Oregon's Q4 Economic and Revenue Forecast

Carl Riccadonna, Chief Economist
Michael Kennedy, Senior Economist
Nov. 18, 2026
Department of Administrative Services

Economic Outlook

U.S. 2026 Forecast Shows Minor Changes



2.6%
Real GDP nudged higher



3.5%
Inflation remains above target

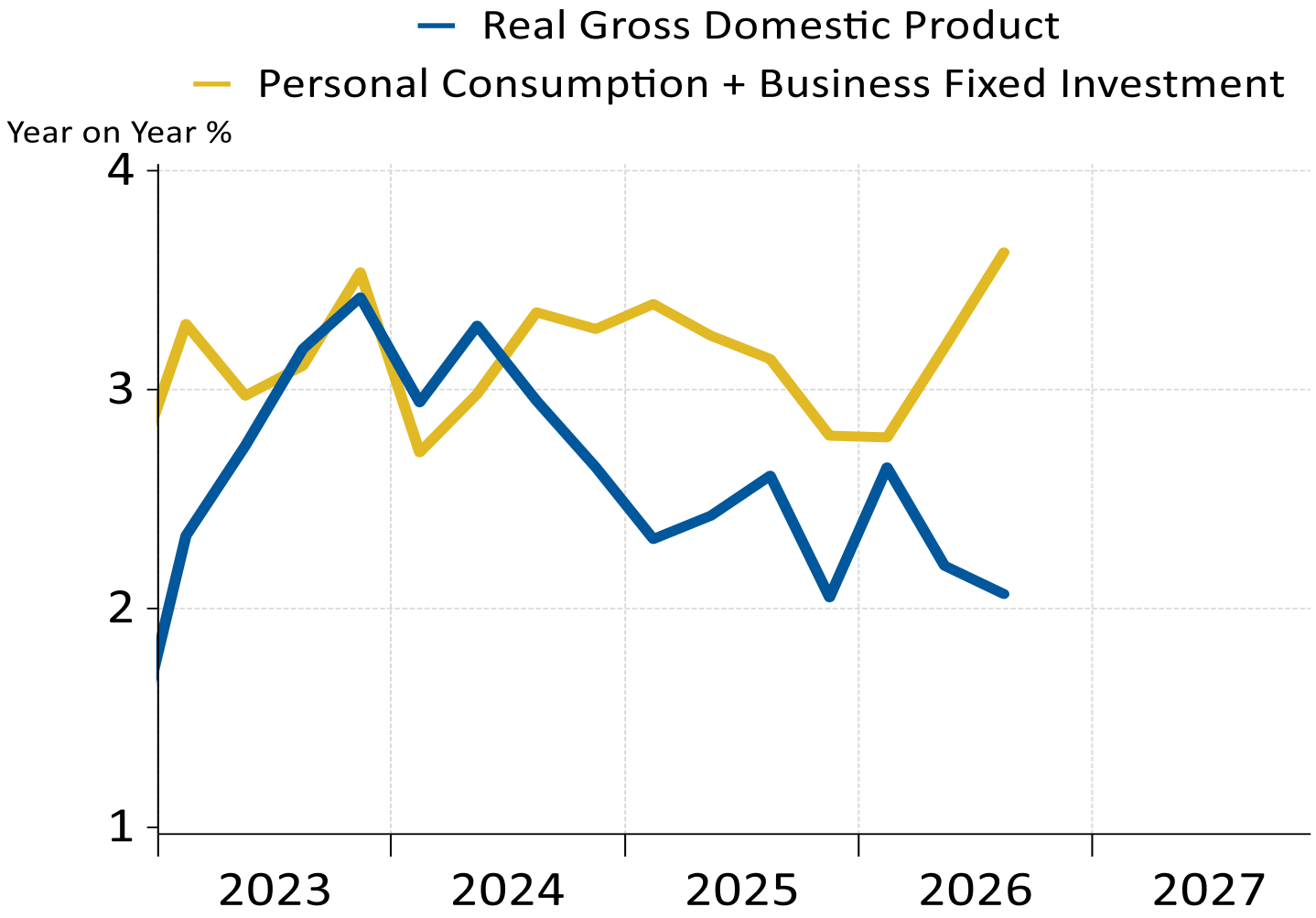


4.2%
Unemployment edging lower



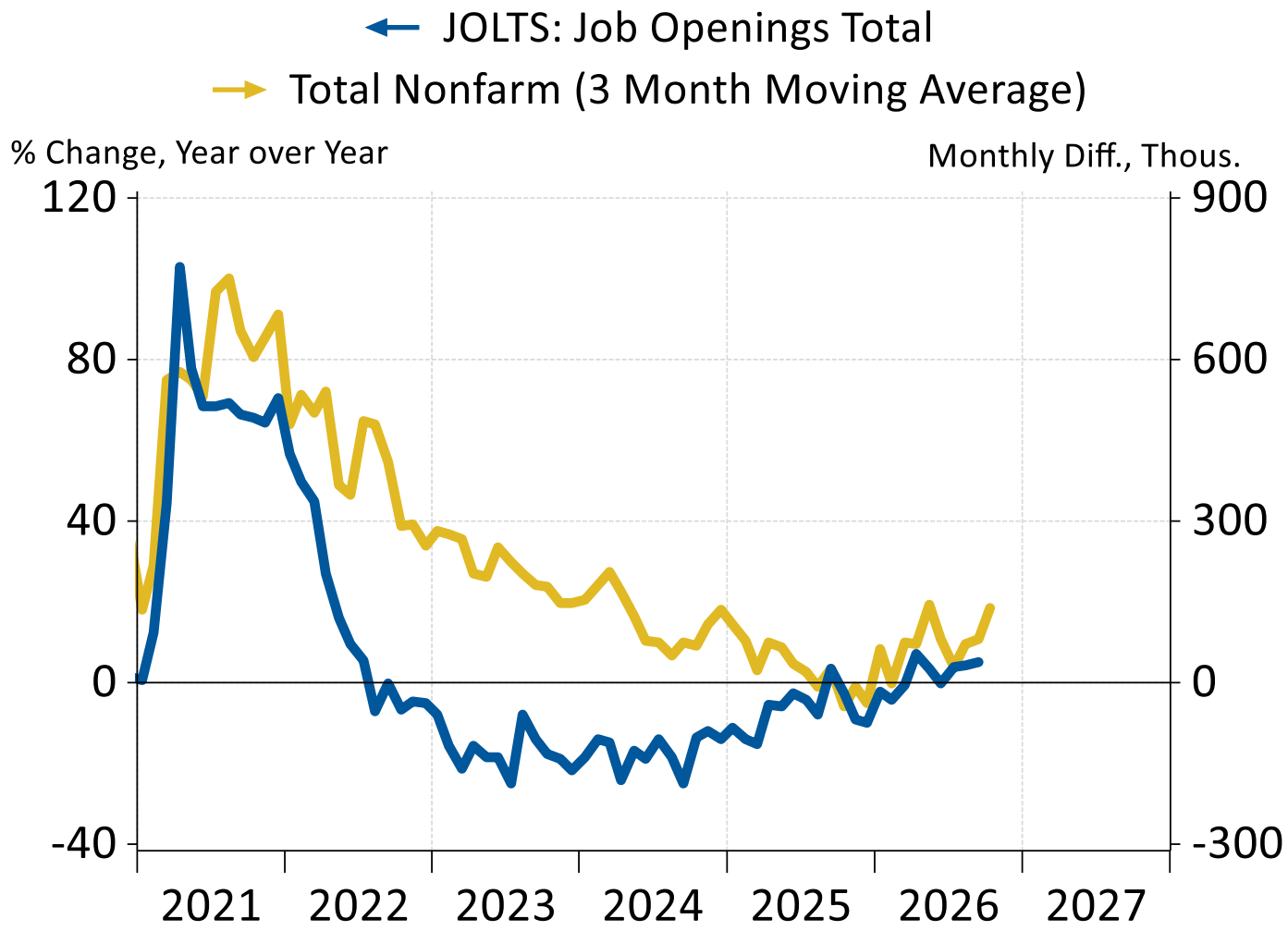
18%
OEA recession estimate unchanged from Q3

Pickup in Domestic Demand Bodes Favorably for Broader Growth Trend



Source: Bureau of Economic Analysis/Haver Analytics/OEA

Labor Market Conditions Showing Appreciable Improvement

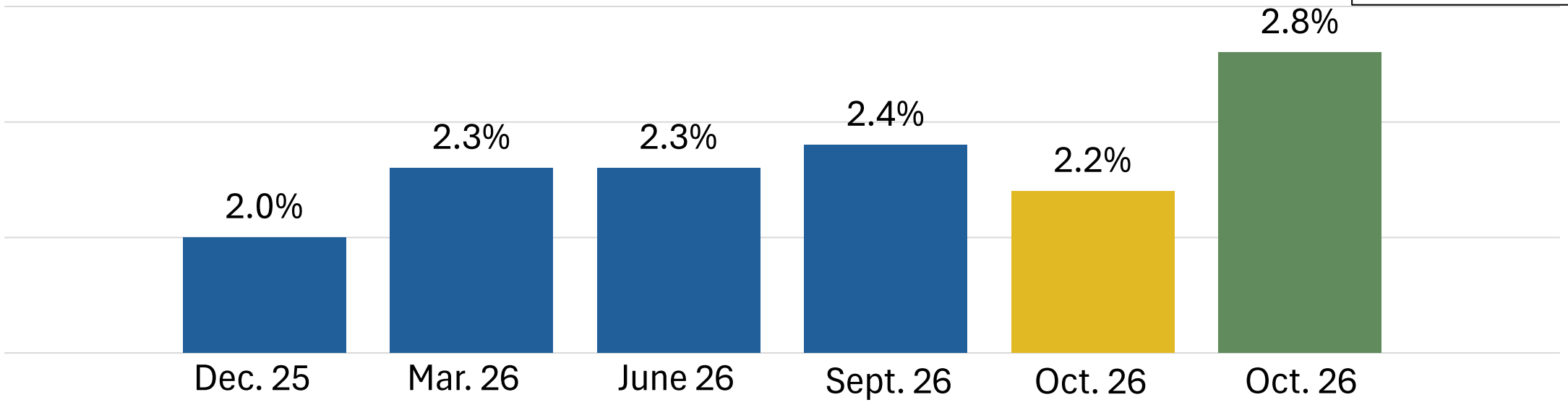


Source: Bureau of Labor Statistics/Haver Analytics/OEA

2027 Forecasts Edge Slightly Higher

Consensus Risk of Recession
Oct. 2026: 20%

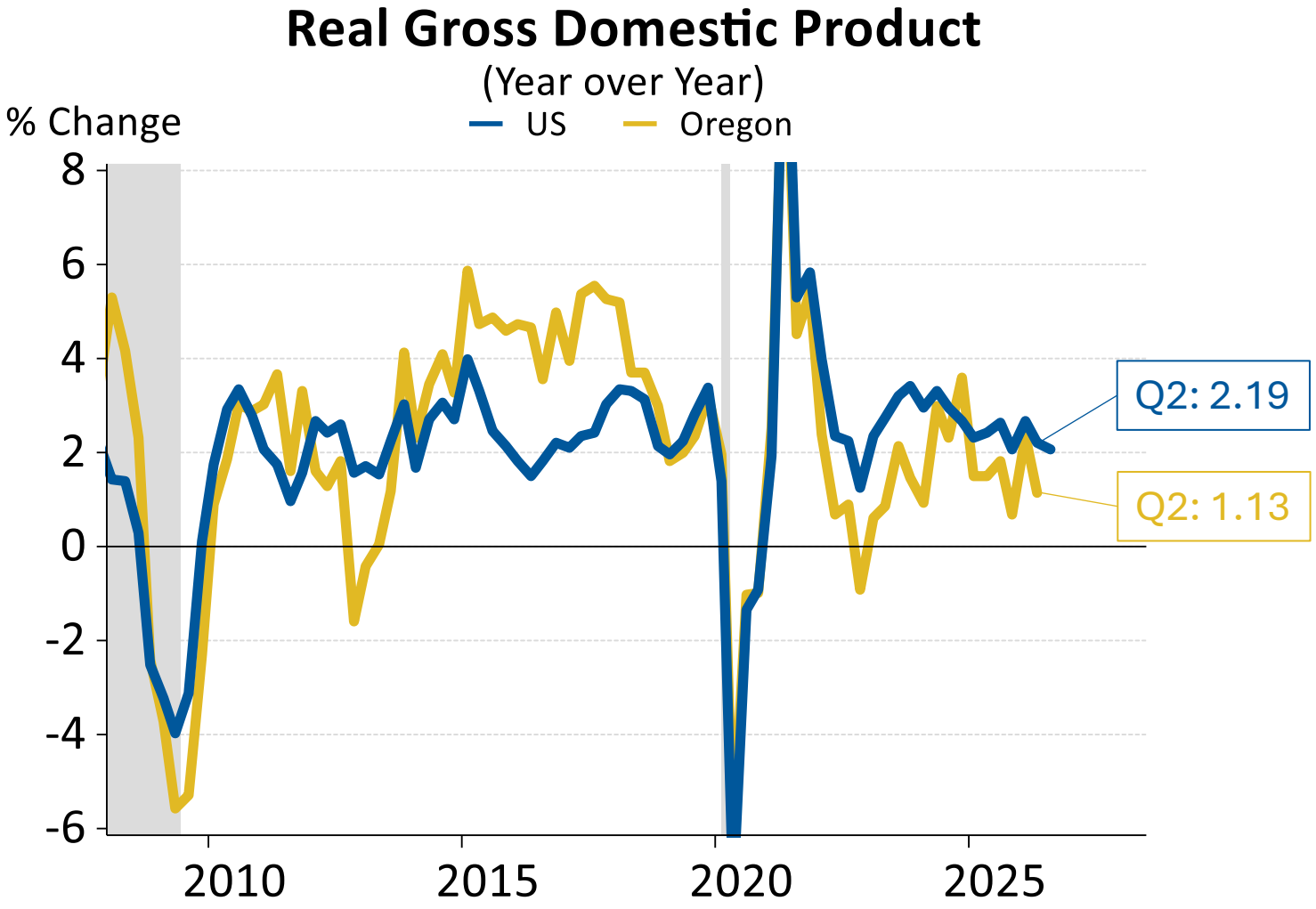
US 2027 GDP Growth Forecasts (Percent Change Q4/Q4)



Federal Reserve S.E.P. Bloomberg Private-Sector Survey Consensus Standard & Poor's Forecast

Source: Federal Reserve, Bloomberg, S&P Global, OEA

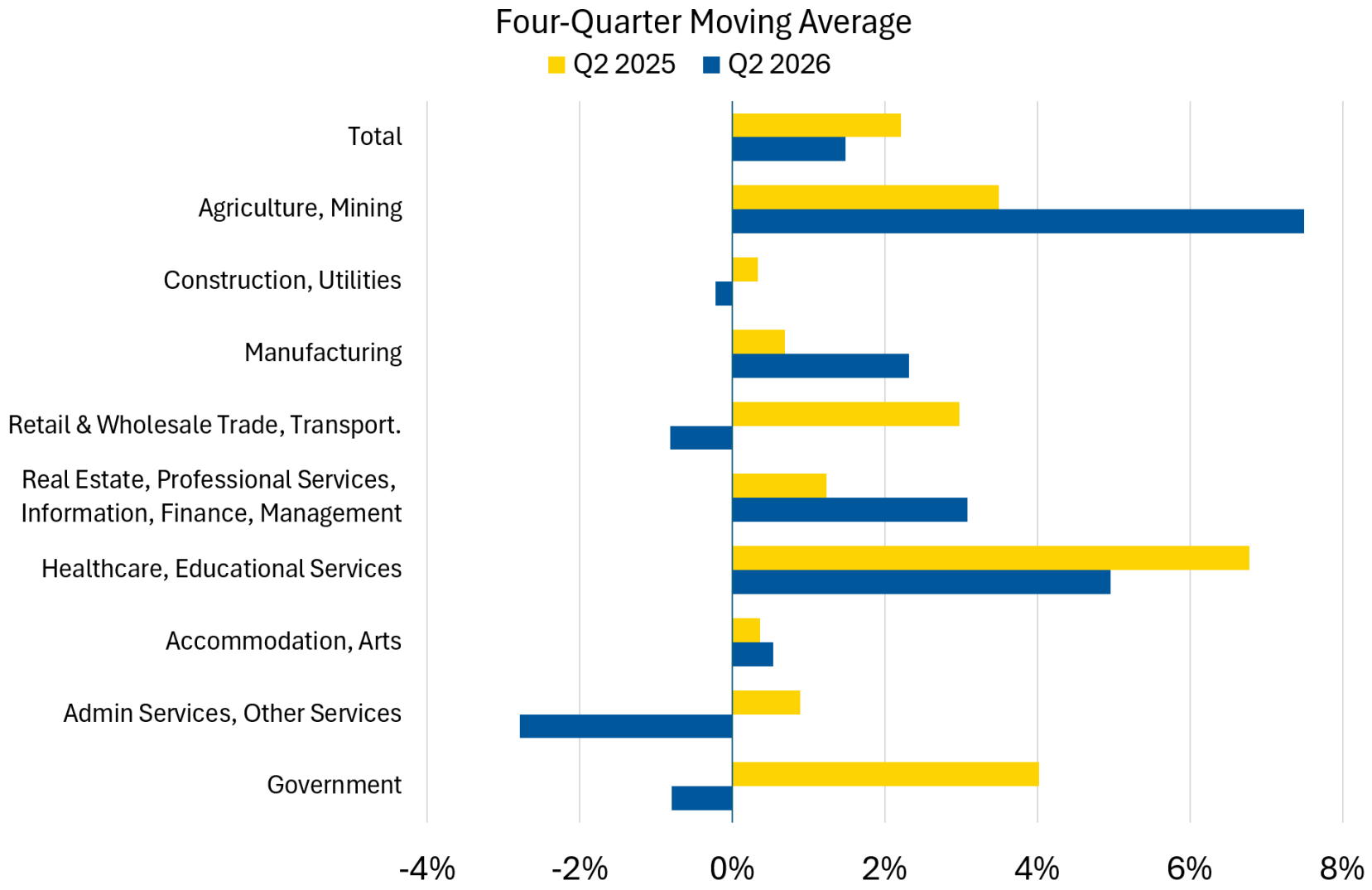
Oregon GDP Underperforms National Trend



Source: Bureau of Economic Analysis/Haver Analytics/OEA

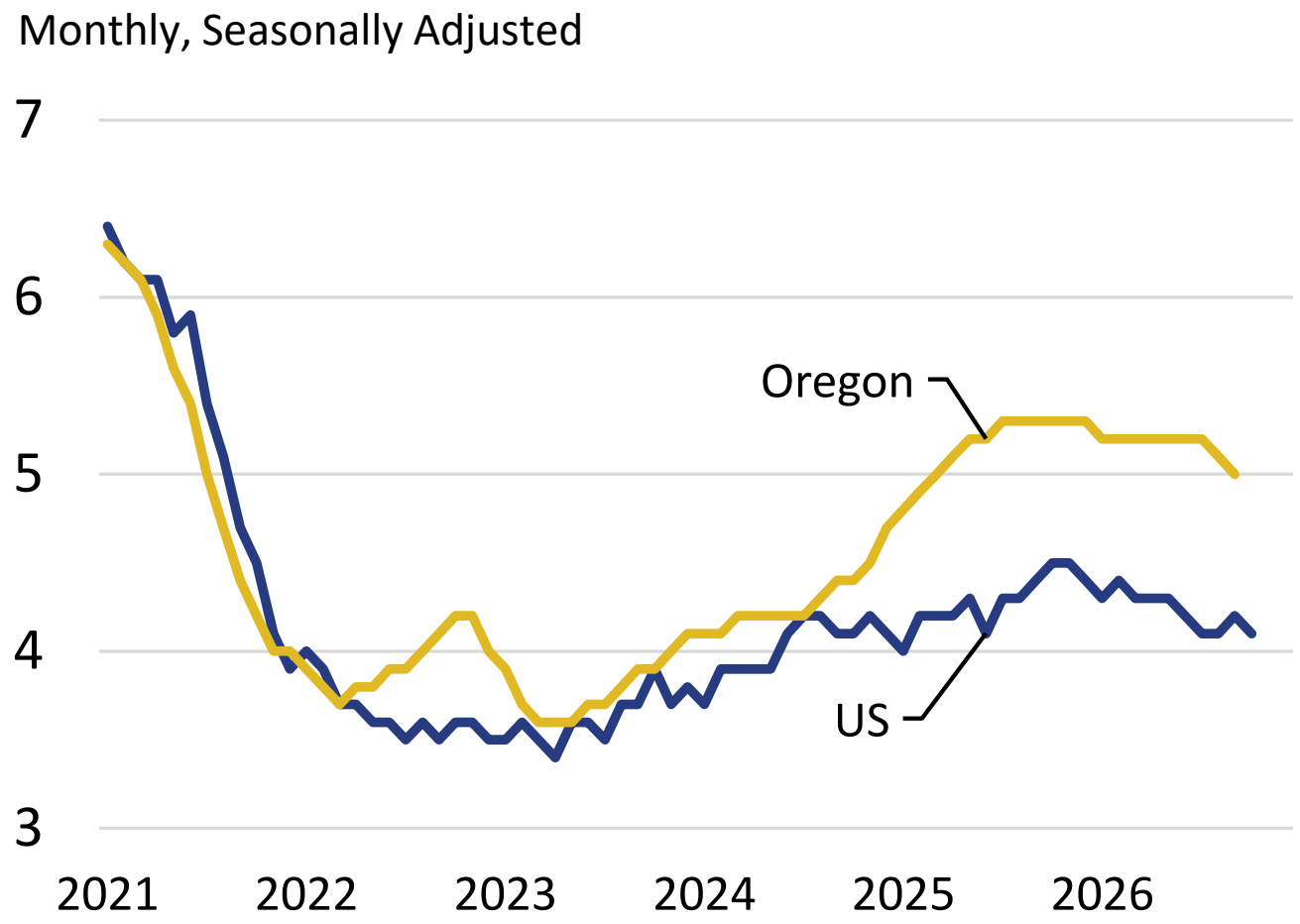
Over the last four quarters, Oregon has trailed the US by 0.9 percentage points

Oregon Real GDP Growth



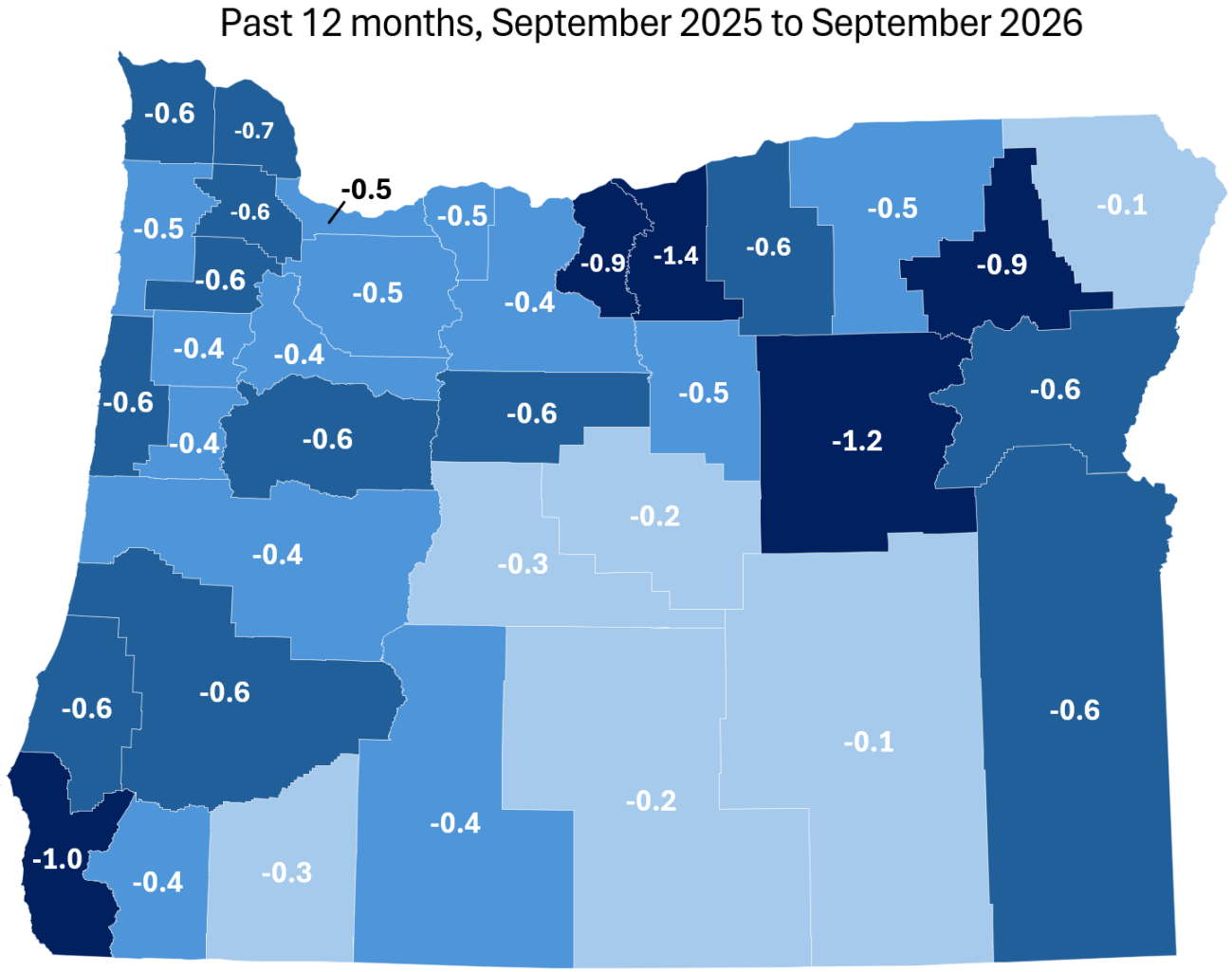
Source: Bureau of Economic Analysis

Oregon and US Unemployment Trending Lower



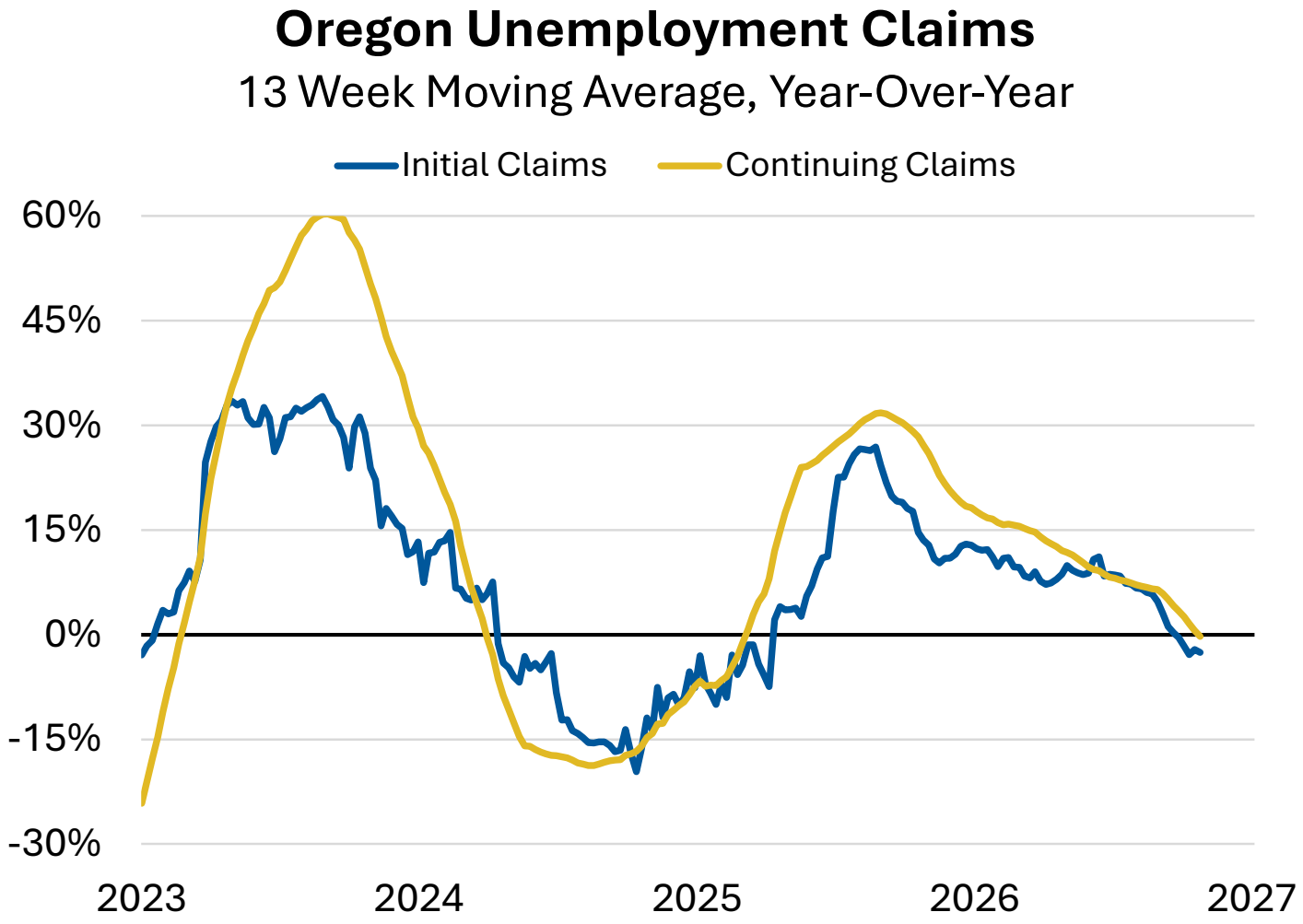
Latest: Oregon Sep. 2026 , U.S. Oct. 2026 | Source: Oregon Employment Department, OEA

State Unemployment Rate Drop is Broad-based



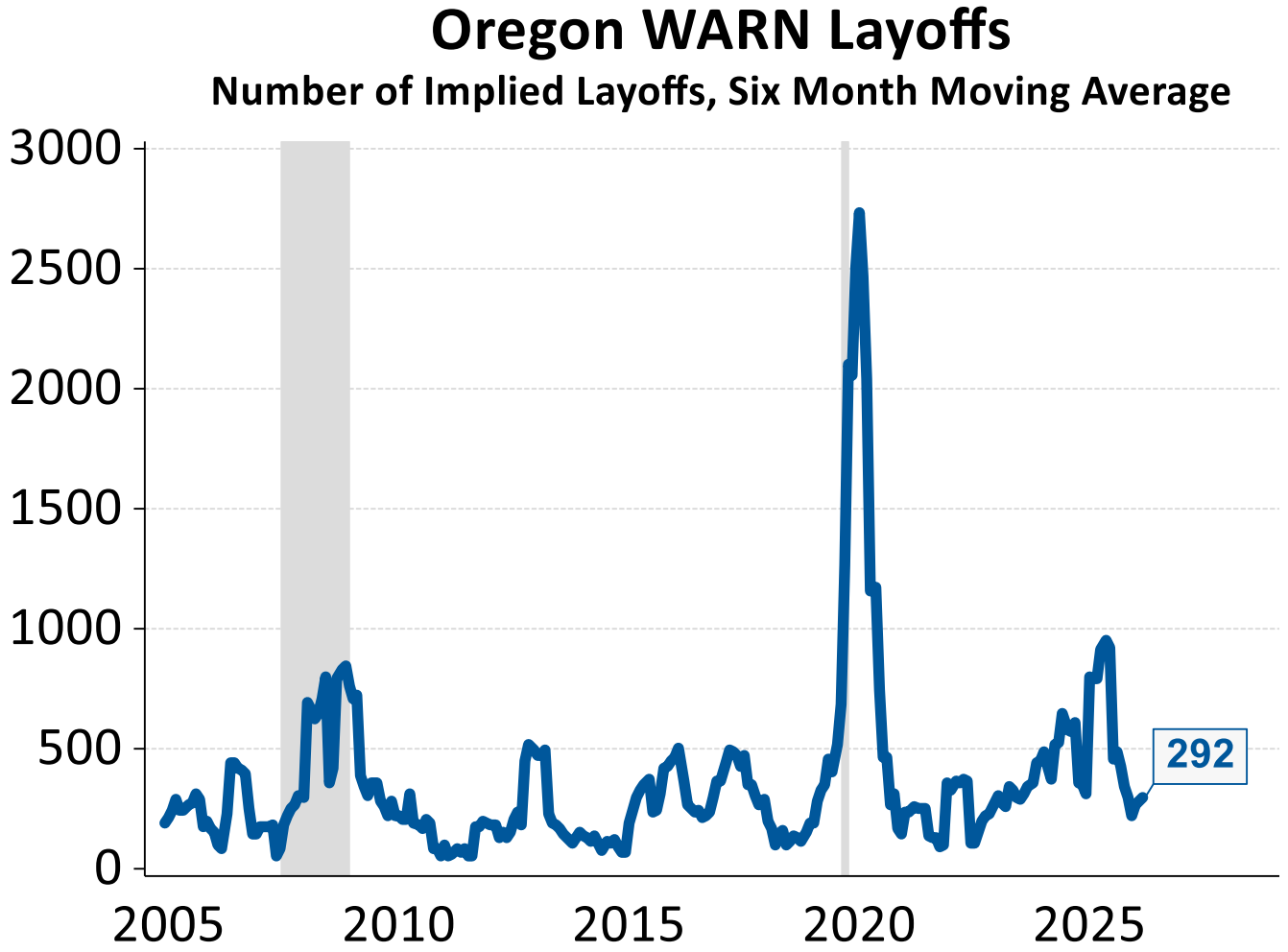
Source: Oregon Employment Department, OEA

Jobless Claim Filings Decelerating



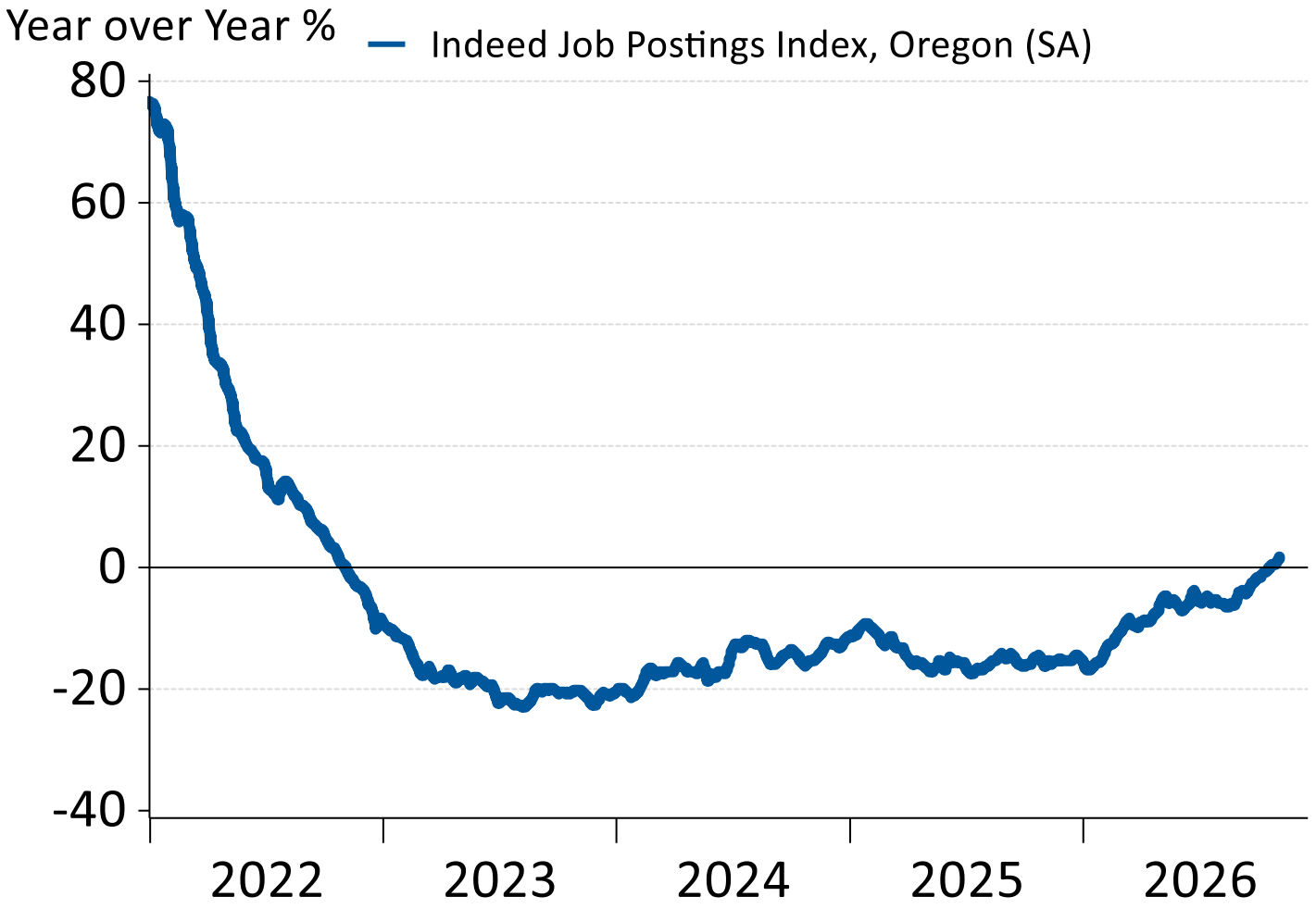
Latest Data: November 7, 2026 | Source: US Department of Labor, OEA

WARN Notices Moderating



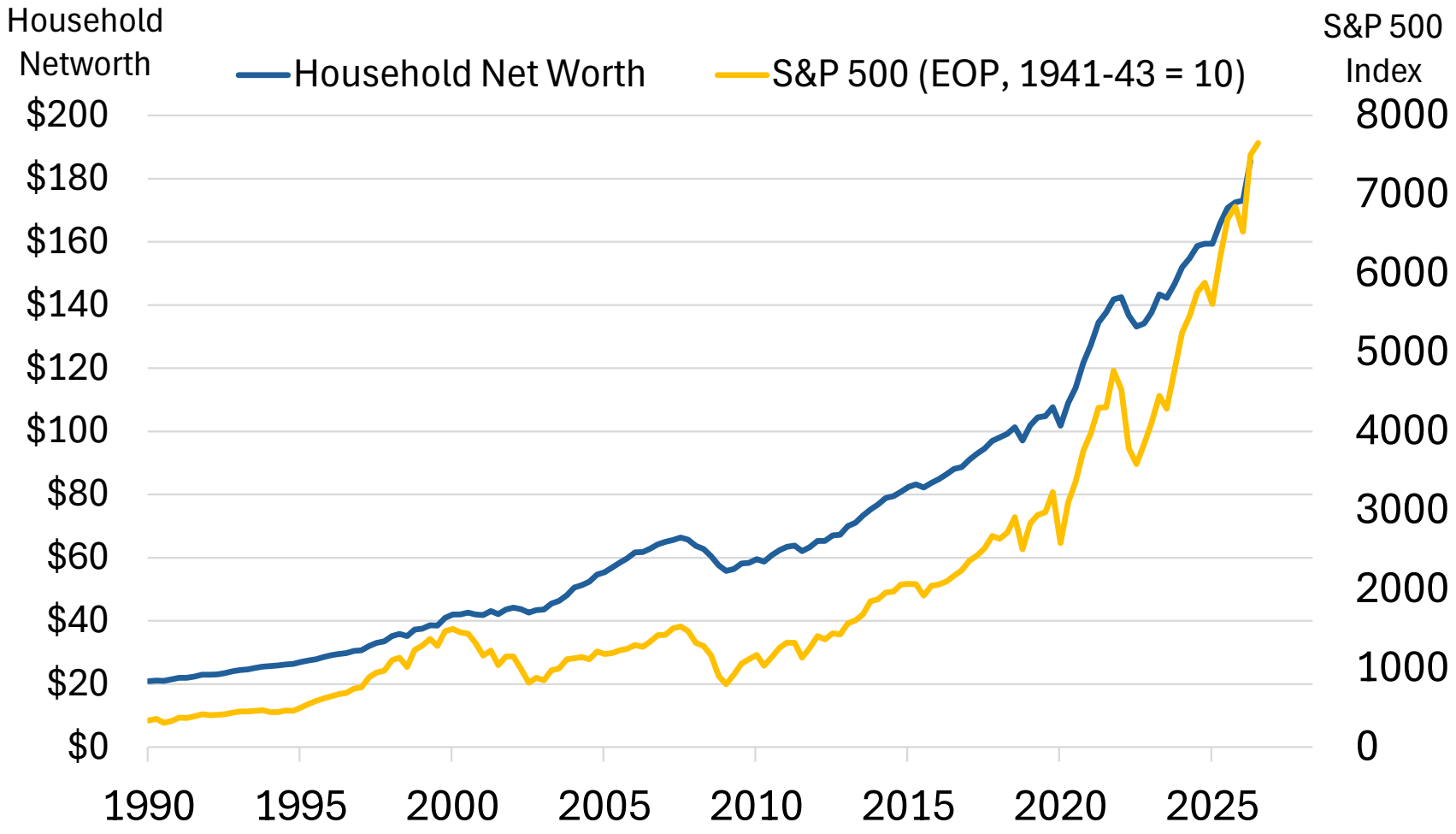
Source: Federal Reserve Bank of Cleveland/Haver Analytics/OEA

Oregon Job Postings Show Meaningful Improvement



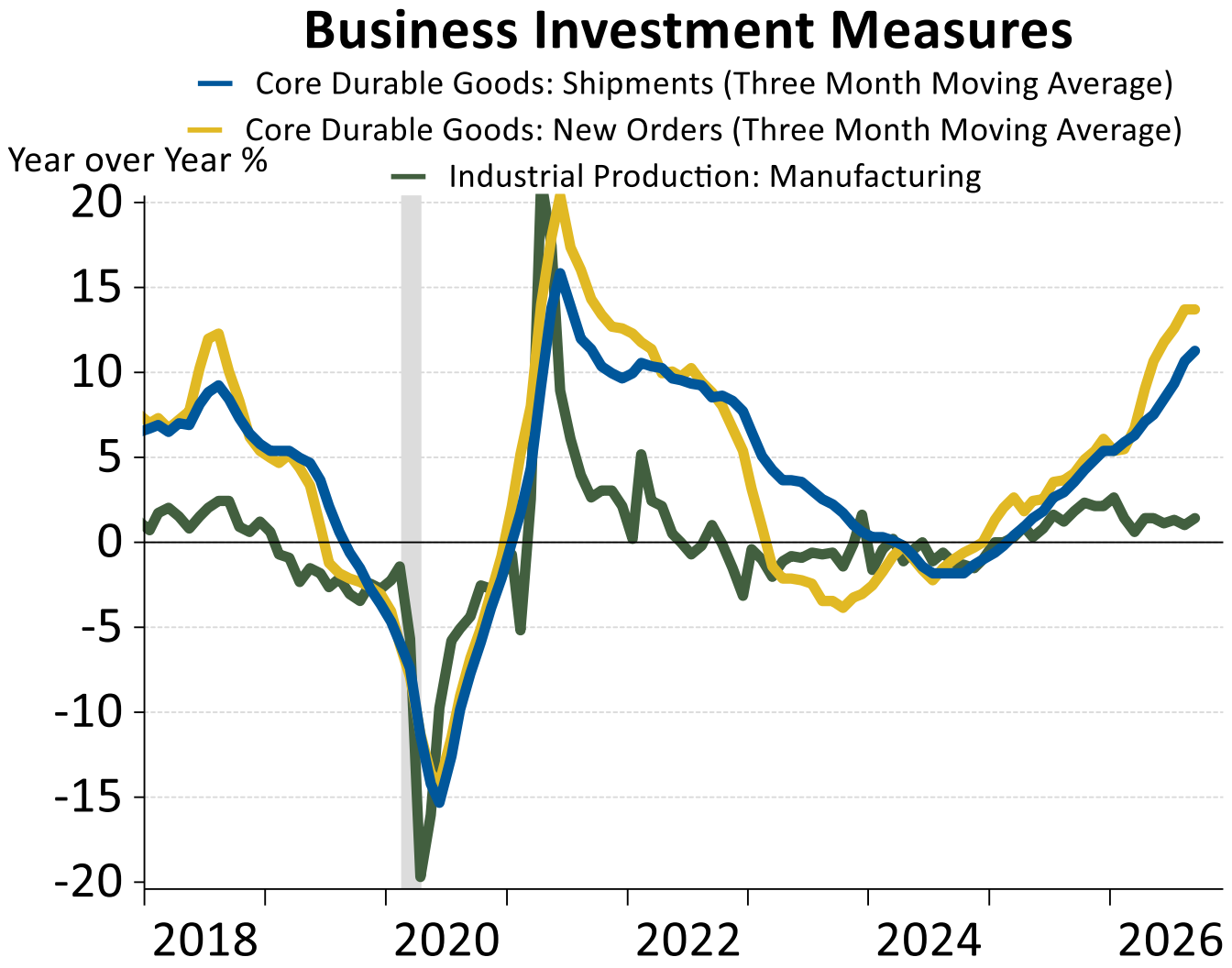
Source: Indeed/Haver Analytics/OEA

Wealth Effects Boost Consumption and Tax Revenue



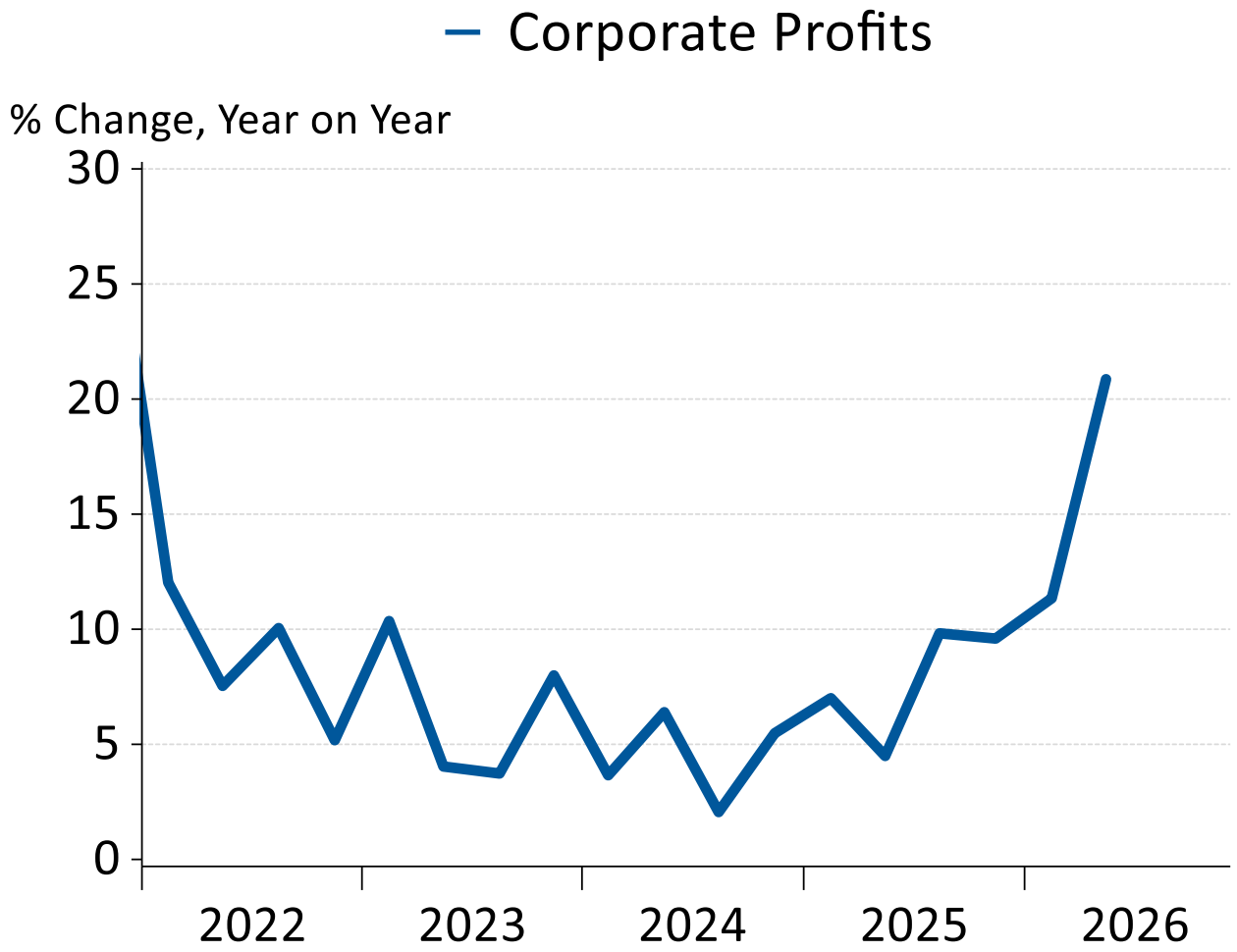
Source: Federal Reserve, Standard and Poor's, Haver Analytics

Business Investment Driving Growth



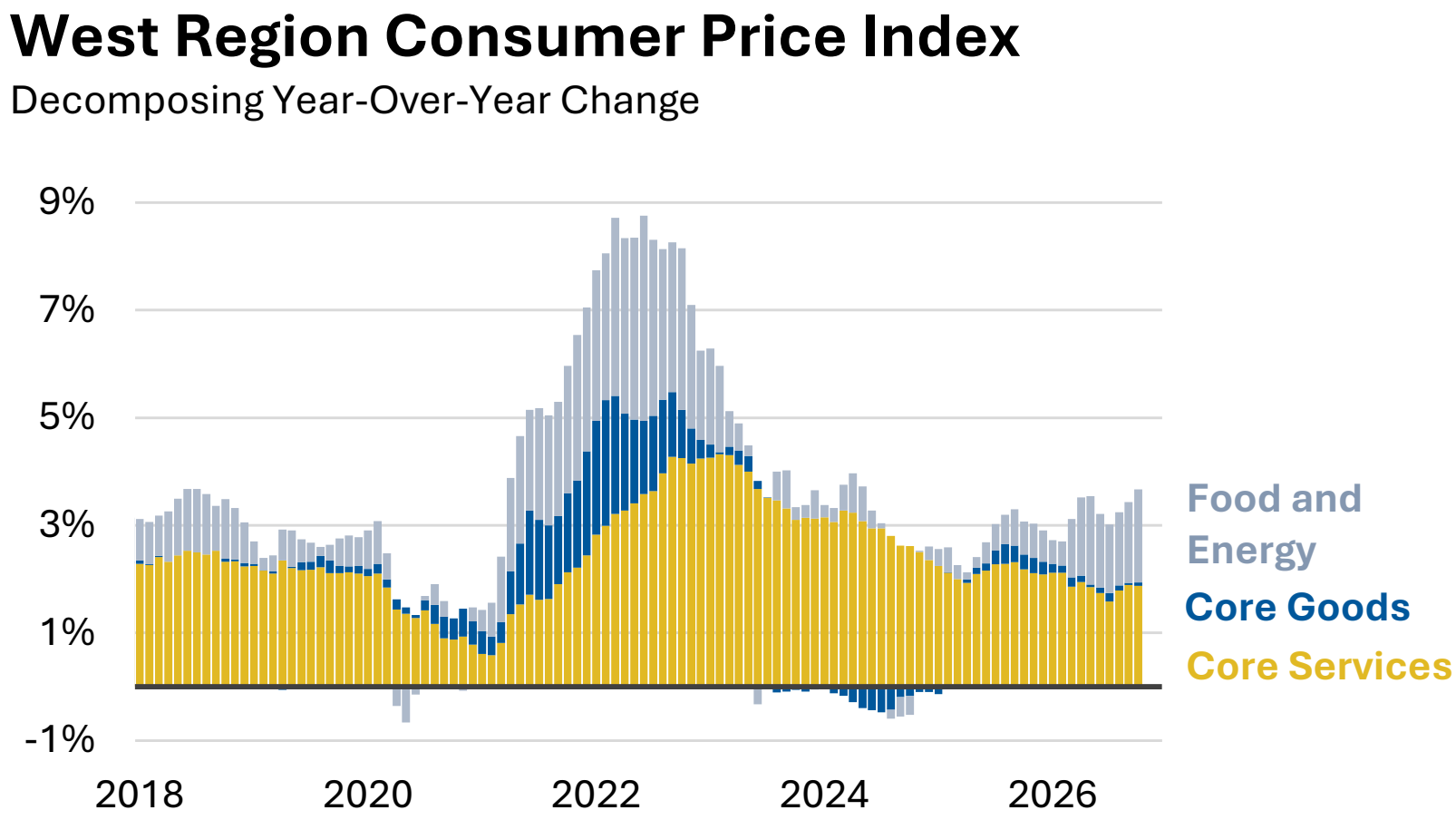
Sources: Census Bureau, Federal Reserve Board/Haver Analytics/OEA

Corporate Profit Acceleration Bodes Well for Investment and Hiring



Source: Bureau of Economic Analysis/Haver Analytics/OEA

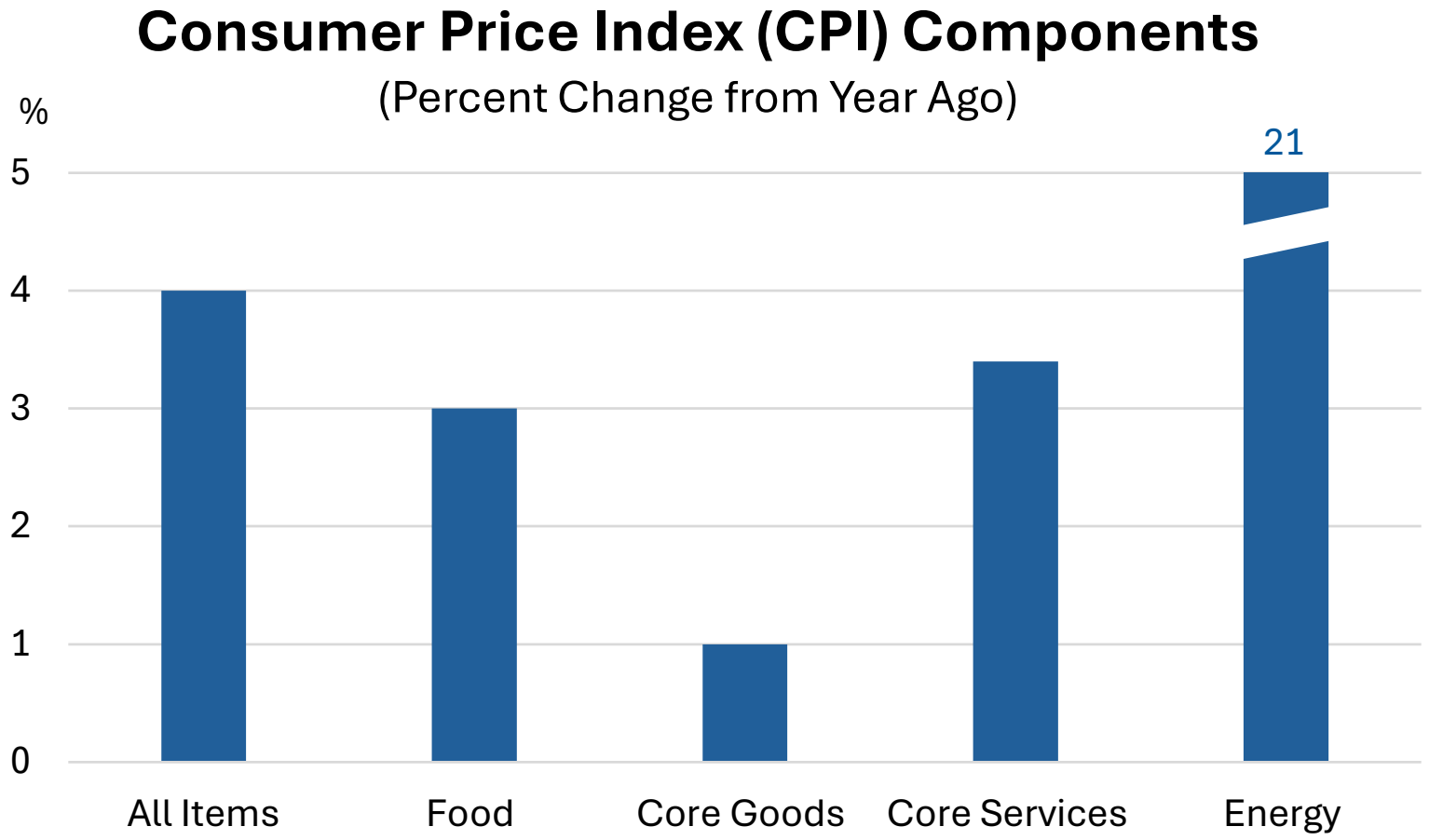
Inflation Settling Closer to 3% than 2%



Oct. 2025 Calculated as Avg. of Sept./Nov.

Latest Data: October 2026 | Source: BLS, Oregon Office of Economic Analysis

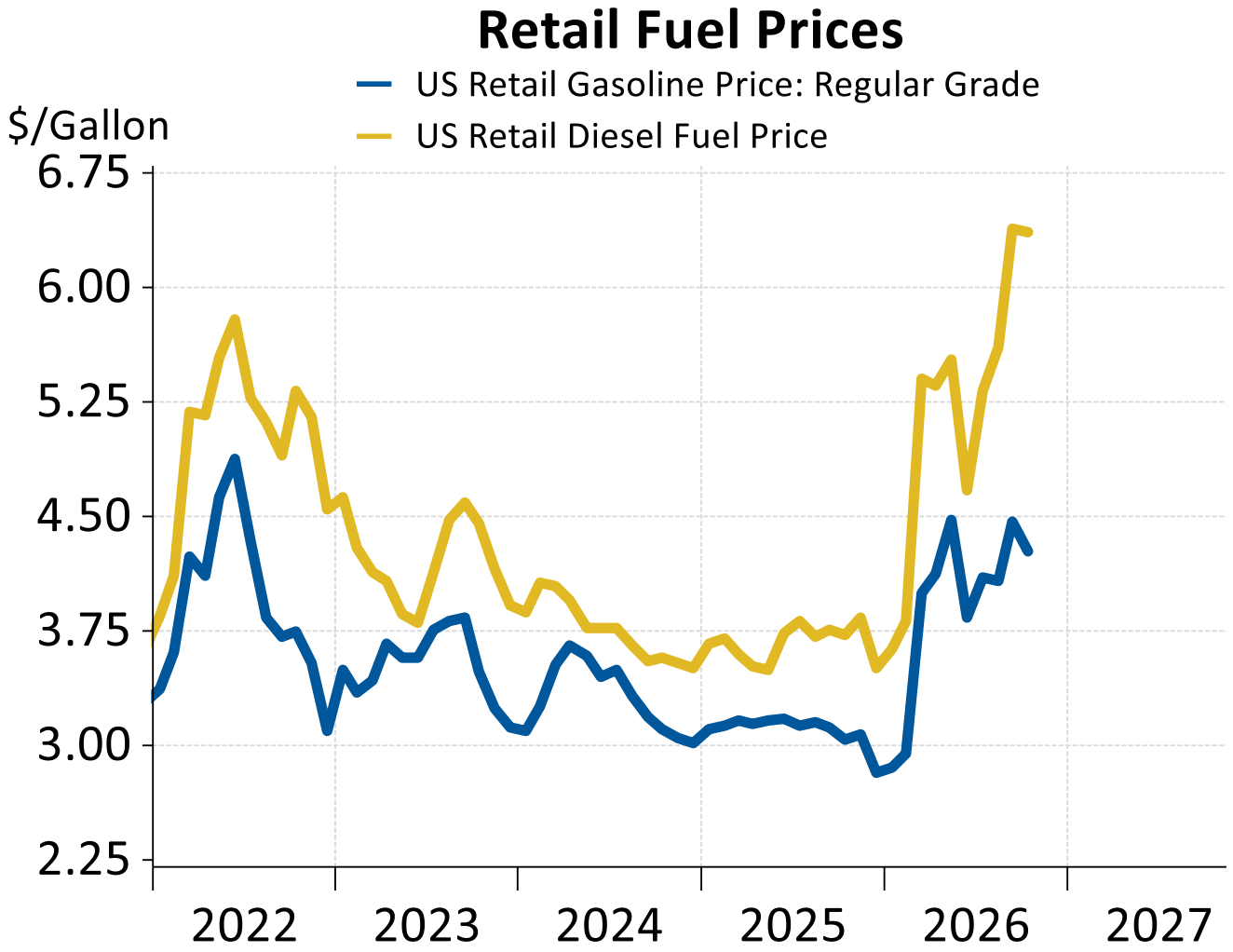
Energy Inflation Dominant, but Pressures Broad-Based



Oct. 2025 Calculated as Avg. of Sept./Nov.

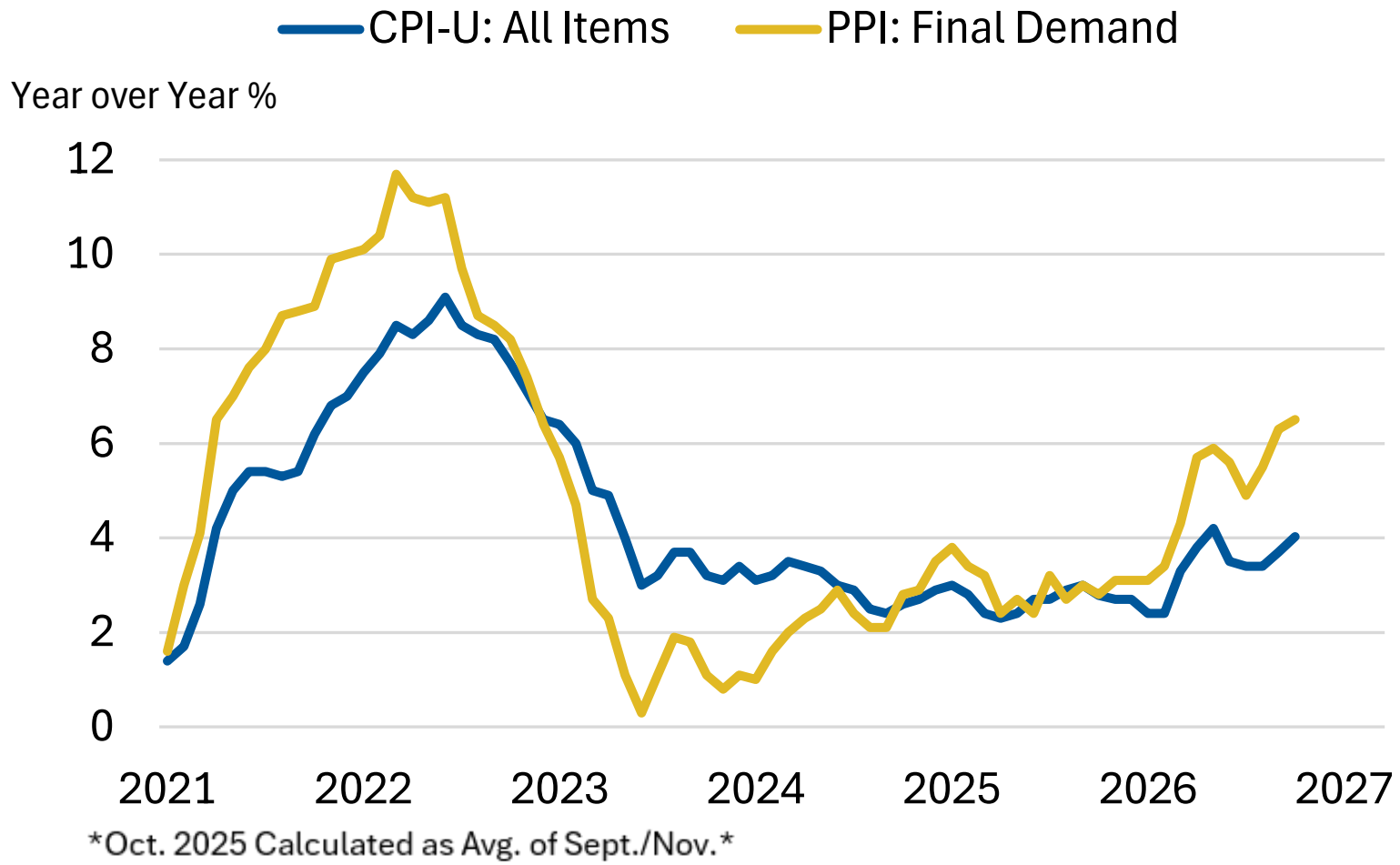
Source: BLS, OEA

Gasoline and Diesel Prices Revisiting Highs



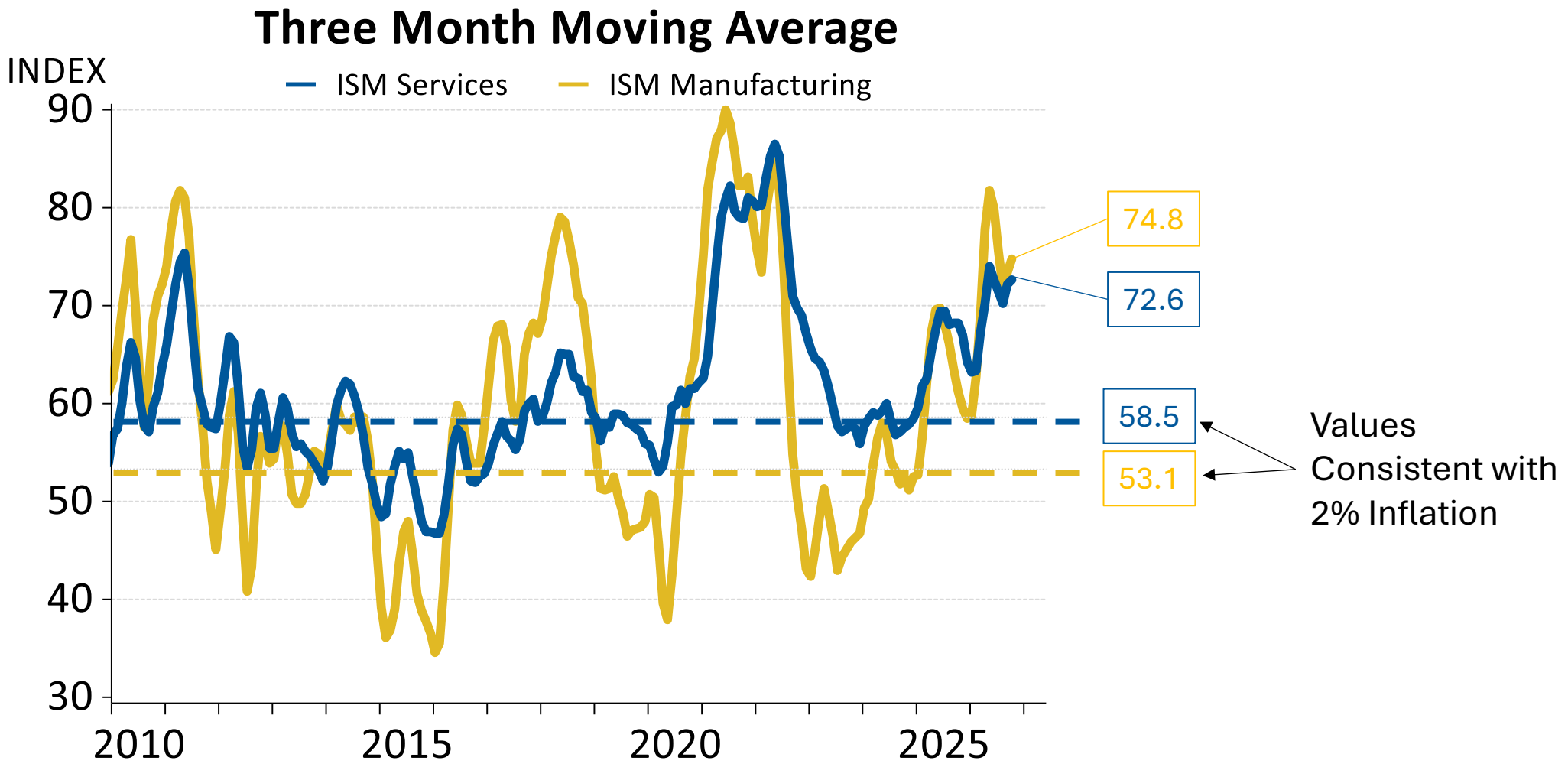
Source: Energy Information Administration/Haver Analytics/OEA

Upstream Inflation Pressures Continue to Increase



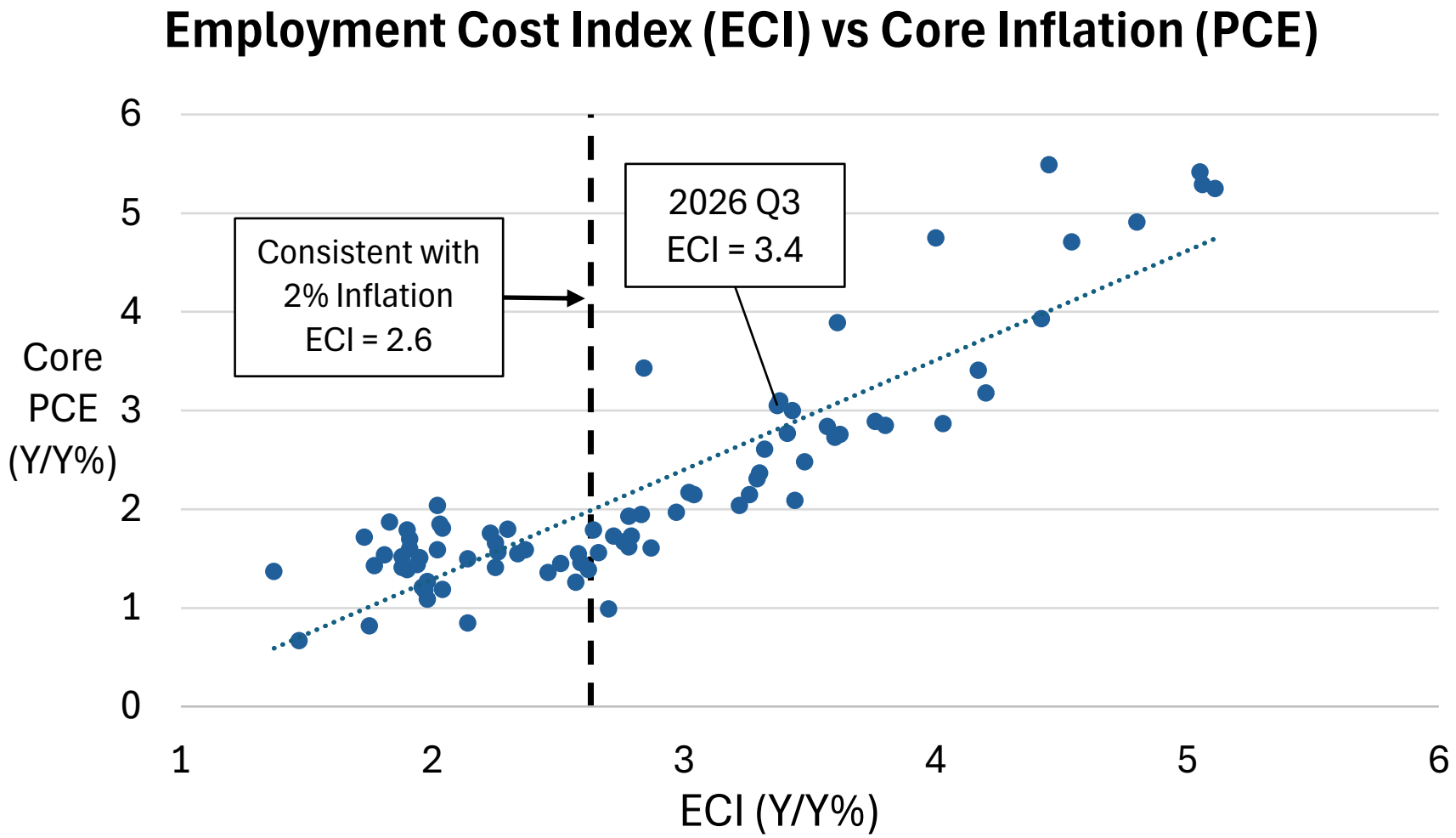
Source: BLS, OEA

Pricing Power Running Hot



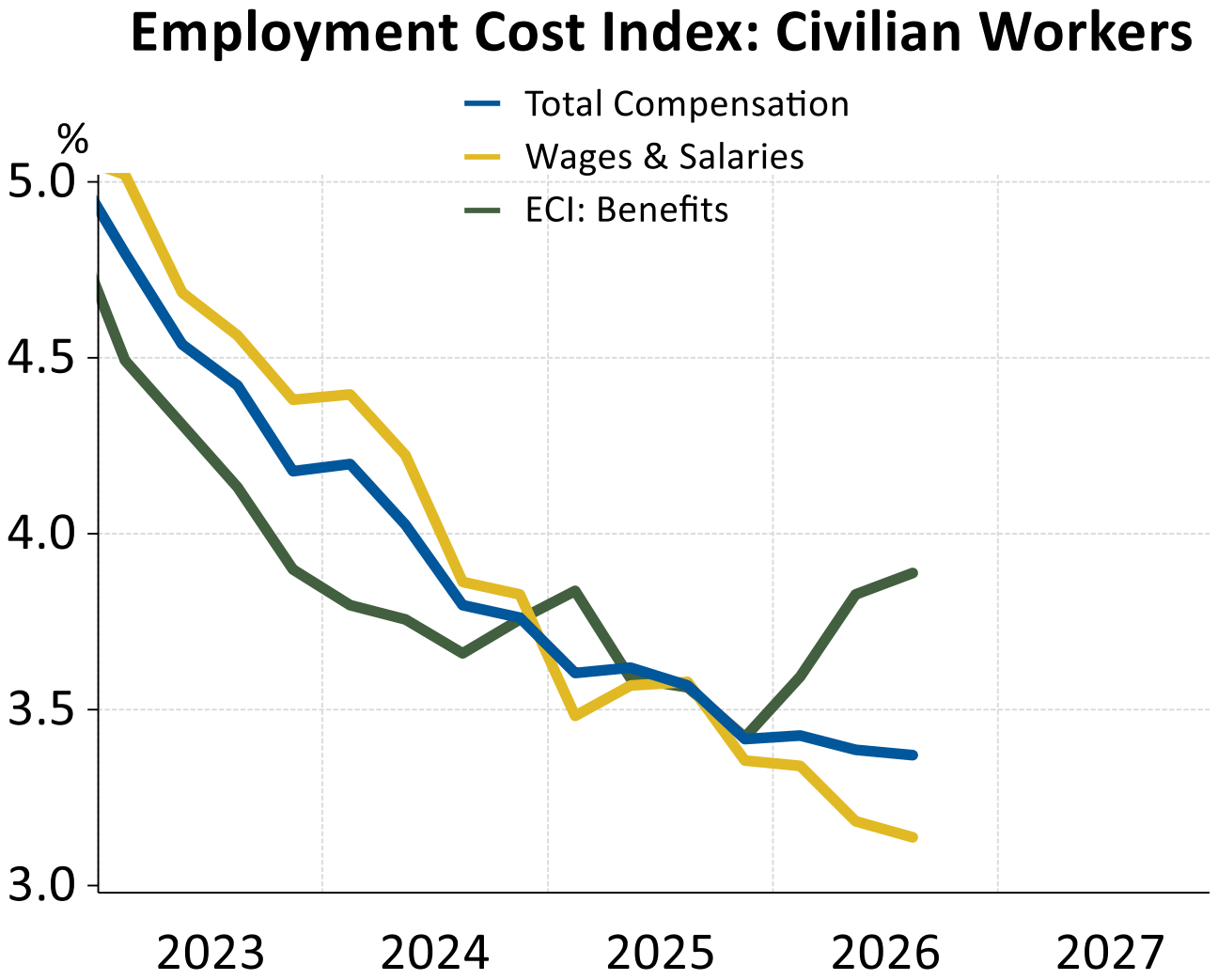
Sources: ISM/H, ISM/Haver/OEA

Employment Costs Not Consistent with Inflation Moderation



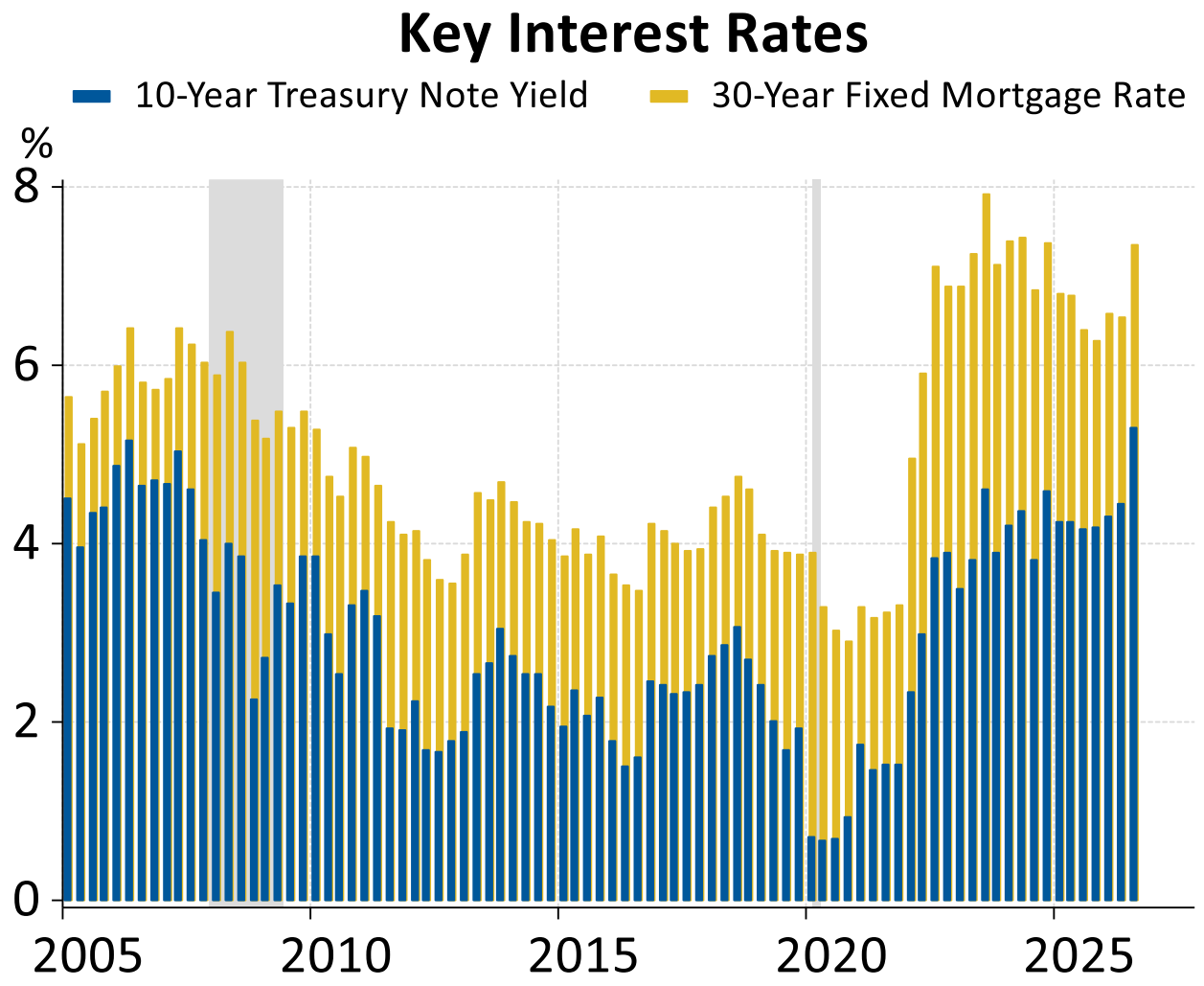
Source: BLS, BEA, Haver, OEA

Health Insurance Costs Outstrip Wage Growth



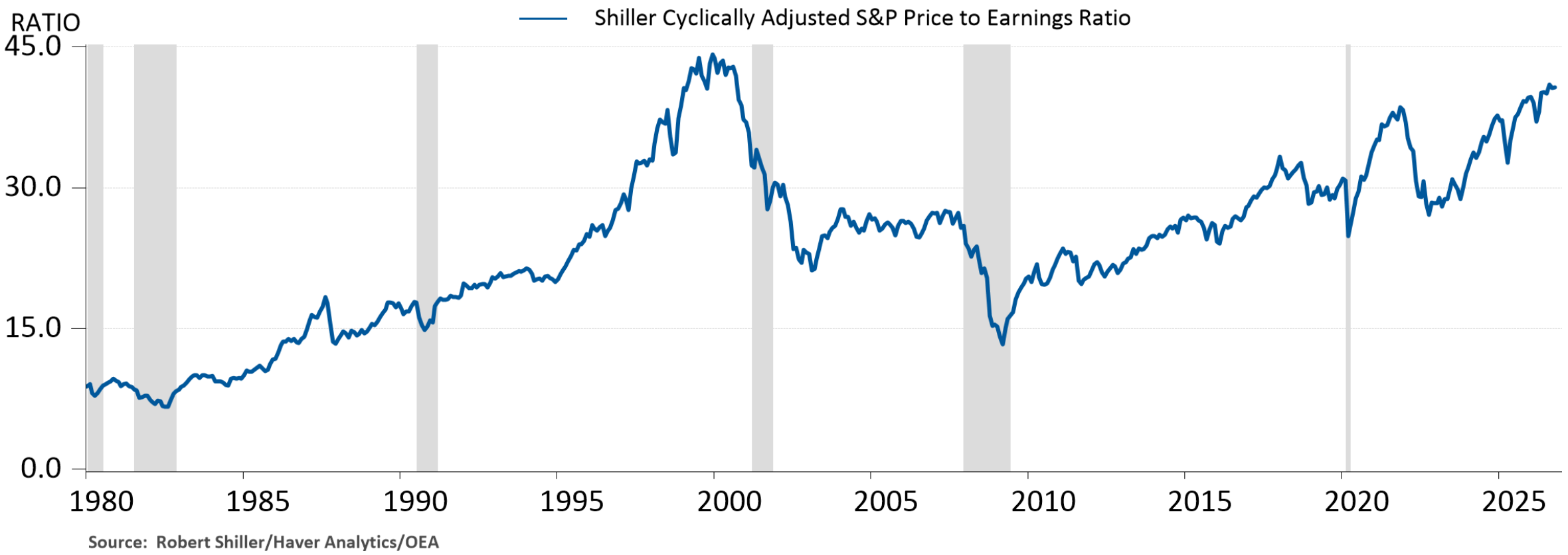
Source: Bureau of Labor Statistics/Haver Analytics/OEA

Mortgages and 10-year Treasury



Sources: Federal Reserve Board, Wall Street Journal/Haver Analytics/OEA

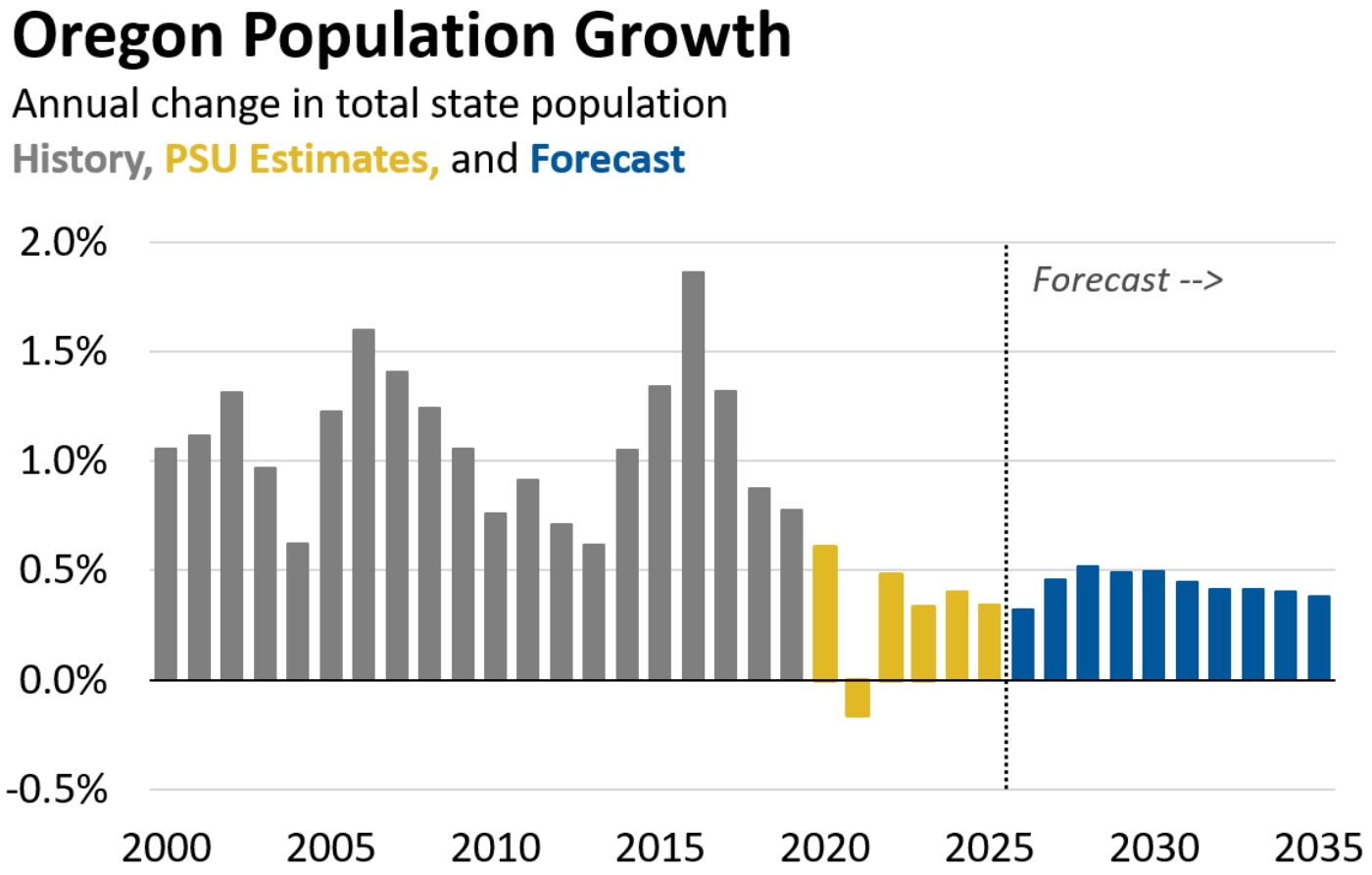
Price-Earnings Ratio Well Above Average



Source: Robert Shiller/Haver Analytics/OEA

Longer-Term Demographic Outlook Depends on Employment

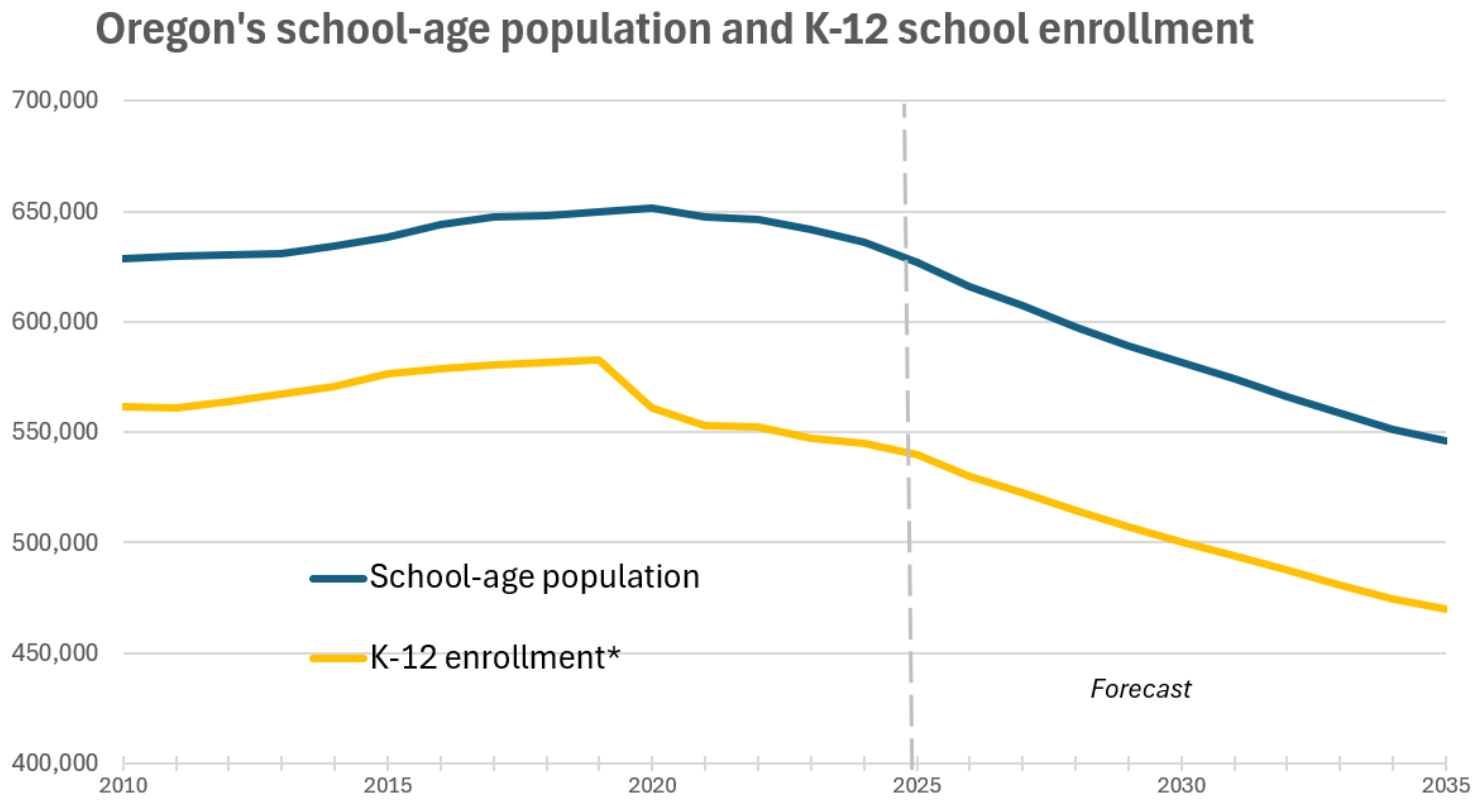
- Oregon is growing slower than US
- Oregon's entire population growth will come from net migration
- Population expected to grow by average of 0.4% through 2035



Latest Data: 2025 | Source: US Census Bureau, Portland State Research Center, OEA

Oregon's School Enrollment Will Continue to Decline

- Enrollment declined by 36,800 (-6%) in last ten years
- Enrollment will decline by -13% over next 10 years



Sources: Oregon Dept. of Education; U.S. Census Bureau; and Office of Economic Analysis

Revenue Update

2025-27: Marginal Change

- General Fund change: $11 million
- Ending Balance $411 million

2025-27 General Fund Revenue Statement

(millions)	Prior Forecast	Current Forecast	Change from Prior Forecast
Beginning Balance	$2,166	$2,166	$0
Revenues (millions)			
Personal Income Tax*	30,200	30,290	90
Corporate Income Tax*	3,343	3,352	9
All Other Revenues	2,204	2,116	-88
Net GF Revenues	35,747	35,758	11
Avail. Resources (Bal+Rev):	37,913	37,924	11
Appropriations	-37,513	-37,513	0
Projected Ending Balance*	400	411	11

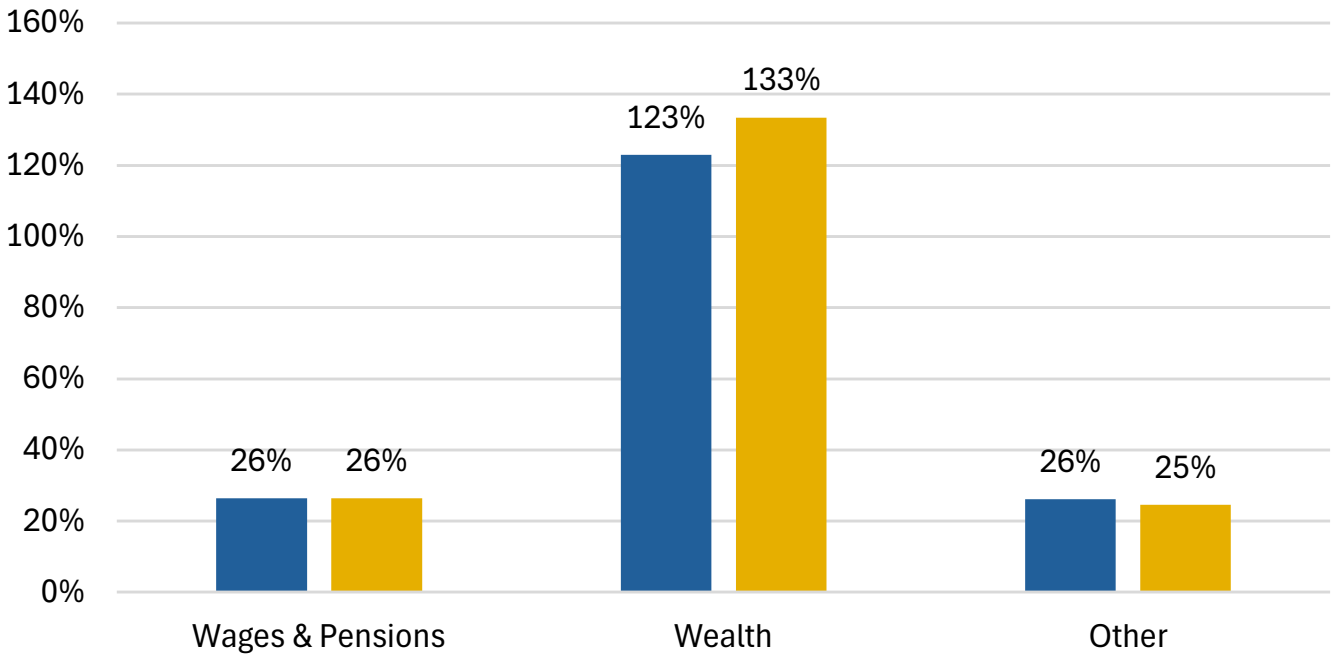
* includes offsets and Rainy Day Fund transfers

Wealth Boom Continues, Improves

- Wealth Income up 133% from tax year 2023 to 2028
- Revised up ten percentage points since Q3

Taxable Income Forecast: 2023-28 Change

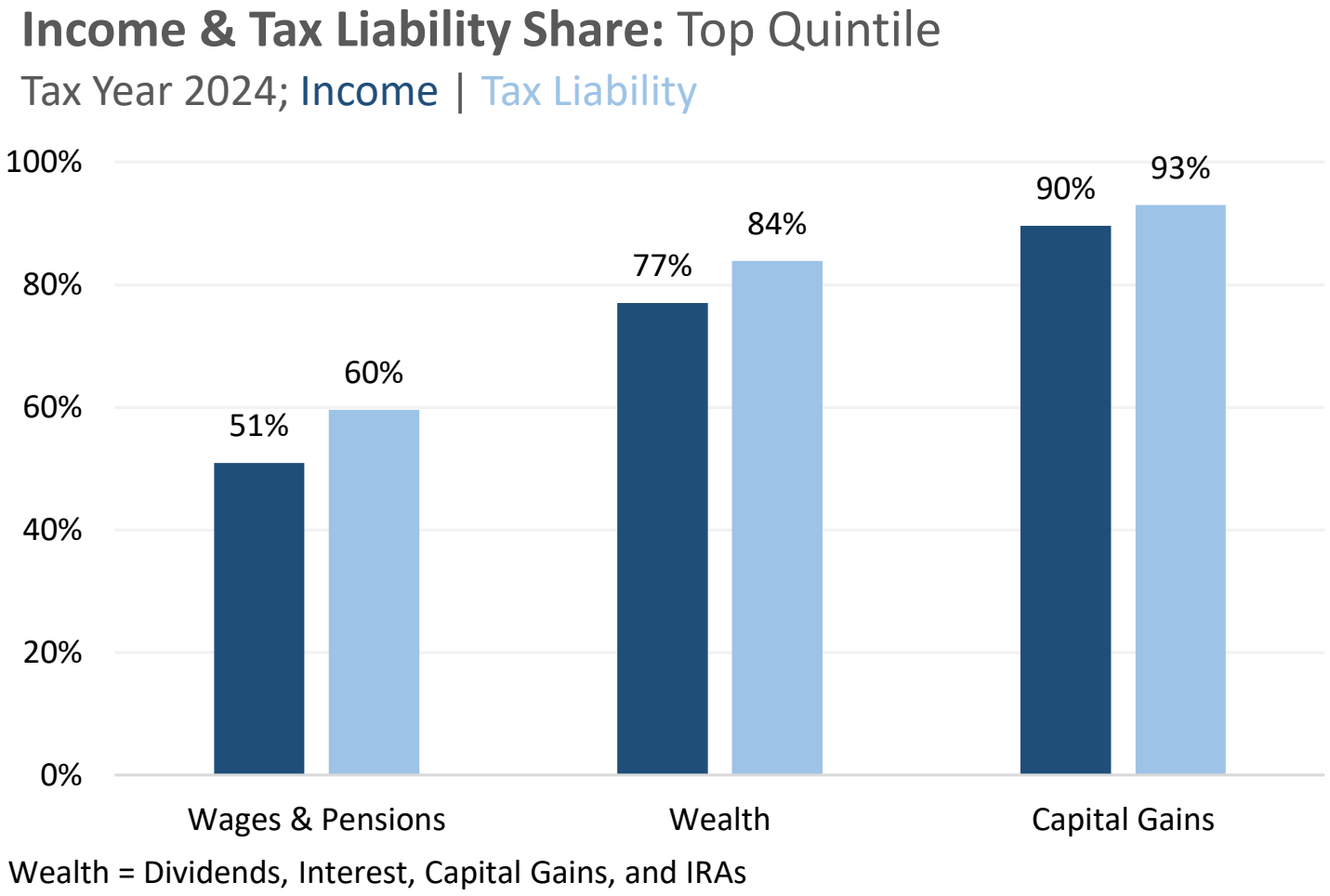
Previous Forecast | Current Forecast



Wealth = Dividends, Interest, Capital Gains, and IRAs

Boom Concentrated Among Wealthy

- Wealth effects owe mostly to top 20% of taxpayers
- Capital Gains particularly skewed
- Income taxed at 9% and 9.9% top rates

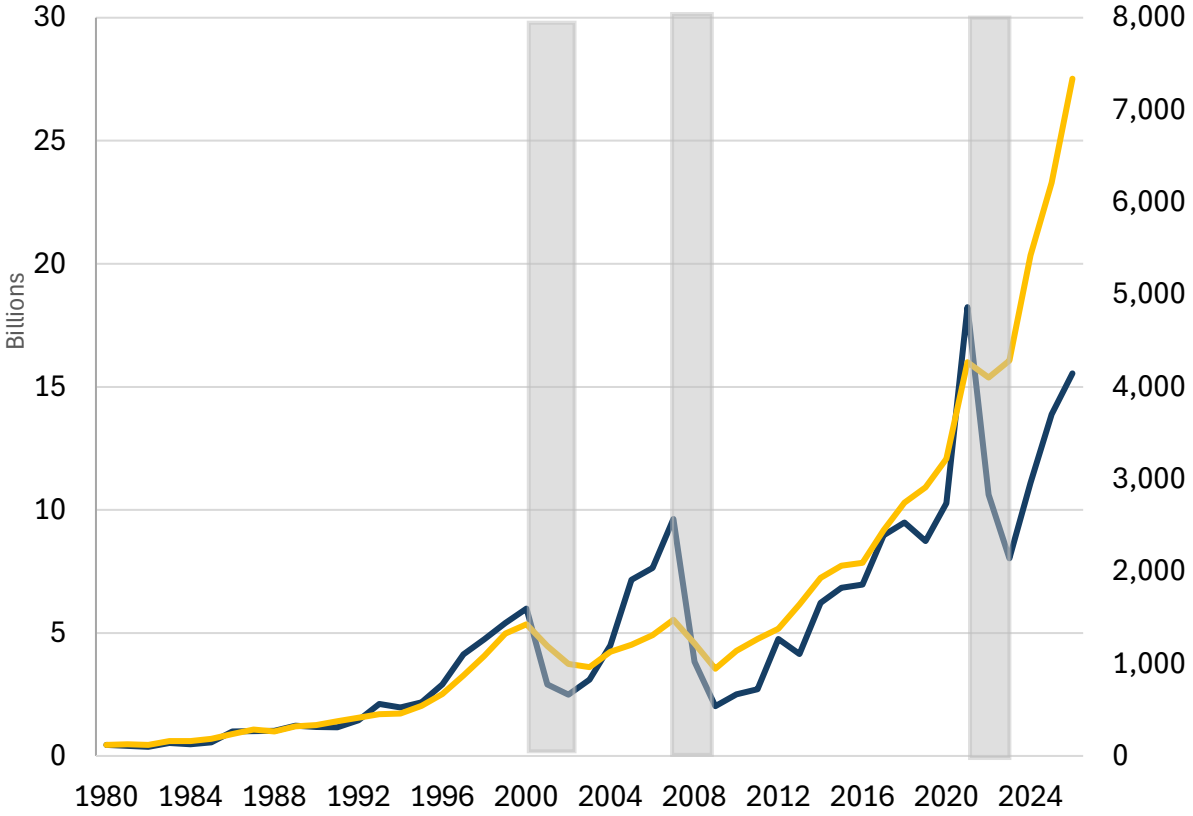


Wealth = Dividends, Interest, Capital Gains, and IRAs

Impact of Market Corrections and Recessions

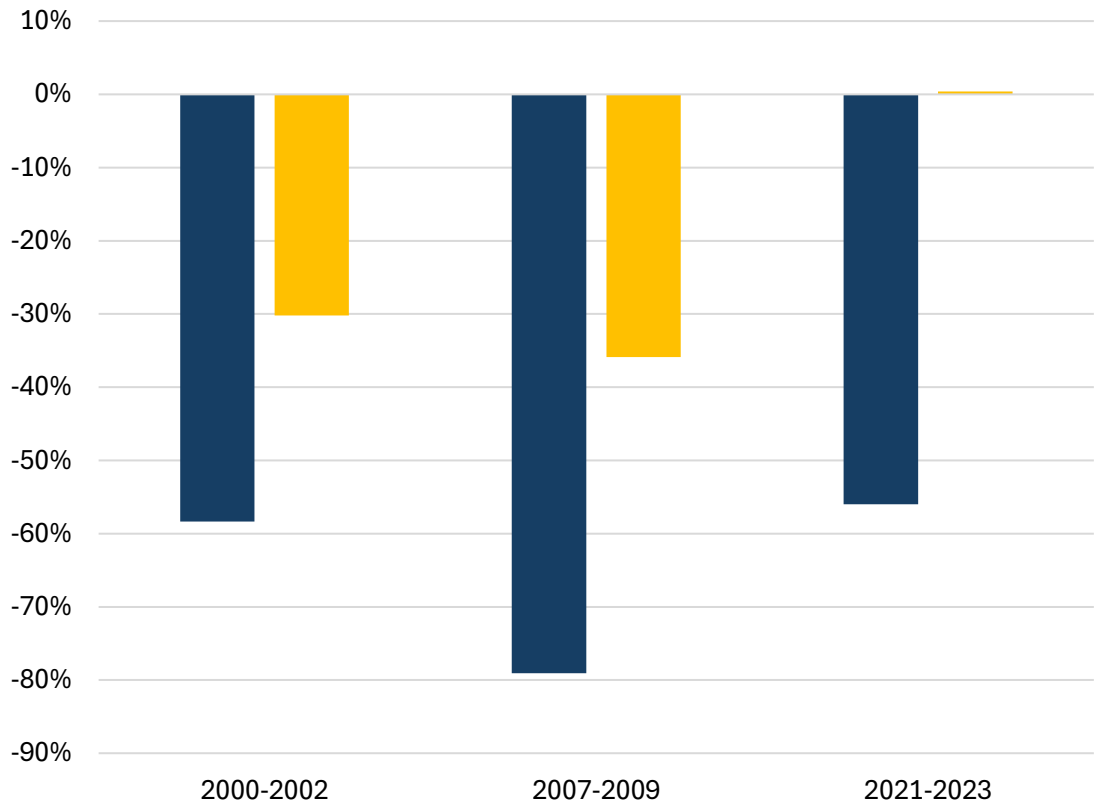
Taxable Capital Gains and Equity Markets

Tax Year; Capital Gains (L) | S&P 500 Index (R) | Recessions



Capital Gains Income and Equity Markets

Decline in Recessions; CapGains Income | S&P 500 Index



2027-29: Wealth Effects Boost Revenues

- General Fund revenue change: $233 million
- Total Resources: up $245 million

2027-29 General Fund Revenue Statement

(millions)	Prior Forecast	Current Forecast	Change from Prior Forecast
Beginning Balance	$400	$411	$11
Revenues (millions)			
Personal Income Tax*	36,332	36,620	$288
Corporate Income Tax*	3,734	3,766	32
All Other Revenues	2,293	2,207	-86
Net GF Revenues	42,359	42,593	233
Avail. Resources (Bal+Rev)*:	42,384	42,629	245

* includes offsets and Rainy Day Fund transfers

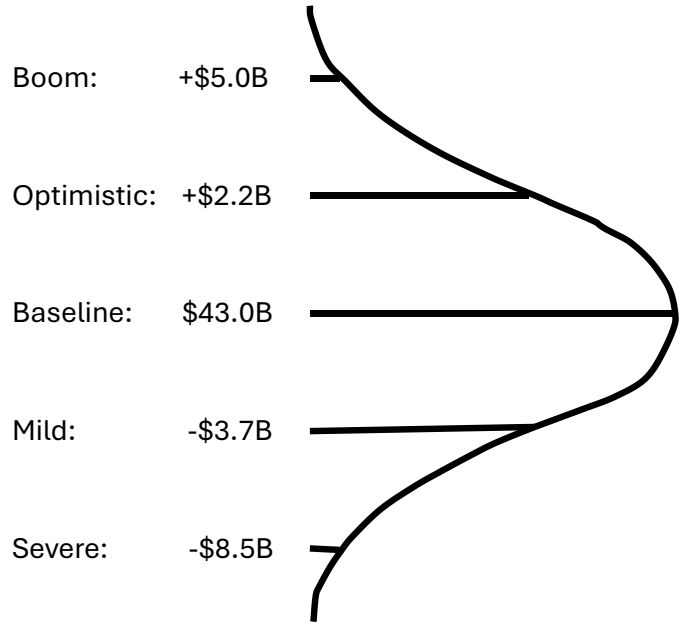
Potential Deviation Significant

General Fund Revenue* Scenarios

(millions)		2025-27	2027-29	2029-31	2031-33	2033-35
Boom (3%)	Revenues	$39,095	$47,891	$52,201	$58,779	$65,950
	Growth	*18%*	*23%*	*9%*	*13%*	*12%*
Optimistic (15%)	Revenues	$38,235	$45,118	$49,629	$55,734	$62,477
	Growth	*15%*	*18%*	*10%*	*12%*	*12%*
Baseline (64%)	Revenues	$37,376	$42,893	$48,088	$53,750	$60,203
	Growth	*12%*	*15%*	*12%*	*12%*	*12%*
Mild Recession (16%)	Revenues	$36,254	$39,155	$44,636	$49,814	$55,692
	Growth	*9%*	*8%*	*14%*	*12%*	*12%*
Severe Recession (2%)	Revenues	$35,133	$34,430	$39,870	$44,535	$49,790
	Growth	*6%*	*-2%*	*16%*	*12%*	*12%*

* Gross revenues adjusted for kicker credits. Source: Office of Economic Analysis.

Potential Variation from Baseline Forecast
2026 Q4 General Fund: 2027-29



Other Revenues Mildly Changed

Non-General Fund Revenues

Source of Revenue (millions)	2025-27 Q4 Forecast	2025-27 Change from Prior Forecast	2027-29 Q4 Forecast	2027-29 Change from Prior Forecast
Lottery	$1,861	$12	$1,929	$0
Corp. Activity Tax	2,998	15	3,438	9
Marijuana	279	-1	273	-3
Total Other Revenues	5,138	25	5,640	6

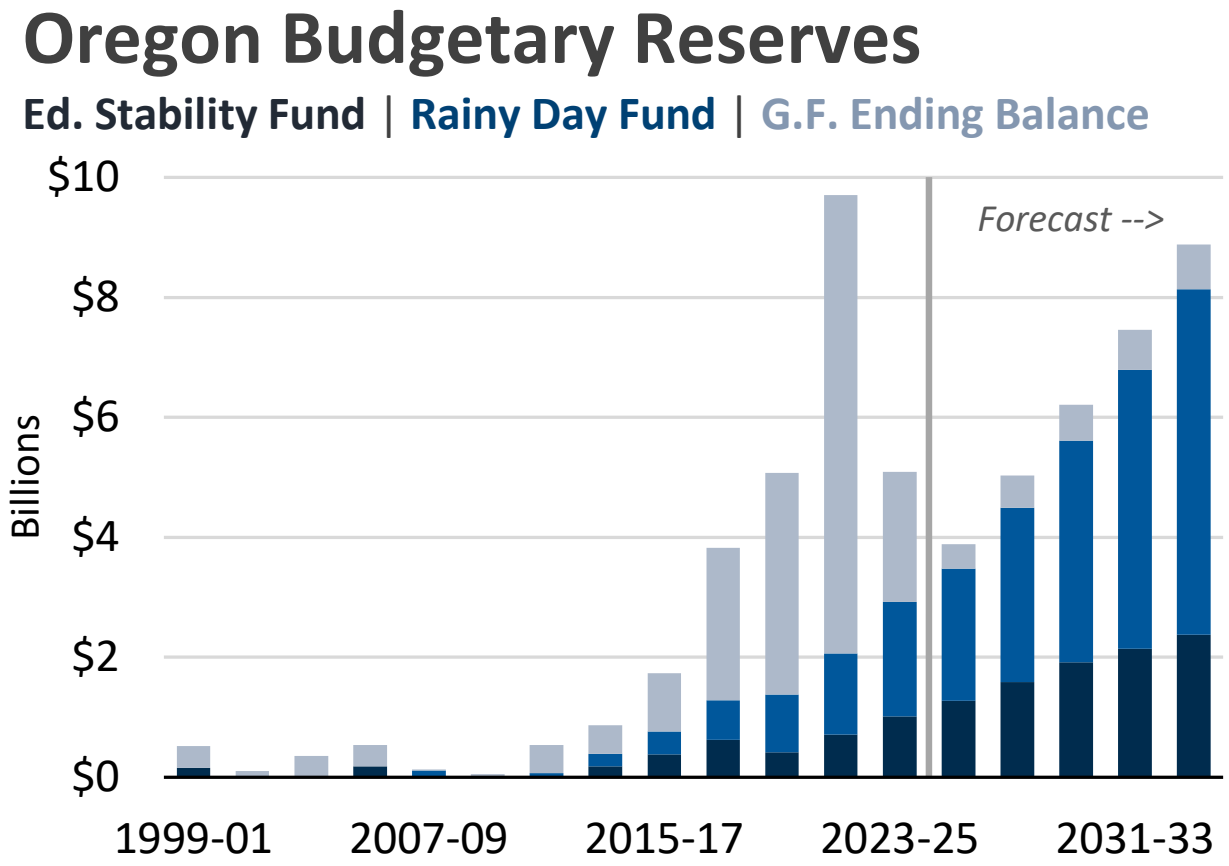
No Personal Kicker, Small Corporate Surplus

2025-27 Kicker Analysis

(millions)	Personal Kicker	Corporate Kicker
Close-of-Session	$32,329	$3,405
Kicker Threshhold (2%)	$32,976	$3,473
Current Forecast	$32,452	$3,476
Distance from Kicking	**-$524**	**$3**
Surplus (if any)		**$71**
HR 1	-$586	-$302
2026 Session	$257	$111
Total Law Changes	-$329	-$191

Reserve Situation Stable

- Currently reserved at 9.7%
- A severe, $8.5 billion shortfall would require significantly more reserves



Source: Oregon Office of Economic Analysis

DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES

Carl Riccadonna

Chief Economist
971-446-1364
carl.riccadonna@das.oregon.gov

Michael Kennedy

Senior Economist
971-446-1379
michael.kennedy@das.oregon.gov