008, has spread to all sectors of the economy. Two sectors that appear on the surface to weather this recession are food processors and educational and health services. Food processors have only one quarter of job losses through this recession and employment is up 2,400 jobs since the fourth quarter of 2007. This sector is notoriously volatile but is still 1,000 jobs higher than in the early 1990's. In the second quarter of this year, educational and health services recorded the first job growth below 2.0 percent since the first quarter of 2005. Educational services have recently been quite strong. Health services recorded their fourth quarterly job loss since the first quarter of 1990 and the first quarterly loss of this recession. The loss of 2.4 percent was the largest drop of the four recorded losses.

The recession continues to impact both housing and manufacturing. Construction and durable manufacturing jobs are especially hard hit. Service sectors from retail to professional and businesses services have seen steep declines. Declining tax revenues have prompted layoffs at state and local governments.

The most recent Blue Chip Job Growth rankings place Oregon 47th in the nation for Y/Y job growth. Between July 2008 and July 2009, jobs decreased by 98,200, or -5.70 percent. The relative performance of the fifty states is shown in Figure O.1.

North Dakota moves into the 1st ranked position in the nation with job growth of 1.33 percent. California had job losses ranking at 42nd. Washington's job losses have moved the state from a high rank of 7th to a ranking of 26th in the nation. Idaho's job loss was 5.4 percent, ranking 46th among the 50 states.

Figure O.1



OEA's forecast for second quarter annualized job growth was a negative 6.5 percent compared to the reported negative 6.3 percent. Table O.1 provides details of actual second quarter growth compared to the June 2009 forecast and shows annualized growth comparisons and Y/Y growth. Unless noted otherwise, all percentage rates discussed below reflect annualized rates of change for the second quarter of 2009.

Table O.1

Total Nonfarm Employment, 2nd quarter 2009

(Employment in thousands, Annualized Percent Change)

	Preliminary Estimate		Forecast		Forecast Error		Y/Y Change
	level	% ch	level	% ch	level	%	% ch
Total Nonfarm	1,634.9	(6.1)	1,631.3	(6.5)	3.6	0.2	(5.5)
Total Private	1,334.6	(7.1)	1,331.6	(7.5)	3.0	0.2	(6.9)
Natural Resources and Mining	7.2	(17.7)	6.8	(33.5)	0.4	5.5	(15.8)
Construction	79.0	(18.9)	77.4	(24.3)	1.6	2.1	(18.3)
Manufacturing	170.1	(15.3)	168.7	(18.1)	1.4	0.9	(14.1)
Durable Goods	118.5	(20.2)	118.5	(20.2)	0.0	0.0	(18.6)
Wood Product	21.3	(28.1)	21.9	(20.0)	(0.6)	(2.8)	(22.2)
Metals and Machinery	32.0	(31.0)	32.6	(27.0)	(0.5)	(1.7)	(18.5)
Computer and Electronic Product	34.9	(9.8)	34.1	(18.5)	0.9	2.6	(11.4)
Transportation Equipment	11.6	3.9	10.7	(23.7)	0.9	8.2	(27.3)
Other Durable Goods	18.6	(21.4)	19.2	(7.8)	(0.6)	(3.1)	(20.6)
Nondurable Goods	51.6	(2.4)	50.2	(13.0)	1.4	2.8	(1.8)
Food	25.8	10.5	24.0	(17.6)	1.8	7.4	10.2
Other Nondurable Goods	25.8	(13.6)	26.1	(8.5)	(0.4)	(1.4)	(11.5)
Trade, Transportation & Utilities	313.8	(5.1)	313.0	(5.9)	0.9	0.3	(7.4)
Retail Trade	185.8	(3.3)	183.8	(7.2)	2.0	1.1	(6.4)
Wholesale Trade	74.3	(8.3)	74.9	(5.2)	(0.6)	(0.8)	(8.1)
Transportation, Warehousing & Utilities	53.7	(6.9)	54.3	(2.3)	(0.6)	(1.1)	(9.7)
Information	35.1	1.9	34.1	(8.5)	1.0	3.0	(3.1)
Financial Activities	95.8	(7.2)	97.1	(2.0)	(1.3)	(1.4)	(6.8)
Professional & Business Services	181.5	(9.1)	182.3	(7.3)	(0.8)	(0.5)	(8.2)
Educational & Health Services	225.1	0.7	225.6	2.3	(0.5)	(0.2)	2.8
Educational Services	33.5	16.3	31.6	(2.4)	1.9	5.9	11.1
Health Services	191.6	(1.7)	194.0	3.1	(2.3)	(1.2)	1.5
Leisure and Hospitality	167.0	(5.0)	166.0	(6.1)	1.0	0.6	(4.2)
Other Services	60.0	(6.2)	60.6	(2.4)	(0.6)	(1.0)	(1.7)
Government	300.2	(1.3)	299.6	(2.0)	0.6	0.2	1.3
Federal	30.9	14.8	30.2	4.8	0.7	2.5	5.0
State	77.7	(2.4)	77.5	(4.1)	0.2	0.3	2.0
State Education	29.1	(0.6)	28.6	(8.4)	0.4	1.6	3.2
Local	191.6	(3.2)	192.0	(2.2)	(0.4)	(0.2)	0.5
Local Education	101.7	(2.9)	102.2	(1.3)	(0.6)	(0.5)	1.4

The degree of job losses associated with these preliminary job numbers was slightly less than our forecasted estimate. Similar to the national level, the second quarter job losses continue the steep declines of the fourth quarter of 2008 and the first quarter of 2009.

Total private employment lost 24,700 jobs from the first quarter for a 7.1 percent decline. Just less than thirty percent of the private employment loss was due to manufacturing,

dropping 7,200 jobs for a 15.3 percent decline. The Y/Y employment for manufacturing is down 14.1 percent. Private non-manufacturing employment shed 17,500 jobs for a 5.8 percent decline. This sector's Y/Y employment growth is down 5.7 percent. The government sector shed 1,000 jobs for a decline of 1.3 percent.

Within manufacturing, durable goods employment declined by 20.2 percent. The largest percentage declines were wood products, metals and machinery, and other durable goods. Still feeling the effects from the housing correction, wood products lost 1,800 jobs for a decline of 21.3 percent. Other durable goods, which include electrical equipment, appliance, and furniture products, declined 21.4 percent. Metals and machinery, one of the last durable manufacturing sectors to loose jobs in this recession, had a job loss of 31.0 percent. Computer and electronic products lost 900 jobs for a decline of 9.8 percent. The transportation equipment sector posted the only job gains in this durable goods area with an increase of 3.9 percent. This is partly due to the reopening of a large RV manufacturer to finish outstanding orders for vehicles. The Y/Y change for this sector is down 27.3 percent.

The highly seasonal sector, food processing, increased jobs by 10.5 percent. Other nondurable goods manufacturing, this includes paper and allied products, declined at the rate of 13.6 percent.

In the private nonmanufacturing sector, construction continued to lose jobs at 18.9 percent. Construction is down 25,600 jobs or 24.5 percent since the recent high employment in the first quarter of 2007.

Households are still cautious about their budgets. Retail trade jobs were down 3.3 percent and leisure and hospitality employment declined 5.0 percent. Wholesale trade decreased jobs by 8.3 percent and Y/Y growth is down 8.1 percent.

Financial services cut jobs at a rate of 7.2 percent. Professional and business services remained at single digit job loss during this recession with a decline of 9.1 percent while information jobs, which includes publishers of software, was one of the few sectors to add jobs by 1.9 percent.

Private education services were either ignoring the downturn in the economy or reacting to it with an increase of 16.3 percent. This sector's Y/Y growth is 11.1 percent. Health services employment has only declined in four quarters since 1990. The second quarter of this year is the first quarterly decline since the third quarter of 2003 and at -1.7 percent, is the largest quarterly decline in the last 20 years.

The government sector decreased jobs by 1.3 percent. Federal jobs were up 14.8 percent, mainly related to the 2010 Census. State jobs are down 2.4 percent, and local government jobs are down 3.2 percent.

Regional Trends

Since the fourth quarter of 2008, every region of the state has been posting year-over-year declines in employment. Declines accelerated in the first and second quarters of 2009. In the most recent quarter, declines ranged from 5.4 percent in the Willamette Valley and 5.3 percent in the Portland area to 2.2 percent in eastern Oregon.

Regional unemployment rates (not seasonally adjusted) paused in the second quarter, after climbing rapidly the prior two quarters. Many businesses pick up in the spring and summer months, easing the upward pressure on unemployment rates. In June, southern Oregon had the highest rate at 14.5 percent, although central Oregon took a close second at 14.1 percent. The area with the lowest unemployment rate was eastern Oregon (10.2%). Statewide, the June unemployment rate was 11.9 percent.

Greater Portland Area Employment Continues to Drop: Clackamas, Columbia, Multnomah, Washington, and Yamhill counties

Although Portland posted year-over-year employment gains in the first three quarters of 2008, declines in the fourth quarter offset the gains such that average total employment from 2007 to 2008 was essentially unchanged. In the first quarter of 2009, employment was down nearly 4 percent from the prior year. Declines were even greater in the second quarter, with employment down 5.3 percent over the year.

By county, second quarter employment was down over the year by as much as 10.6 percent in Columbia and as little as 4.8 percent in Multnomah. Clackamas, Washington and Yamhill counties had declines between 6 and 7 percent. All of Portland's counties have seen year-over-year employment declines since the fourth quarter of 2008, although the rate of decline has accelerated in 2009.

Construction and manufacturing have dropped jobs over the year in all five Portland-area counties. The two smaller counties (Columbia and Yamhill) have each lost more than one-quarter of their construction employment since June 2008. Losses in Clackamas and Washington counties are above 18 percent, and the industry in Multnomah County has dropped 16 percent. Manufacturing losses are running above 7 percent across the Portland-area counties. Again the smaller counties have been harder hit, with losses above 12 percent in Yamhill and nearing one-third of manufacturing employment in Columbia County. The other industries with year-over-year declines in most counties were information; professional and business services; and transportation, warehousing, and utilities.

One sector that has been a source of growth throughout the recession is fading more recently: private educational and health services continued a decent pace of growth in Columbia (+2.9%) and Yamhill (+4.0%) counties, but the industry is barely in positive territory over-the-year in Clackamas and Washington counties, and is essentially unchanged in Multnomah County since June 2008.

The June preliminary unemployment for the combined five-county Portland area was 11.5 percent. The rate is more than 6 percentage points higher than in June 2008.

*Willamette Valley Declines Accelerate:
Benton, Lane, Linn, Marion, and Polk counties*

The Willamette Valley region showed the largest year-over-year decline in the state in the second quarter of 2009, down 5.4 percent from the second quarter of 2008. The decline has taken hold rapidly – as recently as the third quarter of 2008 employment was flat over the year.

By county, year-over-year employment declines ranged from 4.4 percent in Benton to 7.6 percent in Linn during the second quarter. The other three counties – Marion, Polk and Lane – had declines of just over 5 percent. The rate of decline doubled from the first quarter in the Salem area and Benton County, and also accelerated in Linn County. Lane County's rate of decline eased just a bit in the second quarter, moving from 5.4 to 5.3 percent.

As of June 2009, several industries showed year-over-year employment declines in all five Willamette Valley counties. With losses ranging between 13 percent in Lane County and 22 percent in Linn County, construction was one such industry. Manufacturing showed declines ranging from 14 percent in Linn County to 25 percent in Lane County. The significant decline in Lane County's manufacturing employment was primarily due to the widely-publicized closing of the Hynix Semiconductor plant in Eugene and large layoffs at RV manufacturing companies such as Monaco Coach.

Despite the overall declines, employment in private education and health services continued to post over-the-year gains in most counties. Marion and Polk counties combined added about 1 percent, while gains in Lane topped 2 percent and Linn County's industry added almost 4 percent since June 2008. Benton County education and health services was flat over the year.

The Valley's preliminary unemployment rate was 12.1 percent in June – more than double the rate one year earlier, when it was 5.4 percent.

*Coastal Oregon Counties Show Mixed Trends:
Clatsop, Coos, Curry, Lincoln, and Tillamook counties*

Employment in Oregon's coastal counties declined year-over-year in 2008, falling by a total of nearly 1 percent from 2007. In the first half of 2009, declines accelerated and the entire coastal region joined in. By second quarter 2009, employment was 4.9 percent below the level in second quarter 2008.

Oregon's coastal counties experienced year-over-year employment declines ranging from 3.1 percent in Coos to 6.3 percent in Curry during the second quarter. Further north, Clatsop, Lincoln and Tillamook counties all had declines between 5 and 6 percent. While

employment also declined in every county during the first quarter of 2009, only two counties had over-the-year declines greater than 3 percent that quarter – and every county saw a faster rate of decline in the second quarter.

As of June, employment in the construction industry was down over the year across the coastal region. Losses exceeded 14 percent in every county, with Clatsop, Curry and Tillamook losing more than one-fifth of their construction employment. The small mining and logging industry also declined from one year earlier in every coastal county; Clatsop County took the largest hit, losing more than 100 jobs in the industry.

Largely due to temporary Census employment, one bright spot in every county was federal government employment; it was higher than one year earlier by as much as 60 jobs in Clatsop County. Private education and health services employment was also higher throughout the coastal region, with increases above 3 percent across the board, and approaching 6 percent in Clatsop and Tillamook counties.

The unemployment rate in Oregon's coastal counties was 11.4 percent in June, which is an increase of 6 percentage points from one year earlier.

*Southern Oregon Experiences Large Job Losses:
Douglas, Jackson, and Josephine counties*

Southern Oregon has posted year-over-year employment declines since late 2007. The first region of the state to see employment declines as the housing downturn and recession took hold, it continued to be the region with the fastest decline until its rate was matched, and subsequently surpassed, by Central Oregon in third quarter 2008. In the second quarter of 2009, employment was 4.8 percent below the level in the second quarter of 2008.

By county, southern Oregon's year-over-year employment declines in the second quarter were 5.9 percent in Douglas, 4.8 percent in Josephine, and 4.3 percent in Jackson. While declines in Douglas County have maintained about the same rate since the fourth quarter of 2008, declines in Jackson and Josephine counties moved above 4 percent for the first time during the recession. The only county to experience a year-over-year employment gain in the past two years was Jackson, which last saw growth in the third quarter of 2007.

In June, several industries showed significant employment declines over the year in all three southern Oregon counties: manufacturing; construction; trade, transportation, and utilities; and mining and logging. These four industries accounted for about 80 percent of the region's job losses between June 2008 and June 2009.

Educational and health services – usually a source of growth, even in economic downturns – was almost unchanged over the year across the region. Douglas County's sector showed the greatest growth, with a gain above 1 percent. Federal government jobs,

benefiting from temporary Census employment, were also a source of growth for Douglas County, adding 70 jobs over the year.

Southern Oregon's unemployment rate of 14.5 percent in June was the highest regional rate in the state. The rate is up more than 7 percentage points over the year.

Central Oregon Rate of Decline Holds Steady:

Crook, Deschutes, Gilliam, Hood River, Jefferson, Klamath, Lake, Sherman, Wasco, and Wheeler counties

Much like southern Oregon, Central Oregon saw year-over-year employment declines throughout 2008. Central Oregon declined more rapidly in the last half of 2008 than any other area of the state. The region was also the only area of the state where declines did not accelerate between the first and second quarters of 2009. In the first and second quarters, employment was down 4.2 percent from the prior year.

While in the first quarter every county in this diverse region had lost jobs over the year, two counties emerged with slight over-the-year growth by the second quarter of 2009: Sherman (+2.0%) and Wheeler (+0.6%). Lake and Wasco counties declined moderately, losing less than 2 percent. Five central Oregon counties dropped between 3 and 5 percent over the year: Deschutes, Gilliam, Hood River, Jefferson, and Klamath. Crook County, with a decline of 11.9 percent from the prior year, had the steepest loss of any county in the state.

Over-the-year employment changes in June varied significantly by county. Leisure and hospitality employment, for instance, added jobs in Jefferson, Lake and Wasco counties, but declined elsewhere in the region. Just two industries showed somewhat consistent declines across central Oregon's counties: manufacturing and construction. Manufacturing employment dipped in at least seven of the ten counties, and the rate of decline was generally in the double digits. Construction employment was also lower over the year in nearly every county.

Most counties posted over-the-year growth in some portion of public-sector employment. Increased federal government employment – boosted by temporary Census employment – helped over-the-year comparisons in Crook, Klamath, Lake, Wasco and Wheeler counties.

In June, central Oregon's unemployment rate was 13.7 percent. The rate is 7.5 percentage points higher than the rate one year earlier – the largest over-the-year increase in the state.

*Eastern Oregon Loses Employment in Most Counties:
Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa counties*

Eastern Oregon experienced moderate year-over-year employment declines throughout 2008. By the second quarter of 2009, employment was down 2.2 percent from one year earlier. This was the slowest rate of decline, by far, of any region in the state.

Employment in Morrow County grew an impressive 4.0 percent from the second quarter of 2008 to the second quarter of 2009 – the strongest growth in the state. Grant County’s year-over-year trend was little changed in the second quarter.

Over-the-year growth in Morrow County was due almost entirely to a gain of over 100 manufacturing jobs. In contrast, Grant County’s manufacturing sector lost jobs, but those losses were countered by job gains elsewhere.

In the remaining eastern Oregon counties, over-the-year employment declines ranged from 1.0 percent in Malheur to 7.0 percent in Harney. In June, the industries in decline varied by county, but most counties lost manufacturing jobs, with large numbers lost in Harney, Union and Umatilla counties. Trade has also been trending lower, especially in Wallowa and Umatilla counties.

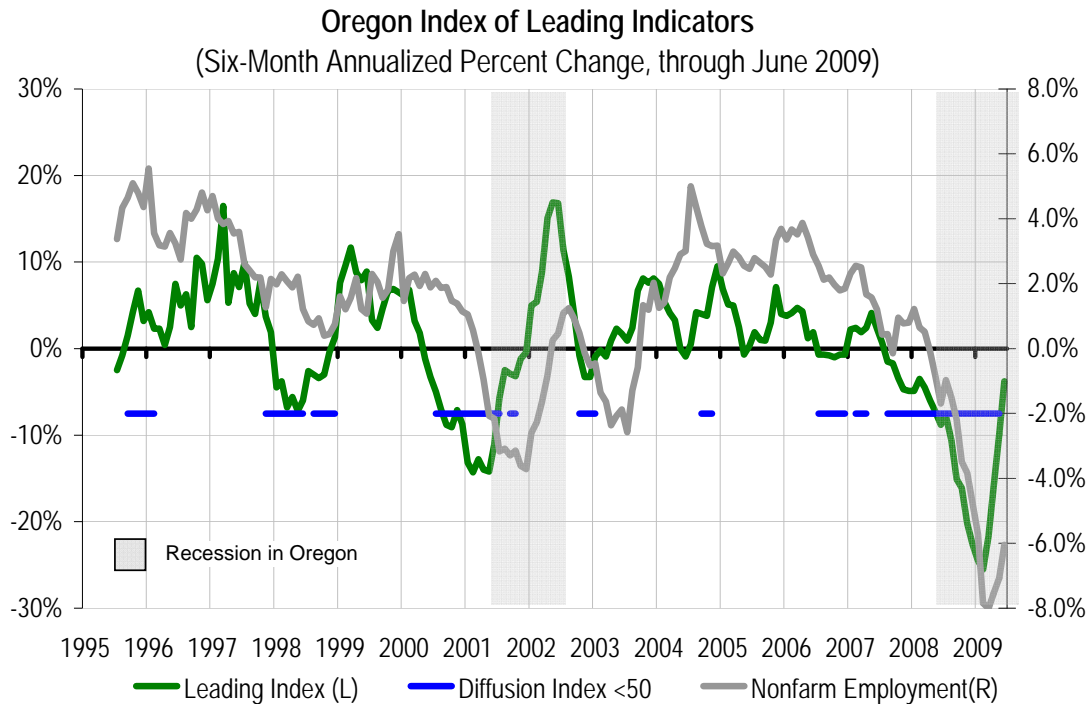
Several counties had help from gains in private educational and health services and the public sector. Malheur County’s public-sector showed gains over the year, and Harney County benefited from 50 additional federal government jobs. In Union County, education and health services pitched in with an increase of over 100 jobs.

Eastern Oregon’s June unemployment rate was 10.2 percent, the lowest regional rate in the state. The increase since June 2008 was also the smallest increase of any region in the state, at 4.7 percentage points.

Information on employment in Oregon’s 15 workforce regions and 36 counties is available at www.QualityInfo.org.

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Figure O.2



For the six months ending in June 2009, the Oregon Index of Leading Indicators¹ decreased an annualized 5.2 percent, following a revised 10.4 percent decline the prior month. This represents the 23rd consecutive month that the index has been negative, but for the fourth month in a row the index improved. The current index reading of -5.2 percent corresponds to the best reading since March 2008. Six indicators are registering positive values in June: the Oregon trade-weighted dollar index, consumer sentiment, new Oregon incorporations, the purchasing managers' index, initial unemployment claims and help wanted ads. With six positive indicators, June is the first month in the past 23 months in which the diffusion index did not register. All other indicators are negative; however, each one is either unchanged or indicating less bad news, which helps to improve the overall landscape for future economic activity. With the Index still in negative territory, a continuation of the recession is expected in the coming months; however, it is clear that the economy is no longer in a free fall and the sustained improvement in the Index may provide renewed optimism that the Oregon economy is near the turning point.

Short-Term Outlook

¹ The OILI applies the Conference Board's methodology for the U.S. National Leading Index to Oregon-specific components. The eleven components incorporated in the OILI include: Semiconductor book-to-bill ratio, Oregon housing permits, Institute for Supply Management's purchasing managers index, University of Michigan consumer sentiment index, Oregon withholding, new Oregon incorporations, Oregonian help-wanted index, Portland International Airport air freight tonnage, Oregon trade-weighted dollar index, Industrial Production Index, and initial Oregon unemployment claims.

Overview

David Wyss of Standard and Poor's gives the following analogy: "The US economy was skiing on black diamonds at the end of 2008 and the first quarter of 2009. Now [second quarter of 2009] we are skiing on blue diamonds, but we still have not reached the chair lifts [paraphrase]". The sense of free-fall appears behind us and more analysts are seeing an end to this recession. The last sector yet to see real "glimmers of hope" is the labor market. But even here, the sense of free-fall seems to be abating.

The situation facing the US economy has not changed by much since the release of our May 2009 forecast. Three main factors still are exerting downward pressure on the economy: housing, financial markets, international recession. Weaknesses persist in the US labor market and possess the greatest risk for a sustained recovery.

The Oregon economy is expected to follow the same direction as the US economy. The same factors weighing on the US are present in Oregon. Oregon's housing market was a bit late to the correction phase and may lag the nation slightly in both bottoming out and correction. Moody's Economy.com estimates that Oregon house prices will stop dropping in mid-2010, later than some states but earlier than the housing boom states of Arizona, Nevada, California, and Florida. House price recovery will even be sooner compared to most states. Overall, Moody's Economy.com believes that transportation and logistics hubs, resource economies, and technology centers are factors that will help states grow more quickly out of this recession. This view bodes well for Oregon based on these factors.

Broad measures are also pointing to an end of the US recession and thus to the recession in Oregon. The Conference Board Leading Indicators Index has increased for the last four months from April to July (the latest month available at the time this report was written). Likewise, the Institute of Supply Management (ISM) manufacturing index has risen every month from January to July. Signs of stabilization are showing in unemployment claims, housing sales, and retail sales.

A number of indexes are directly tied to Oregon. The Federal Reserve Bank of Philadelphia's State Coincident Indexes combines four underlying state measures combined into a single index that represents current economic conditions. The three-month moving average for Oregon has declined by 1.8 percent for the month of May and 1.6 percent for June. This is slower than the over two percent declines of November 2008 through April 2009. Moody's Economy.com's Risk of Recession index assesses the probability of recession in Oregon in the next six months at 27.0 percent. This is considerably down from a year ago and lower than the recession risk for the US at 37.0 percent. The University of Oregon's Index of Economic Indicators declined by an annualized rate of 8.0 percent in May 2008 compared to six months earlier. The report from the Oregon Economic Forum stated: "...the pace of deterioration has slowed; the six-month annualized change in the index improved significantly over the past two months, from -11.8 percent in March to -8.0 percent in May."

The above measures are consistent with the Oregon Index of Leading Indicators which points to continued slowing in coming months but the rate of decline has significantly slowed. When the recovery does come, it will likely be mild and both the nation and Oregon will experience a “jobless recovery”. We do not expect jobs levels to reach pre-recession numbers until early 2013.

OEA forecasts a decline of 3.2 percent in total employment in the third quarter and further declines of 1.1 percent in the fourth quarter of 2009. The first quarter of 2010 will still be anemic very with a slight adding of jobs at 0.2 percent. The Oregon economy does not recover until the latter part of 2010.

Table O.2

Oregon Total Nonfarm Employment and Personal Income Growth

Forecaster	Date of Forecast	Employment			Personal Income		
		2009	2010	2011	2009	2010	2011
Moody's Economy.com	April 2009	-4.7	0.2	2.9	0.9	3.6	3.9
IHS Global Insight	March 2009	-5.3	-1.4	1.5	-0.3	1.4	3.9
Wells Fargo & Co.	August 2009	-5.1	-0.3	N/A	0.9	2.3	N/A
John Mitchell	August 2009	-5.0	1.0	N/A	1.5	4.0	N/A
Conerly Consulting	August 2009	-4.7	1.7	N/A	-0.2	3.1	N/A
Portland General Electric	August 2009	-2.7	1.8	N/A	0.5	5.8	N/A
OEA	August 2009	-5.1	-0.5	2.0	0.1	2.2	4.8
Consensus*	August 2009	-4.5	0.8	N/A	0.6	3.6	N/A

*Consensus forecast from Western Blue Chip forecast

Table O.2 compares OEA’s forecast to other published forecasts. All forecasts portray this downturn as basically ending in 2009 but varying in the strength of recovery in 2010 and 2011.

Employment growth in Table O.2 shows similar rates of decline for 2009 with OEA and IHS Global Insight with the lowest rates. The differences are more pronounced with 2010 with IHS Global Insight having the lowest job growth followed by OEA. Moving into 2011, OEA follows the other national forecasters Moody’s Economy.com and IHS Global Insight. The differences in growth rates for 2010 highlight the differences in opinions on the strength of the recovery.

Income growth in Table O.2 is quite different from 2009 to 2010. OEA most closely follows IHS Global Insight, though slightly stronger than their most pessimistic outlook among the forecast groups. Stronger recovery views are mainly held by the local forecasters.

Table O.3
Oregon Forecast Summary

	Quarterly												
	2009:2	2009:3	2009:4	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (\$ billions)													
Nominal Personal Income	136.6	136.0	136.5	123.9	131.3	136.0	136.1	139.2	145.9	154.0	162.1	170.2	178.6
% change	3.7	(1.8)	1.5	8.3	6.0	3.6	0.1	2.2	4.8	5.6	5.3	5.0	4.9
Real Personal Income (base year=2000)	112.3	111.4	111.5	108.0	111.6	111.9	111.7	112.6	115.8	120.2	124.3	128.2	132.1
% change	2.2	(3.1)	0.3	5.4	3.3	0.3	(0.2)	0.8	2.8	3.8	3.4	3.1	3.0
Nominal Wages and Salaries	71.4	71.5	71.6	67.9	71.6	73.2	71.6	72.6	75.8	80.1	84.6	88.9	93.2
% change	(2.1)	0.1	0.5	6.8	5.5	2.3	(2.3)	1.4	4.4	5.8	5.6	5.0	4.9
Other Indicators													
Per Capita Income (\$1,000)	35.7	35.4	35.5	33.5	35.0	35.8	35.5	36.0	37.2	38.8	40.4	41.9	43.4
% change	2.8	(2.9)	0.5	6.6	4.5	2.4	(0.9)	1.2	3.6	4.3	4.0	3.7	3.6
Average Wage rate (\$1,000)	43.3	43.6	43.8	39.4	40.9	42.2	43.4	44.2	45.2	46.5	48.0	49.5	51.1
% change	2.5	2.9	1.6	3.9	3.8	3.2	2.8	1.8	2.3	2.9	3.2	3.2	3.2
Population (Millions)	3.8	3.8	3.8	3.7	3.8	3.8	3.8	3.9	3.9	4.0	4.0	4.1	4.1
% change	0.9	1.2	0.9	1.6	1.4	1.2	0.9	1.0	1.2	1.3	1.2	1.2	1.2
Housing Starts (Thousands)	7.3	7.9	8.5	27.6	21.9	12.8	8.0	10.1	13.9	17.1	19.3	20.8	22.4
% change	(44.6)	38.2	36.7	(10.7)	(20.8)	(41.6)	(37.2)	26.2	37.2	23.2	12.7	7.8	8.1
Employment (Thousands)													
Total Nonfarm	1,634.9	1,621.8	1,617.4	1,703.5	1,731.4	1,721.1	1,633.6	1,624.8	1,657.8	1,704.9	1,744.4	1,776.1	1,805.4
% change	(6.1)	(3.2)	(1.1)	3.0	1.6	(0.6)	(5.1)	(0.5)	2.0	2.8	2.3	1.8	1.6
Private Nonfarm	1,334.6	1,325.1	1,320.6	1,417.4	1,441.6	1,422.2	1,334.9	1,326.3	1,359.0	1,403.0	1,439.0	1,468.0	1,494.9
% change	(7.1)	(2.8)	(1.3)	3.5	1.7	(1.3)	(6.1)	(0.6)	2.5	3.2	2.6	2.0	1.8
Construction	79.0	77.1	75.2	100.9	104.2	94.7	78.6	71.4	71.1	74.0	76.9	79.3	81.4
% change	(18.9)	(9.3)	(9.2)	11.0	3.3	(9.2)	(16.9)	(9.2)	(0.4)	4.0	3.9	3.1	2.6
Manufacturing	170.1	165.9	163.4	207.3	204.1	195.1	169.2	160.1	162.5	168.8	173.7	178.0	180.5
% change	(15.3)	(9.5)	(6.0)	1.7	(1.6)	(4.4)	(13.3)	(5.3)	1.5	3.8	2.9	2.4	1.4
Durable Manufacturing	118.5	114.4	112.1	154.7	150.9	142.4	117.6	109.4	111.5	116.9	120.9	124.0	125.5
% change	(20.2)	(13.2)	(7.8)	1.7	(2.5)	(5.6)	(17.4)	(6.9)	1.9	4.9	3.3	2.6	1.3
Wood Product Manufacturing	21.3	20.6	20.3	32.4	30.0	27.0	21.3	20.9	22.4	24.0	24.9	25.5	25.7
% change	(28.1)	(13.4)	(5.5)	(0.8)	(7.5)	(9.8)	(21.1)	(2.0)	7.1	7.3	3.6	2.5	0.8
High Tech Manufacturing	34.9	33.4	32.8	41.9	40.7	38.9	34.3	31.9	32.0	34.1	34.8	35.6	36.5
% change	(9.8)	(16.1)	(7.6)	1.5	(2.9)	(4.4)	(11.8)	(6.9)	0.2	6.6	2.2	2.4	2.5
Transportation Equipment	11.6	11.6	11.8	18.3	17.4	14.9	11.6	11.8	11.9	12.6	13.4	14.2	14.4
% change	3.9	1.4	5.8	2.1	(5.1)	(14.6)	(21.9)	1.3	1.4	5.4	6.7	5.7	1.6
Nondurable Manufacturing	51.6	51.5	51.3	52.6	53.2	52.7	51.6	50.7	51.0	51.8	52.9	54.0	55.0
% change	(2.4)	(0.6)	(1.8)	1.6	1.1	(0.8)	(2.2)	(1.7)	0.6	1.6	2.0	2.2	1.8
Private nonmanufacturing	1,163.9	1,159.2	1,157.3	1,210.0	1,237.5	1,227.1	1,165.6	1,166.2	1,196.5	1,234.2	1,265.2	1,290.1	1,314.3
% change	(6.0)	(1.6)	(0.7)	3.8	2.3	(0.8)	(5.0)	0.1	2.6	3.2	2.5	2.0	1.9
Retail Trade	185.8	185.4	185.1	197.3	200.7	196.7	185.9	187.8	189.7	194.0	198.9	202.1	205.2
% change	(3.3)	(1.0)	(0.6)	2.0	1.7	(2.0)	(5.5)	1.0	1.0	2.2	2.5	1.6	1.5
Wholesale Trade	74.3	73.9	73.7	79.9	80.8	80.0	74.4	73.0	73.9	77.3	80.1	82.3	84.2
% change	(8.3)	(2.0)	(1.3)	2.6	1.2	(1.1)	(6.9)	(1.9)	1.3	4.5	3.6	2.7	2.4
Information	35.1	34.5	34.0	34.9	36.0	36.1	34.6	33.3	34.7	34.9	35.2	35.6	35.8
% change	1.9	(6.9)	(6.1)	3.7	3.3	0.4	(4.2)	(3.9)	4.3	0.6	0.8	1.0	0.8
Professional and Business Services	181.5	180.8	181.1	194.4	197.3	195.7	182.3	184.3	197.3	210.4	218.9	226.1	232.9
% change	(9.1)	(1.4)	0.6	4.8	1.5	(0.8)	(6.8)	1.1	7.1	6.6	4.1	3.3	3.0
Health Services	191.6	192.3	193.8	176.8	182.8	189.6	192.6	199.9	206.3	210.0	212.8	216.9	221.5
% change	(1.7)	1.4	3.2	3.0	3.4	3.7	1.6	3.8	3.2	1.8	1.4	1.9	2.1
Leisure and Hospitality	167.0	166.6	166.4	164.9	171.9	173.7	167.3	168.1	170.6	174.4	178.0	181.3	184.7
% change	(5.0)	(0.9)	(0.5)	3.7	4.2	1.1	(3.7)	0.5	1.5	2.2	2.1	1.8	1.9
Government	300.2	296.7	296.7	286.1	289.7	298.9	298.7	298.5	298.8	301.9	305.5	308.1	310.5
% change	(1.3)	(4.6)	0.0	0.4	1.3	3.2	(0.1)	(0.1)	0.1	1.0	1.2	0.9	0.8

Goods Producing Sectors

[References to specific businesses and organizations are from public news sources and from compiled news items published in *Around the State*, Workforce Analysis Section, Oregon Employment Department.]

The wood products industry has not seen any relief from this recession. The Random Lengths Composite Price (Random Lengths Publications, June 2009) for lumber is \$222 per thousand feet compared to \$198 per thousand feet in May and \$268 per thousand feet in June 2008. Although the June price was up compared to May, these lumber prices are the lowest seen in the last 20 years. The Random Lengths Publication June 2009 states: "Over the last three years, 127 sawmills representing 8.9 million board feet of production capacity have closed permanently in North America, ...". The Western Wood Products Association forecasts a mild upturn in 2010.

The news for Oregon wood producers remains grim. Prairie Wood Products in Prairie City is shutting down its mill. Phillip Products is closing its Stayton plant laying off 125 workers. On the upside, Interfor Pacific is reopening its Gilchrist mill bringing 70 employees back to work. This industry is projected to lose jobs at a rate of -21.1 percent in 2009 and -2.0 percent in 2010 before a rebound of 7.1 percent growth in 2011.

The computer and electronic product sector is still slowing from the effects of the global recession. The semiconductor equipment book-to-bill ratio moved up to 0.77 in June from 0.74 in May, but is below the ratio of 0.85 in June 2008. An encouraging sign is that the ratio rose because of growth in orders. The Semiconductor Industry Association (SIA) reports worldwide sales were up 17 percent in the second quarter of 2009 compared to the first quarter. Sales are still at depressed levels as the second quarter of 2009 is 20 percent below sales in the second quarter of 2008. SIA forecasts sales to grow 6.5 percent in 2010. Cost cutting continues throughout this sector. RadiSys Corp. in Hillsboro plans to lay off 119 workers by mid-2010. Lattice Semiconductor Inc. in Hillsboro will cut around 32 jobs. Integrated Device Technology will close a fabrication plant in Hillsboro in two years. Consolidations at Novellus Systems Inc. will shift about 175 jobs to Tualatin as production shifts from San Jose to Oregon. The computer and electronic sector will continue to have steep job declines of 11.8 percent in 2009 and 6.9 percent in 2010. This sector is expected to stabilize in the second half of 2010 leading into a mild yearly average growth of 0.2 percent in 2011.

The transportation equipment sector has been hard hit from this recession. Drops in discretionary spending have lowered demand for RV's and airplanes. Epic Aircraft in Bend has closed its doors. Up the road in Redmond, Lancair International has countered this trend and is adding employees at its kit airplane manufacturing facility. A number of RV manufacturers have resumed production but at lower levels of activity. Monaco RV in Coburg came out of bankruptcy and now is operating with about 400 employees. Outdoors RV has moved into the former Fleetwood plant near Island City, employing about 100 people. Given the poor job numbers in the first half of this year, this sector is expected to end up losing 21.9 percent of its employment for 2009. A mild recovery is expected with job growth of 1.3 percent in 2010 and 1.4 percent in 2011.

The metals and machinery sector was hit very quickly at the end of 2008 as the recession spread deeply to other countries and international trade came to a halt. About 80 workers will be temporarily laid off at the Wah Chang plant in Albany. This sector is forecasted to have deep job losses this year with declines of 19.1 percent in 2009. The losses continue into 2010 will declines of 17.3 and milder losses of 1.4 percent in 2011.

Employment in food processing has been avoiding the recession and adding jobs. This sector is expected to grow 8.4 percent in 2009 and then mild declines of 0.9 percent in 2010 and 0.6 percent in 2011. This sector is subject to wide employment swings due to seasonal factors.

Other nondurables, which includes paper and allied products, is projected to have job declines of 10.9 percent in 2009 and 2.5 percent in 2010 before adding jobs in 2011 at 1.9 percent. Nypro Oregon Inc. will close its Corvallis plastic molding plant and lay off 62 workers by November.

Although federal and state stimulus spending is helping the construction sector, the losses due to downturns in housing and commercial development is lowering overall employment for this sector. Public projects, such as the new state hospital and prison near Junction City and the realignment of highway 20 near Newport, are employing more construction workers. Still, single-family building permits are down 43.0 percent year to date for June 2009. Grubb & Ellis report rising vacancy rates for industrial and office space in the Portland metro area. Construction employment is forecasted to decline 16.9 percent in 2009, 9.2 percent in 2010, and stabilize with a decline of 0.4 percent in 2011.

Service Producing Sectors

Trade, transportation, and utilities sector is projected to loose jobs at a rate of 6.3 percent in 2009, flat in 2010, and better growth of 1.3 percent in 2011. The general retrenchment of consumer spending has lowered sales at retail outlets, further impacting the supply chain through the wholesale level. Nike Inc. has announced layoffs of 500 workers at its Beaverton headquarters. After the closure of Joe's stores, Dick's Sporting Goods is opening in a number of the former stores throughout the state. The slower demand for natural gas will result in layoffs of 50 to 100 positions at Northwest Natural. June year to date passengers through Portland International Airport are down 10.7 percent.

The information sector, which includes traditional publishers such as newspapers and publishers of software, is also suffering from slower consumer spending. In Eugene, the Register-Guard newspaper laid off 21 people. This sector will reduce jobs by 4.2 percent in 2009 and by 3.9 percent in 2010, before adding jobs at a rate of 4.3 percent in 2011

The financial sector is still being impacted by the housing downturn and now faces problems with commercial real estate. Community First Bank of Prineville was closed by regulators and reopened by Idaho based Home Federal Bank. This is the third bank failure in Oregon during this recession. This sector will lose 5.9 percent of jobs in 2009, lose 1.2 percent in 2010, before recovering 2.6 percent employment in 2011.

Professional and business services will lose jobs by 6.8 percent in 2009, continuing a slowing trend that started in 2007. Job growth will turn positive with 1.1 percent growth in 2010 and rebound to 7.1 percent growth in 2011.

Education and health services are surviving through this recession but job growth has definitely slowed. Job growth will be 2.5 percent in 2009, 3.2 percent in 2010, and 2.8 percent in 2011. Health services is feeling this recession more so than in past downturns, with job growth projected at 1.6 percent for 2009, much slower than the plus-three percent growth of the last three years.

Leisure and hospitality continues to slow as the recession pulls back discretionary spending. Employment will decrease 3.7 percent in 2009. Jobs will slightly improve in 2010 with positive growth of 0.5 percent and further job gains of 1.5 percent in 2011.

The government sector employment is being helped by the federal stimulus spending but at the same time, is more than hurt by the recession with budget shortfalls. Local governments are especially hard hit with revenue decreases due to slack building permits, fees, and lower than expected state funding pass-through's. Oregon State University may eliminate 225 to 300 full-time jobs. Local school districts across the state report reductions in teachers in staff. One good piece of news is the move of the Marine Operations Center-Pacific from Seattle to Newport, which employs about 175 people. The government sector employment is projected to decline by 0.1 percent in 2009, 0.1 percent in 2010, and then a mild positive growth of 0.1 percent in 2011.

Recessions slow migrations movements among the states. The state population is expected to grow 0.9 percent in 2009 followed by growth of 1.0 percent in 2010 and 1.2 percent in 2011.

Personal Income Components

Personal income is forecast to grow by 0.1 percent in 2009, followed by growth of 2.2 percent in 2010, and 4.8 percent in 2011. Even with federal stimulus payments expected to boost transfer payments in the second quarter of 2009, the underlying economy is still quite weak through the rest of 2009. As the expected recovery takes hold, personal income growth rates pick up the latter half of 2010.

Wage and salary income will decline 2.3 percent in 2009. This component will feel the impact of the significant job losses. With a weak employment situation for the near future, wage and salary income will increase 1.4 percent in 2010. 2011 will see a much stronger growth with 4.4 percent gains.

The forecast of various personal income components is provided in Appendix A. Nonfarm proprietors' income, which includes income of small businesses, will decline 2.0 percent in 2009, reflecting the economy's below potential performance. The growth rate in this income component will improve in 2010 to 2.8 percent and in 2011 to 5.1 percent.

Per capita income in Oregon will roughly follow the U.S. average throughout the forecast horizon. Oregon's economy is expected to grow slightly faster than the U.S. economy, with Oregon's total personal income growing faster than the nation's through 2012. Most job gains will come from the nonmanufacturing sector of the private economy. But Oregon's population growth also will be higher than the nation's. As a result, per capita income in Oregon will not appreciatively gain or lose ground compared to the U.S. average.

Forecast Changes Relative to the May 2009 Forecast

Table O.4 provides a summary of forecast changes compared to the May 2009 forecast.

Personal income was lowered slightly in 2009 and 2010 mainly due to the Bureau of Economic Analysis's downward revisions. Personal income for 2011-2013 has been raised relative to the previous forecast due to the improved economic outlook, while 2014-2015 remain relatively unchanged. On a year-over-year percentage change basis, the current forecast values for 2009 has been lowered from 0.2 percent to 0.1 percent, for 2010 it has been raised from 2.1 percent to 2.2 percent and for 2011 it has also been raised from 4.6 percent to 4.8 percent. Real personal income was lowered further because of higher forecasts for inflation.

OEA also upwardly revised employment numbers 0.2 to 0.3 percent in each of the years 2009-2012. This was due to the stronger economic outlook, higher job counts for the second quarter of 2009 and a higher national employment forecast.

Housing starts were significantly raised for 2009 and 2010, with slight downward adjustments in the outer years. Residential building permits in Oregon have been much higher than expected in the first half of 2009. For this reason, OEA no longer is forecasting the lowest level of housing starts on record – dating back to 1972. With a projected 8,100 housing starts in 2009, the revised figure is now moderately larger than the historical low of 7,200 housing starts in 1982. Housing starts will remain below their historical average until 2013 as the industry continues to work off its excess oversupply and consumer demand returns.

The construction outlook is raised for 2009-2011 as higher actual job counts are beginning to reflect both the federal and state stimulus packages and a small increase in residential housing permits.

The manufacturing outlook is raised in 2009 and 2010 with a downward revision in the outer years. The upward revision reflects the higher second quarter 2009 numbers and the improved prospects for the nondurable manufacturing sector. Durable goods jobs are lowered due to both the job estimate numbers in the second quarter 2009 and the expected, prolonged consumer retrenchment.

Private nonmanufacturing is raised slightly for 2009-2012. The mostly downward revisions to retail and wholesale trade are offset by the upward revisions to the information, leisure and hospitality and professional and business services sectors.

The government sector employment is lowered in 2009 and 2010, reflecting the lagged effect of the recession on public sector budgets compared to the private sector.

Table O.4

Oregon Forecast Change (Current vs. Last)

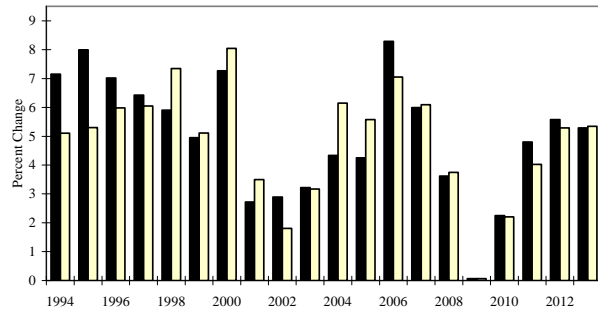
	Quarterly			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	2009:2	2009:3	2009:4										
Personal Income (\$ billions)													
Nominal Personal Income	136.6	136.0	136.5	123.9	131.3	136.0	136.1	139.2	145.9	154.0	162.1	170.2	178.6
% change	(0.2)	(0.3)	(0.2)	0.0	0.0	(0.2)	(0.3)	(0.1)	0.1	0.2	0.1	(0.1)	(0.1)
Real Personal Income (base year=2000)	112.3	111.4	111.5	108.0	111.6	111.9	111.7	112.6	115.8	120.2	124.3	128.2	132.1
% change	(0.8)	(1.1)	(1.1)	0.0	0.0	(0.2)	(0.9)	(0.9)	(0.9)	(0.7)	(0.8)	(0.8)	(0.7)
Nominal Wages and Salaries	71.4	71.5	71.6	67.9	71.6	73.2	71.6	72.6	75.8	80.1	84.6	88.9	93.2
% change	(0.1)	0.2	0.3	0.0	0.0	(0.3)	(0.0)	0.4	0.5	0.6	0.4	0.2	0.3
Other Indicators													
Per Capita Income (\$1,000)	35.7	35.4	35.5	33.5	35.0	35.8	35.5	36.0	37.2	38.8	40.4	41.9	43.4
% change	(0.2)	(0.3)	(0.2)	0.0	0.0	(0.2)	(0.3)	(0.1)	0.1	0.2	0.1	(0.1)	(0.1)
Average Wage rate (\$1,000)	43.3	43.6	43.8	39.4	40.9	42.2	43.4	44.2	45.2	46.5	48.0	49.5	51.1
% change	(0.2)	0.0	0.1	0.0	0.0	0.0	(0.0)	0.0	0.2	0.4	0.4	0.4	0.4
Population (Millions)	3.825	3.836	3.845	3.698	3.751	3.795	3.831	3.870	3.916	3.965	4.014	4.064	4.113
% change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Housing Starts (Thousands)	7.3	7.9	8.5	27.6	21.9	12.8	8.0	10.1	13.9	17.1	19.3	20.8	22.4
% change	15.9	24.6	25.3	0.1	(0.4)	(0.2)	14.7	9.3	(1.7)	(10.8)	(13.7)	(11.4)	(7.9)
Employment (Thousands)													
Total Nonfarm	1,634.9	1,621.8	1,617.4	1,703.5	1,731.4	1,721.1	1,633.6	1,624.8	1,657.8	1,704.9	1,744.4	1,776.1	1,805.4
% change	0.2	0.2	0.3	(0.0)	(0.0)	(0.0)	0.2	0.3	0.3	0.3	(0.0)	(0.1)	(0.0)
Private Nonfarm	1,334.6	1,325.1	1,320.6	1,417.4	1,441.6	1,422.2	1,334.9	1,326.3	1,359.0	1,403.0	1,439.0	1,468.0	1,494.9
% change	0.2	0.3	0.4	(0.0)	(0.0)	(0.0)	0.2	0.4	0.3	0.1	(0.3)	(0.4)	(0.3)
Construction	79.0	77.1	75.2	100.9	104.2	94.7	78.6	71.4	71.1	74.0	76.9	79.3	81.4
% change	2.1	2.4	2.2	(0.0)	(0.0)	(0.0)	1.7	1.6	1.6	(0.2)	(3.1)	(4.5)	(4.7)
Manufacturing	170.1	165.9	163.4	207.3	204.1	195.1	169.2	160.1	162.5	168.8	173.7	178.0	180.5
% change	0.9	1.9	2.8	(0.0)	(0.0)	(0.0)	1.4	1.5	(0.5)	(1.0)	(1.3)	(1.3)	(1.8)
Durable Manufacturing	118.5	114.4	112.1	154.7	150.9	142.4	117.6	109.4	111.5	116.9	120.9	124.0	125.5
% change	0.0	0.5	1.3	(0.0)	(0.0)	(0.0)	0.4	(0.7)	(3.2)	(3.6)	(3.8)	(3.7)	(4.3)
Wood Product Manufacturing	21.3	20.6	20.3	32.4	30.0	27.0	21.3	20.9	22.4	24.0	24.9	25.5	25.7
% change	(2.8)	(1.7)	(1.7)	(0.0)	(0.0)	(0.0)	(1.6)	(1.3)	(1.0)	(1.3)	(1.2)	(0.6)	0.4
High Tech Manufacturing	34.9	33.4	32.8	41.9	40.7	38.9	34.3	31.9	32.0	34.1	34.8	35.6	36.5
% change	2.6	2.3	4.0	(0.0)	(0.0)	(0.0)	2.2	(0.5)	(7.0)	(7.8)	(9.1)	(7.2)	(6.2)
Transportation Equipment	11.6	11.6	11.8	18.3	17.4	14.9	11.6	11.8	11.9	12.6	13.4	14.2	14.4
% change	8.2	11.6	15.2	(0.0)	(0.0)	0.0	8.5	15.8	13.6	14.2	14.5	14.5	12.5
Nondurable Manufacturing	51.6	51.5	51.3	52.6	53.2	52.7	51.6	50.7	51.0	51.8	52.9	54.0	55.0
% change	2.8	5.3	6.4	(0.0)	(0.0)	(0.0)	3.5	6.6	6.1	5.5	5.0	4.8	4.6
Private nonmanufacturing	1,163.9	1,159.2	1,157.3	1,210.0	1,237.5	1,227.1	1,165.6	1,166.2	1,196.5	1,234.2	1,265.2	1,290.1	1,314.3
% change	0.1	0.0	0.0	(0.0)	(0.0)	(0.0)	0.1	0.2	0.4	0.2	(0.1)	(0.3)	(0.1)
Retail Trade	185.8	185.4	185.1	197.3	200.7	196.7	185.9	187.8	189.7	194.0	198.9	202.1	205.2
% change	1.1	1.3	0.7	(0.0)	(0.0)	(0.0)	0.8	0.4	(0.6)	(0.8)	(1.3)	(1.5)	(1.6)
Wholesale Trade	74.3	73.9	73.7	79.9	80.8	80.0	74.4	73.0	73.9	77.3	80.1	82.3	84.2
% change	(0.8)	(1.1)	(1.3)	(0.0)	(0.0)	(0.0)	(0.8)	(1.5)	(1.4)	(1.1)	(1.0)	(0.8)	(0.4)
Information	35.1	34.5	34.0	34.9	36.0	36.1	34.6	33.3	34.7	34.9	35.2	35.6	35.8
% change	3.0	1.7	1.9	(0.0)	(0.0)	(0.0)	1.7	1.8	2.5	2.9	3.1	3.2	3.3
Professional and Business Services	181.5	180.8	181.1	194.4	197.3	195.7	182.3	184.3	197.3	210.4	218.9	226.1	232.9
% change	(0.5)	(0.1)	1.2	0.0	0.0	0.0	0.2	1.7	1.5	1.0	0.9	1.1	1.5
Health Services	191.6	192.3	193.8	176.8	182.8	189.6	192.6	199.9	206.3	210.0	212.8	216.9	221.5
% change	(1.2)	(1.7)	(1.6)	(0.0)	(0.0)	(0.0)	(1.1)	(0.6)	(0.1)	0.2	(0.4)	(0.7)	(0.7)
Leisure and Hospitality	167.0	166.6	166.4	164.9	171.9	173.7	167.3	168.1	170.6	174.4	178.0	181.3	184.7
% change	0.6	0.7	0.6	(0.0)	(0.0)	(0.0)	0.5	1.3	2.0	1.9	1.8	1.9	2.1
Government	300.2	296.7	296.7	286.1	289.7	298.9	298.7	298.5	298.8	301.9	305.5	308.1	310.5
% change	0.2	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	0.0	0.1	0.6	1.1	1.3	1.3	1.4

Graph O.1

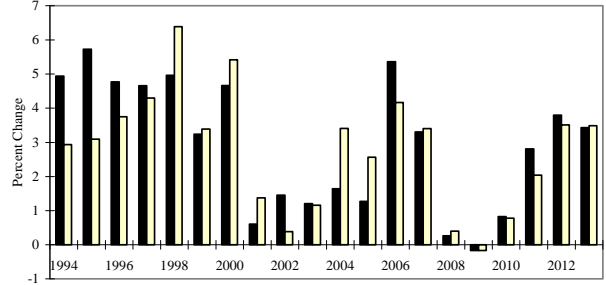
OREGON AND U.S. ECONOMIC FORECASTS

■ OREGON ■ U.S.

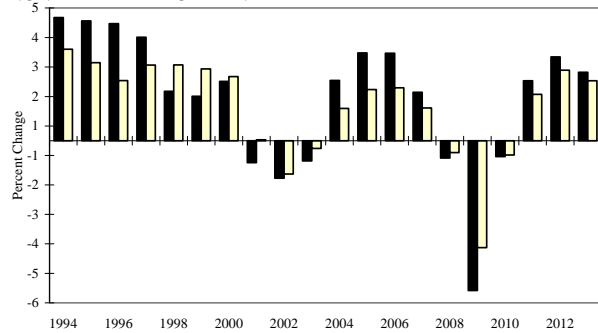
PERSONAL INCOME



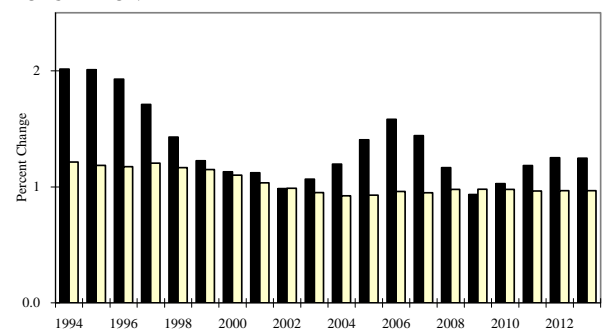
REAL PERSONAL INCOME
2000 CHAIN WEIGHTED DOLLARS



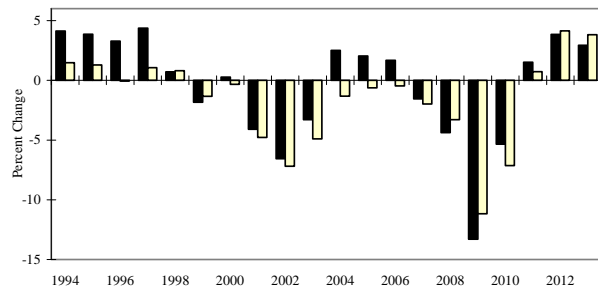
NON FARM EMPLOYMENT



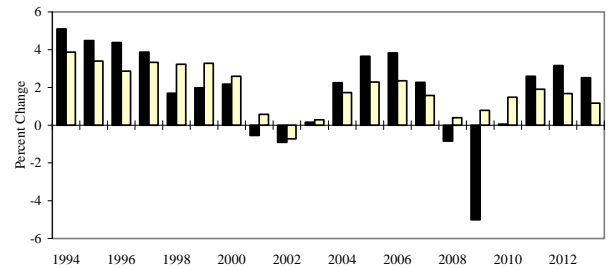
POPULATION



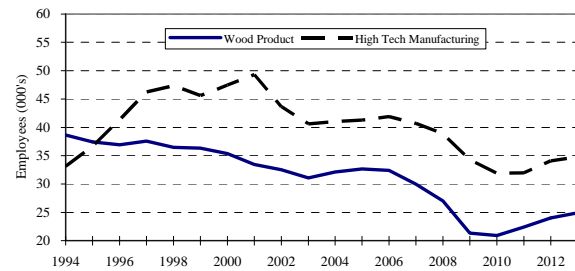
MANUFACTURING EMPLOYMENT



PRIVATE NON MANUFACTURING EMPLOYMENT

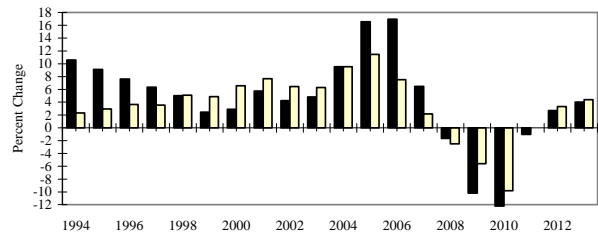


WOOD PRODUCT MANUFACTURING & HIGH TECH MANUFACTURING EMPLOYMENT

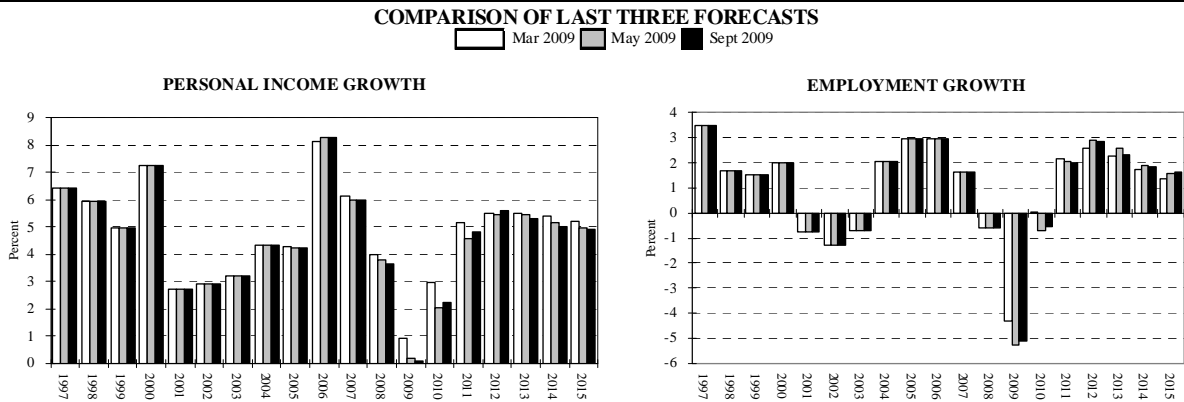


HOUSING PRICES

REPEAT PURCHASE INDEX: OREGON VS. U.S. AVERAGE



Graph O.2



Alternative Scenarios

The baseline forecast is our projection of the most likely outcome for the Oregon economy. As with any forecast, however, other scenarios are possible. The economy could either under- or over- perform relative to our baseline forecast. We broadly call these forecasts the Optimistic and Pessimistic scenarios. While we attach the highest probability to the baseline forecast, these other outcomes are within the realm of possibility. Table O.5 shows the annual summary of alternative scenarios. Figure O.3 shows the quarterly details of alternative scenarios for total nonfarm employment, personal income, manufacturing employment, and private nonmanufacturing employment.

The outlook for the U.S. economy has a direct influence on the outlook for the Oregon economy. Global Insight provides alternative forecasts to their baseline forecast that we label “Optimistic” and “Pessimistic.” Essentially, the optimistic forecast has stronger growth in the next few years while the pessimistic forecast has weaker growth for the same period. The Governor’s Council of Economic Advisors (GCEA) met with OEA to discuss the outlook for the U.S. economy. Members were asked to compare their outlook with that of forecaster IHS Global Insight, whose forecast forms the basis for OEA’s Oregon economic model.

Generally, GCEA believes the Baseline Scenario has a greater chance of occurrence, with upside and downside risks more balanced. Some members were more pessimistic with greater downside risks both in the near term and in the later outlook. Other members felt IHS Global Insight was too pessimistic, and was underestimating the strength of the recovery. The Baseline Scenario calls for a mild recovery period and most GCEA members agree with this general direction but disagree on its relative strength. Other discussions centered on the ability of the stimulus packages to jump start the economy and whether an extended period of below potential growth would follow once the stimulus packages are finished. The threat of inflation and high interest rates down the road is another scenario discussed by the GCEA. Basically, the GCEA believes uncertainty still surrounds the Baseline Scenario with members arguing for either slower or stronger economic path in the next few years.

Given the risks to the US economic outlook and GCEA views, this forecast for the Oregon economy more closely follows Global Insights baseline scenario and will continue to monitor economic signs for departures from this path.

Optimistic Scenario: The stimulus packages and policy moves of the Treasury, Congress, the Federal Reserve, and world central banks gains traction more quickly than in the baseline scenario. The recession is still quite deep but growth in recovery is more robust. The housing sector bottoms out sooner than expected. High productivity helps economic growth, leads to employment gains, lowers budget deficits, brings down inflation, and promotes a stronger dollar. Business investment spending is strong. Even with the stronger dollar, foreign growth boosts stronger exports, helping the manufacturing sector. Residential construction rebounds due to better job growth, lower interest rates, lower mortgage rates, and higher consumer confidence. Energy prices are substantially lower in the outer years.

In this scenario, Oregon continues to grow above trend. Employment will decline 4.8 percent in 2009, moderately stronger than the baseline forecast of -5.1 percent. Job growth turns slightly positive in 2010, with more robust growth in 2011 at 2.5 percent. Personal income grows slightly at 0.7 percent in 2009 compared to the baseline forecast of 0.1 percent. Its growth will push up to 3.4 percent in 2010 and 5.2 percent in 2011.

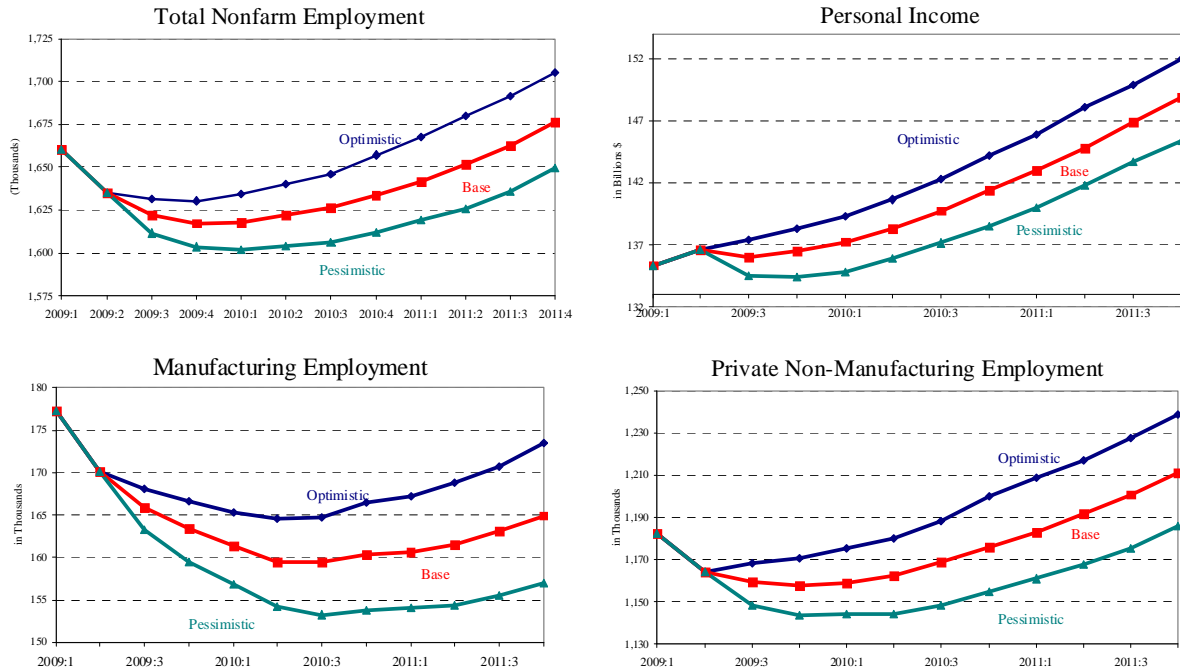
Table O.5

Alternative Scenarios for Oregon Total Employment and Personal Income									
		Baseline	Compared to Baseline				Growth Rates		
			Pessimistic	Losses	Optimistic	Gains	Baseline	Pessimistic	Optimistic
Total Employment (thousands)	2008	1721.1	1721.1	0.0	1721.1	0.0	-0.6%	-0.6%	-0.6%
	2009	1633.6	1627.7	-6.0	1639.2	5.6	-5.1%	-5.4%	-4.8%
	2010	1624.8	1606.0	-18.8	1644.5	19.6	-0.5%	-1.3%	0.3%
	2011	1657.8	1632.7	-25.1	1686.1	28.3	2.0%	1.7%	2.5%
Personal Income (\$ billions)	2008	136.0	136.0	0.0	136.0	0.0	3.6%	3.6%	3.6%
	2009	136.1	135.2	-0.9	136.9	0.8	0.1%	-0.6%	0.7%
	2010	139.2	136.6	-2.6	141.6	2.4	2.2%	1.0%	3.4%

Pessimistic Scenario: Credit markets do not respond to policy moves. The lack of financing further curtails household and business spending. The housing market continues to be a drag on the economy and takes longer to reach a bottom. Consumer confidence takes a hit from the poor housing market and personal consumption stays at low levels. Business capital spending continues to drop throughout the year. The global economy is also quite weak, and a relatively lower US dollar does not help exports. The recession is deeper with a longer time to recovery.

Under this economic environment, Oregon’s economy worsens with job losses spreading into 2010. Job growth is essentially flat through the first half of 2011. Manufacturing sheds jobs through late 2010 and remain subdued through the third quarter of 2011. Personal income growth suffers, and weak consumer spending does not support jobs in the retail and service sectors. Employment growth stays well below the baseline scenario through 2011.

Figure O.3



Forecast Risks

Discussions on the US economy have turned from “free fall” to recovery. More economists and financial analysts have turned their attention to how this recovery will play out. IHS Global Insight now (July) views the risks around their baseline forecast to be equally balanced. And journalists are eager to know what letter of the alphabet or other symbols will describe the recovery: V, W, U, L, backward J, square root sign, bath tub, and so on. Basically, the upside risk is that the economy will take off quickly once the recovery begins. The downside risk is that the economy will bounce on the bottom for awhile before growth begins. To these are extremes of “taking off like a rocket” or having a lost decade of no growth once we hit bottom.

Oregon’s economy does follow the US economy. During recessions, Oregon may fall deeper than or not as deep as the US. During expansions, Oregon may grow faster or not quite as fast. Timing can also be off. But Oregon does not miss a US recession or a US expansion period.

As with the US, the risks for the Oregon economy appear to be balanced on the up- and down-side. Job losses in the last few months are at lower rates than during the free fall period of late 2008 and the first quarter of 2009. Inventory of Oregon homes on the market is starting to fall and prices are not falling as fast. The bulk Oregon's share of the stimulus package is just starting to come forward. Stabilization signs are more numerous with an anticipated end to this recession either already here or just a few months away.

We will continue to monitor and recognize the potential impacts of risk factors on the Oregon economy. We have identified the major risks now facing the Oregon economy in the list below:

- *Contagion of the credit crunch and financial market instability.* With the freezing up of credit markets, broad based borrowing and lending is very expensive or non-existent. Consumer spending has been greatly curtailed and the stock market has lost 40 percent of its value in 2008, though the stock market has risen almost 35 percent from its low in March 2009. Some signs of credit easing are appearing. If the credit markets do not return soon to some sort of state of normalcy, the current recession could be much deeper and longer than presently projected. Oregon will suffer the consequences along with the rest of the nation.
- *H1N1 flu.* The flu pandemic is still unknown, but worries that it could reignite this October at the start of the flu season. The disruption to the economy of Mexico has been severe, but other economies so far have not been greatly impacted. Indications to date are for mild disruption and nothing approaching the devastation of the Spanish Flu of 1918-19. Still, rather than a smaller 5 percent of the workforce impacted, it could go as high as 30 to 40 percent.
- *Prolonged housing market instability.* Generally, analysts believe that the housing market has yet to hit bottom, at least in terms of price declines. Though Oregon has been hit hard through this downturn, Oregon's housing market is relatively better off compared to California, Nevada, Florida, and Arizona. Coupled with the recessionary state of the economy, the rise in mortgage rates and heightened credit standards will keep demand for housing relatively low. Rather than the correction of the housing bubble further hurting the Oregon housing market, it has been the deepening recession that caused further home price declines and rising foreclosures. Unlike many parts of the economy, there is an upside risk here as well. If the recession is over sooner than forecasted, Oregon's housing market should revive better than the states that experienced the greater housing market bubbles.
- *The relative effectiveness of nearly-global government stimulus.* The level of government response to the current recession has never been greater. Furthermore, the coordination of central bank actions throughout the world was similarly unprecedented. While the intent was for significant stabilization and growth, it is unknown if these will come to pass. Federal Reserve, US Treasury, and the federal stimulus package may lift this economy out of recession sooner than projected.

- *The return of federal timber payments to Oregon counties.* Included in the federal bailout was a provision to reinstate federal timber payments for four years. Oregon counties will receive \$254 million, down from the previous \$282 million level and will be phased out over the four year window. While this temporary reinstatement helps cover short term budgets for Oregon counties, finding or replacing this dwindling revenue source will be imperative as any loss of public services could have adverse impacts on economic activity.
- *The extent of the global downturn triggered by the U.S. slowdown.* The U.S. economy has been an important engine of growth for the global economy. As the U.S. economic woes continue, the whole world is feeling the impact. First, European economic growth slowed considerably, even contracting in places. Then Asian economies began slowing due to their large exposure, via trade, to the U.S. economy. China is a top importer of Oregon products and any slowing of the Chinese economy will adversely impact Oregon exports. To the extent that Oregon major trading partners take longer to recovery compared to the US economy, this could extend the downturn in Oregon.
- *Appreciation of the U.S. dollar.* Along with slowing foreign economies, the recent appreciation of the U.S. dollar has dramatically slowed exports from U.S. producers. This is also true for Oregon exports. The extent of the impact from the U.S. dollar may not be as great for Oregon given the expected appreciation of the Chinese Yuan, one of Oregon's major trading partners. Still, the risk is present for a slowing of exports.
- *National and regional energy prices.* The over 60 percent drop in oil prices is bringing relieve to both businesses and households. The near term outlook is also for lower regional prices for natural gas and electricity. This comes at a welcomed time when businesses are looking for cost savings. The benefit from lower energy prices is most likely short-lived as the underlying demand drivers will return once the world economies rebound from this recession.
- *Geopolitical risks.* Uncertainty still abounds in Iraq. Tensions with Iran and heightened security risks weigh on businesses and consumers. Disruptions in travel, oil supplies, and consumer confidence could be severe. The drop in business activity could deepen if this uncertainty persists or if the transition out of the Iraq war goes badly for the U.S. The eventual winding down of military expenses will not greatly impact Oregon. There is also an upside risk that the transition will go more smoothly than anticipated, and stability in the Mideast will provide a stronger than forecasted stimulus to the economy.
- *Initiatives, referendums, and referrals.* Generally, the ballot box brings a number of unknowns that could have sweeping impacts on the Oregon economy.

Extended Outlook

The Oregon economy grew slower than the U.S. economy from 1998 through 2003. This has not occurred since 1985. It outpaced the nation in growth in 2004 through 2007. Between 2009 and 2015, employment growth in Oregon will be slower than in the mid-

1990s. However, the U.S. economy is expected to have even slower growth than that expected in Oregon. Global Insight projects Oregon's Gross State Product to have the second highest growth rate in the nation over the coming years.

The slower economic growth of 1998 through 2003 also slowed the growth of Oregon's per capita income and average wages. The devastating 1980-82 recession slowed the growth of incomes and wages until 1986. In the 1990s, as the Oregon economy became more industrially diversified, per capita income and wages grew faster than the nation's as a whole. Going forward, the Oregon economy is projected to grow faster than the nation's. However, it will take some time for per capita income and average wages to catch up with the national averages.

The key factors that will fuel the state's long-term growth are listed below:

- *Steady in-migration and population growth:* High population growth is an opportunity for economic growth as the state creates jobs to serve a growing population. At the same time, it presents a challenge for the state as the demand for services increases.
- *Export growth and high commodity prices:* Global economic expansion will increase demand for Oregon commodities, both finished and capital goods. Oregon is well positioned for trade with countries in the Pacific Rim. High commodity prices will benefit agricultural and timber producers in the state.
- *Returning high energy prices.* Recently, slower demand for oil has caused the gas price spike to fade. However, the long-term growth of the developing world could cause demand to return, creating upward price pressures. We have already seen how high energy prices can slow consumer spending and raise business costs.
- *Continued strength in domestic markets:* Continued economic growth in California and other major domestic markets will fuel demand for Oregon products.
- *Business costs advantages:* The Oregon economy will benefit from a comprehensive energy plan. Efforts which have long been in place for electricity planning should extend to all energy sources. If the plan can assure businesses of an abundant, reliable, and relatively inexpensive supply of electricity and other sources of energy, the state (and the Pacific Northwest) will continue to have a relative energy cost advantage over other regions. Oregon has other business cost advantages, such as lower workers' compensation rates and multi-modal transportation options compared to other states. Equally important is an educated work force that contributes to productivity.
- *Environmental issues:* Salmon protection measures, the Portland Super Fund, and other issues could change the economic landscape.

- *Affordable housing:* For most of the late 1990s and the early part of this decade, California, Washington, and the nation as a whole have experienced more rapidly rising housing costs than Oregon. The housing boom once again raised California prices above Oregon's house prices, and Washington kept pace with Oregon. This relative advantage in housing cost is narrowing as prices in California fall faster than in Oregon, with Washington once again keeping pace with Oregon. If housing costs rise faster in Oregon than in the rest of the nation, companies will face increased difficulties recruiting workers. If Oregon can maintain a relative cost advantage in housing, this factor will be attractive for firm location.
- *Biotechnology and Clean Technology:* These sectors are seen by many as the next growth industries. Portland and the State have launched funding plans to promote the biotechnology sector. The platform for the Oregon Business Plan includes nanotechnology as an emerging field for Oregon. It is too early to tell if these are indeed the next growth industries and what returns they may bring.
- *Renewable Energy and Sustainable development:* Centered in the Portland area, this movement in sustainable building practices is spreading throughout the U.S. Uncertainty surrounds the number of new jobs associated with this movement, but it may allow gains in market shares for construction and consulting firms in Oregon. Renewable energy such as solar and wind mills are increasing looking to Oregon as a place to locate.
- *Quality of life:* Oregon will continue to attract financially secure retirees. Companies that place a high premium on quality of life will also want to locate in Oregon.

Oregon Regional Profile

The accompanying tables provide data on regional and county population levels within the state. This section will be a regular feature following the Oregon Economic Review and Forecast. The tables (Table O.6 through O.9) highlight the social, economic, and demographic diversity in the state. Please review these tables in each quarterly issue as they will include updated data every quarter.

Table O. 6

Oregon's Economic Profile by County and Region				
Geography	2008 Total Employment	2008 Unemployment Rate	2007 Per capita personal income	2008 Average wage per job
Oregon	1,833,374	6.4%	\$35,143	\$40,486
Portland 5-County	898,290	5.6%	\$39,952	\$46,023
Clackamas	189,924	5.5%	\$43,965	\$41,145
Columbia	22,689	6.9%	\$31,828	\$33,117
Multnomah	365,473	5.7%	\$40,598	\$45,992
Washington	275,361	5.1%	\$38,371	\$51,134
Yamhill	44,843	6.3%	\$32,290	\$34,258
Willamette Valley	446,698	6.4%	\$31,564	\$35,774
Benton	41,206	4.5%	\$36,398	\$42,384
Lane	171,888	6.6%	\$32,877	\$35,367
Linn	51,153	7.6%	\$28,153	\$35,154
Marion	145,408	6.5%	\$30,863	\$35,513
Polk	37,043	5.5%	\$28,370	\$29,887
Coast	87,676	6.6%	\$30,587	\$30,033
Clatsop	19,406	5.1%	\$31,108	\$30,864
Coos	26,033	8.1%	\$29,087	\$30,316
Curry	8,923	7.8%	\$31,214	\$28,421
Lincoln	21,440	6.5%	\$31,796	\$29,281
Tillamook	11,874	5.4%	\$30,862	\$30,488
Southern	168,447	9.5%	\$31,274	\$32,639
Douglas	41,953	9.8%	\$29,708	\$32,925
Jackson	94,500	7.7%	\$33,516	\$33,366
Josephine	31,994	9.0%	\$27,770	\$29,764
Central	152,306	6.8%	\$31,418	\$33,489
Crook	8,960	9.6%	\$25,158	\$34,694
Deschutes	75,563	8.0%	\$35,057	\$35,023
Gilliam	1,108	4.3%	\$29,853	\$37,513
Hood River	12,560	5.3%	\$31,792	\$30,188
Jefferson	8,455	9.9%	\$24,986	\$31,334
Klamath	28,259	9.0%	\$28,050	\$32,193
Lake	3,301	8.5%	\$26,571	\$31,064
Sherman	910	5.8%	\$28,971	\$47,107
Wasco	12,601	5.9%	\$30,589	\$30,531
Wheeler	589	5.8%	\$26,549	\$24,338
Eastern	79,961	7.1%	\$26,617	\$30,888
Baker	6,927	7.0%	\$25,754	\$28,340
Grant	3,056	10.3%	\$30,231	\$29,548
Harney	3,023	9.4%	\$28,238	\$29,461
Malheur	11,959	7.3%	\$21,733	\$28,500
Morrow	5,131	6.2%	\$32,079	\$35,567
Umatilla	35,175	6.4%	\$26,535	\$32,451
Union	11,328	8.0%	\$28,833	\$30,446
Wallowa	3,362	7.5%	\$29,537	\$26,704

Sources: Total employment and unemployment rate: Oregon Employment Department; per capita personal income: U.S. Bureau of Economic Analysis; average wage per job: Oregon Employment Department.

Table O. 7

Oregon's Gross Farm & Ranch Sales By County and Region for 2007 and 2008 (in 1,000 \$)							
STATE/COUNTY	Year 2008			Year 2007			Change in total sales from 07 to 08
	All Crops	Livestock & Poultry	All Crop & Livestock	All Crops	Livestock & Poultry	All Crop & Livestock	
OREGON	3,496,243	1,387,060	4,883,304	3,452,694	1,371,359	4,824,053	1.2%
Portland PMSA	929,056	123,162	1,052,216	978,862	125,618	1,104,483	-4.7%
Clackamas Count	307,246	56,998	364,243	331,732	56,492	388,225	-6.2%
Columbia County	18,870	3,999	22,869	22,566	4,002	26,569	-13.9%
Multnomah Cour	76,296	2,851	79,147	82,676	2,855	85,531	-7.5%
Washington Cou	282,407	19,650	302,057	290,861	20,837	311,698	-3.1%
Yamhill County	244,237	39,664	283,900	251,027	41,432	292,460	-2.9%
Willamette Valley	1,029,957	287,855	1,317,811	1,027,157	281,067	1,308,225	0.7%
Benton County	100,108	12,466	112,574	97,801	13,789	111,590	0.9%
Lane County	108,442	31,380	139,822	107,020	31,984	139,004	0.6%
Linn County	237,754	58,693	296,447	237,549	57,466	295,015	0.5%
Marion County	460,896	143,153	604,048	464,235	134,944	599,179	0.8%
Polk County	122,757	42,163	164,920	120,552	42,884	163,437	0.9%
Coast	101,851	149,007	250,858	89,012	148,723	237,735	5.5%
Clatsop County	8,980	13,595	22,575	6,000	11,184	17,185	31.4%
Coos County	45,033	16,344	61,377	38,366	16,890	55,256	11.1%
Curry County	34,124	3,345	37,469	28,889	3,500	32,388	15.7%
Lincoln County	8,998	1,845	10,843	10,474	1,833	12,307	-11.9%
Tillamook Count	4,716	113,878	118,594	5,283	115,316	120,599	-1.7%
Southern	113,137	49,919	163,056	130,241	55,826	186,067	-12.4%
Douglas County	43,731	20,063	63,794	52,330	21,979	74,309	-14.2%
Jackson County	55,921	21,508	77,429	59,444	22,574	82,018	-5.6%
Josephine Count	13,485	8,348	21,833	18,467	11,273	29,740	-26.6%
Central	491,816	258,496	750,315	491,232	242,104	733,335	2.3%
Crook County	20,536	19,363	39,899	18,298	21,702	40,000	-0.3%
Deschutes Count	16,468	9,522	25,991	14,985	10,441	25,426	2.2%
Gilliam County	15,855	9,022	24,877	27,558	10,022	37,580	-33.8%
Hood River Cour	72,259	1,200	73,459	76,797	1,200	77,997	-5.8%
Jefferson County	55,028	14,748	69,777	44,285	9,855	54,139	28.9%
Klamath County	143,544	157,388	300,932	157,497	140,824	298,321	0.9%
Lake County	48,385	28,669	77,054	36,327	28,864	65,191	18.2%
Sherman County	40,390	2,815	43,205	43,416	2,974	46,390	-6.9%
Wasco County	76,798	6,495	83,294	68,278	6,998	75,276	10.7%
Wheeler County	2,553	9,274	11,827	3,791	9,224	13,015	-9.1%
Eastern	830,426	518,621	1,349,048	736,190	518,021	1,254,208	7.6%
Baker County	24,823	41,673	66,496	17,869	49,279	67,148	-1.0%
Grant County	7,669	38,329	45,998	6,152	40,397	46,548	-1.2%
Harney County	37,320	45,024	82,344	19,408	50,884	70,291	17.1%
Malheur County	160,069	116,374	276,443	130,517	131,639	262,155	5.5%
Morrow County	195,737	175,340	371,078	176,075	144,974	321,049	15.6%
Umatilla County	311,587	67,374	378,961	303,446	66,389	369,835	2.5%
Union County	64,921	15,338	80,259	58,110	16,563	74,673	7.5%
Wallowa County	28,300	19,169	47,469	24,613	17,896	42,509	11.7%

Source: Oregon State University's Oregon Agricultural Information Network (OAIN),
Extension Economic Information Office.

Table O. 8

Oregon's Public Elementary and Secondary School Enrollment Statistics					
STATE/COUNTY	Enrollment			2008-2009 % eligible for free or reduced price lunch	2007-2008 Operating expenditure per student
	Oct. 1, 2008	Oct. 1, 2007	2007-2008		
	enrollment	enrollment	% change		
OREGON	564,064	564,747	-0.1%	45.7%	\$9,664
Portland PMSA	258,943	258,221	0.3%	40.1%	\$9,569
Clackamas	58,961	58,812	0.3%	31.1%	\$8,808
Columbia	8,584	8,639	-0.6%	34.8%	\$8,983
Multnomah	91,062	90,751	0.3%	50.0%	\$10,728
Washington	83,701	83,385	0.4%	35.1%	\$9,052
Yamhill	16,635	16,634	0.0%	45.6%	\$8,902
Willamette Valley	142,480	142,374	0.1%	48.8%	\$9,594
Benton	9,030	9,064	-0.4%	35.5%	\$9,751
Lane	46,686	47,464	-1.6%	42.9%	\$9,931
Linn	21,325	20,497	4.0%	41.3%	\$8,517
Marion	58,676	58,584	0.2%	58.6%	\$9,724
Polk	6,763	6,765	0.0%	45.6%	\$9,190
Coast	24,719	24,808	-0.4%	53.7%	\$10,628
Clatsop	5,020	5,119	-1.9%	46.5%	\$10,632
Coos	8,446	8,251	2.4%	53.4%	\$10,180
Curry	2,575	2,673	-3.7%	53.4%	\$10,200
Lincoln	5,377	5,433	-1.0%	58.3%	\$10,433
Tillamook	3,301	3,332	-0.9%	58.4%	\$12,396
Southern	54,684	55,725	-1.9%	51.1%	\$9,296
Douglas	15,181	15,537	-2.3%	53.4%	\$9,673
Jackson	28,367	28,876	-1.8%	48.5%	\$9,035
Josephine	11,136	11,312	-1.6%	54.5%	\$9,446
Central	50,793	51,301	-1.0%	50.1%	\$9,933
Crook	3,208	3,247	-1.2%	56.2%	\$9,852
Deschutes	24,578	24,397	0.7%	40.4%	\$8,793
Gilliam	233	250	-6.8%	42.9%	\$19,130
Hood River	3,973	3,968	0.1%	56.7%	\$11,746
Jefferson	3,681	3,787	-2.8%	75.6%	\$11,349
Klamath	10,094	10,525	-4.1%	61.6%	\$10,473
Lake	1,103	1,124	-1.9%	50.0%	\$11,665
Sherman	275	271	1.5%	52.0%	\$16,106
Wasco	3,450	3,521	-2.0%	46.2%	\$10,458
Wheeler	198	211	-6.2%	58.6%	\$20,818
Eastern	30,285	30,654	-1.2%	57.8%	\$10,217
Baker	2,208	2,286	-3.4%	54.0%	\$11,259
Grant	1,032	1,059	-2.5%	43.9%	\$12,926
Hamey	1,187	1,254	-5.3%	63.4%	\$11,598
Malheur	5,194	5,372	-3.3%	66.7%	\$10,866
Morrow	2,412	2,376	1.5%	67.6%	\$10,840
Umatilla	13,551	13,545	0.0%	59.0%	\$9,398
Union	3,830	3,886	-1.4%	42.3%	\$9,786
Wallowa	871	876	-0.6%	45.7%	\$11,053

Source: Oregon Department of Education

Note: Pre-kindergarten enrollment suppressed in October 1 enrollments

Operating expenditure per student calculated by dividing school year expenditure by average daily membership (ADM)

County/region total do not add to the state total due to county not assigned cases.

Table O. 9**2008 Annual Average Covered Employment by NAICS Division and by Region**

Employment	Region						
	Oregon	Portland 5-County	Willamette Valley	Coast	Southern	Central	Eastern
Natural Resources & Mining	50,629	13,642	17,256	2,760	4,845	5,949	5,957
Construction	92,928	48,758	19,963	3,936	7,129	8,395	2,480
Manufacturing	194,859	109,245	44,046	6,866	15,174	11,657	7,733
Trade, Transportation, & Utilities	332,578	176,937	67,119	13,352	30,857	24,668	13,934
Information	36,040	22,150	6,701	803	2,257	2,198	670
Financial Activities	85,984	53,557	15,276	2,521	6,055	5,386	1,949
Professional & Business Services	195,596	120,968	35,303	4,639	12,034	11,336	3,854
Education & Health Services	212,942	109,741	50,176	7,446	21,057	16,564	6,979
Leisure & Hospitality	172,798	85,707	34,447	13,096	15,743	17,329	5,839
Other Services	63,340	33,859	14,007	2,607	5,251	4,261	1,860
Government	277,533	115,999	81,679	16,064	23,363	22,081	18,308
Total	1,716,008	890,948	386,067	74,100	143,807	129,890	69,580

Distribution	Region						
	Oregon	Portland 5-County	Willamette Valley	Coast	Southern	Central	Eastern
Natural Resources & Mining	3.0%	1.5%	4.5%	3.7%	3.4%	4.6%	8.6%
Construction	5.4%	5.5%	5.2%	5.3%	5.0%	6.5%	3.6%
Manufacturing	11.4%	12.3%	11.4%	9.3%	10.6%	9.0%	11.1%
Trade, Transportation, & Utilities	19.4%	19.9%	17.4%	18.0%	21.5%	19.0%	20.0%
Information	2.1%	2.5%	1.7%	1.1%	1.6%	1.7%	1.0%
Financial Activities	5.0%	6.0%	4.0%	3.4%	4.2%	4.1%	2.8%
Professional & Business Services	11.4%	13.6%	9.1%	6.3%	8.4%	8.7%	5.5%
Education & Health Services	12.4%	12.3%	13.0%	10.0%	14.6%	12.8%	10.0%
Leisure & Hospitality	10.1%	9.6%	8.9%	17.7%	10.9%	13.3%	8.4%
Other Services	3.7%	3.8%	3.6%	3.5%	3.7%	3.3%	2.7%
Government	16.2%	13.0%	21.2%	21.7%	16.2%	17.0%	26.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Oregon Employment Department

Note: Employment includes only covered employment.

Oregon total includes multi-county employment not shown in individual regions.

Total includes a small number of non-classifiable jobs not shown in individual industries.

Definition of regions:

Portland 5-County: Clackamas, Columbia, Multnomah, Washington, and Yamhill counties.

Willamette Valley: Benton, Lane, Linn, Marion, and Polk counties.

Coast: Clatsop, Coos, Curry, Lincoln, and Tillamook counties.

Southern: Douglas, Jackson, and Josephine counties.

Central: Crook, Deschutes, Gilliam, Hood River, Jefferson, Klamath, Lake, Sherman, Wasco, and Wheeler counties.

Eastern: Baker, Grant, Harney, Malheur, Morrow, Union, Umatilla, and Wallowa counties.