

D. Oregon Economic Review and Forecast

Summary of Recent Trends

Statewide Trends

The fourth quarter of 2009 posted the seventh consecutive quarter of job losses. Job growth has been relatively sluggish since the second quarter of 2007. The preliminary estimate of fourth quarter job loss in Oregon is negative 3.7 percent at an annualized rate. On a year-over-year (Y/Y) basis, jobs decreased by 4.9 percent in the fourth quarter. This is the first quarterly growth of Y/Y to not further decline since the third quarter of 2006.

Although a majority of the employment sectors declined in the fourth quarter, a few more sectors joined in to show job growth. Food processors, transportation, warehousing and utilities, financial activities, health services, and state government added job. Relatively large job losses occurred in construction, wood products, transportation equipment, nondurable goods (includes paper and allied products), private and local government educational services, and other services.

Except for a small monthly job increase in July 2008 and increases in July 2009, the preliminary seasonally adjusted job numbers for December are the first monthly job increases since November of 2007. Average monthly job losses for the last six months of 2009 was 2,300 compared to the first six months of 2009 with average monthly losses of 9,800. This does not necessarily mean Oregon's job growth has returned, but at least the news is an encouraging sign for the end of the year.

The most recent Blue Chip Job Growth rankings place Oregon 44th in the nation for Y/Y job growth. Between December 2008 and December 2009, jobs decreased by 72,100 or 4.25 percent (pre-benchmark data). A year ago Oregon ranked 38th. The relative performance of the fifty states is shown in Figure O.1.

U.S. employment growth during this period was down 3.01 percent. A year ago, the nation was down 2.13 percent growth. Wyoming had the most dramatic change, moving to a rank of 50 from its 1st ranked position a year ago. North Dakota was ranked 1st at -0.16 percent job growth. Washington ranked 25th, while Idaho was 30th. While Washington, and Oregon moved down, California moved slightly down from 40th to 41st among the 50 states, with -3.94 percent job growth.

Figure O.1

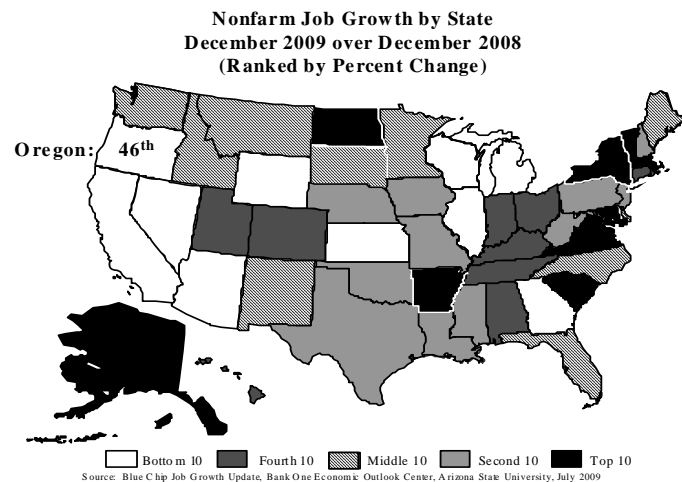


Table O.1**Total Nonfarm Employment, 4th quarter 2009**

(Employment in thousands, Annualized Percent Change)

	Preliminary Estimate		Forecast		Forecast Error		Y/Y Change
	level	% ch	level	% ch	level	%	% ch
Total Nonfarm	1,610.7	(3.7)	1,611.2	(3.7)	(0.4)	(0.0)	(4.9)
Total Private	1,312.3	(3.5)	1,313.3	(3.2)	(1.0)	(0.1)	(5.7)
Natural Resources and Mining	6.9	(9.5)	6.9	(11.0)	0.0	0.4	(16.4)
Construction	75.6	(10.9)	76.4	(7.1)	(0.8)	(1.0)	(14.5)
Manufacturing	162.7	(5.3)	162.0	(6.4)	0.7	0.4	(13.2)
Durable Goods	114.3	(6.9)	113.9	(8.0)	0.4	0.3	(15.0)
Wood Product	20.2	(12.6)	20.2	(12.1)	(0.0)	(0.1)	(20.8)
Metals and Machinery	30.5	(4.2)	30.1	(9.6)	0.4	1.5	(20.4)
Computer and Electronic Product	33.7	(5.6)	33.4	(9.0)	0.3	0.9	(9.3)
Transportation Equipment	12.0	(10.8)	12.6	8.1	(0.6)	(4.9)	(6.0)
Other Durable Goods	17.9	(4.2)	17.7	(8.8)	0.3	1.5	(13.4)
Nondurable Goods	48.4	(1.6)	48.1	(2.5)	0.3	0.7	(8.8)
Food	25.0	17.4	24.1	4.8	0.9	3.7	1.0
Other Nondurable Goods	23.4	(17.9)	23.9	(9.3)	(0.6)	(2.4)	(17.5)
Trade, Transportation & Utilities	312.3	(1.4)	312.5	(1.2)	(0.2)	(0.1)	(4.4)
Retail Trade	183.5	(2.5)	184.4	(0.7)	(0.9)	(0.5)	(3.9)
Wholesale Trade	75.2	2.1	74.5	(1.6)	0.7	0.9	(3.7)
Transportation, Warehousing & Utilities	53.5	(2.7)	53.5	(2.3)	(0.0)	(0.0)	(6.9)
Information	35.0	(0.8)	34.9	(1.0)	0.0	0.0	(1.9)
Financial Activities	94.0	1.0	93.3	(2.1)	0.7	0.7	(5.2)
Professional & Business Services	179.6	(0.3)	179.1	(1.7)	0.5	0.3	(5.5)
Educational & Health Services	226.4	(3.0)	227.2	(1.8)	(0.8)	(0.3)	1.5
Educational Services	32.2	(43.3)	33.4	(35.0)	(1.2)	(3.6)	2.9
Health Services	194.2	6.9	193.8	5.9	0.4	0.2	1.3
Leisure and Hospitality	162.0	(5.6)	161.8	(6.0)	0.2	0.1	(6.2)
Other Services	57.8	(12.1)	59.1	(4.5)	(1.3)	(2.2)	(4.7)
Government	298.4	(4.8)	297.9	(5.5)	0.6	0.2	(0.8)
Federal	29.7	(4.9)	30.5	5.6	(0.8)	(2.7)	0.4
State	78.2	4.5	76.7	(3.0)	1.5	2.0	0.9
State Education	29.0	5.6	28.3	(3.6)	0.7	2.3	0.5
Local	190.5	(8.3)	190.6	(8.2)	(0.1)	(0.1)	(1.6)
Local Education	101.7	(11.8)	101.5	(12.0)	0.3	0.3	(1.0)

Table O.1 shows a comparison of preliminary estimates for fourth quarter Oregon employment growth compared to the December 2009 forecast. Table O.1 also provides forecast errors and Y/Y growth. While percent change in the preliminary estimate shows the most recent development in the employment front, Y/Y growth indicates what has happened over a year's time. Unless noted otherwise, the employment figures are seasonally adjusted, and all percentage rates discussed below reflect annualized rates of change for fourth quarter 2009. When the preliminary estimate is lower than OEA's forecast, forecast error is shown as negative. Positive forecast error then means that the preliminary estimate came in higher than OEA's forecast.

This forecast is being released before the Oregon Employment Department benchmarked job numbers are available, due out in late February or early March. The revised numbers will be used in the next quarterly forecast.

The fourth quarter forecast was very close to the preliminary estimate for total nonfarm employment. Most employment sectors had forecasting errors between -1.0 and 1.0 percent.

Total private employment declined 3.5 percent in the fourth quarter with a Y/Y decline of 5.7 percent. This is an improvement in the Y/Y drop in the third quarter of 6.75. Manufacturing lost 5,480 during the quarter, accounting for 47 percent of the job drop in total private employment. The manufacturing employment sector is down 5.3 percent in the fourth quarter with a Y/Y decline of 13.2 percent. Private nonmanufacturing employment was down 3.2 percent in the fourth quarter. The government sector lost jobs at a rate of 4.8 percent in the fourth quarter due mainly to local government job losses.

Manufacturing declined 5.3 percent, the first single-digit decline after four quarters of double-digit drops. Within manufacturing, other nondurable goods (which include paper and allied products) had the largest drop at 17.9 percent. Wood products had job losses of 12.6 percent, continuing a string of quarterly job losses dating back to the third quarter of 2006. Wood product jobs losses total 12,870 since the second quarter of 2006, a loss of 38.9 percent. Transportation equipment jobs are down 10.8 percent. Computer and electronic products lost jobs at a rate of 5.6 percent, for a job loss of 350. Metals and machinery declined by 4.2 percent as did the "Other" category for durable goods, which includes electrical equipment, appliance, and furniture products.

In the nondurables manufacturing sectors, food processing increased 17.4 percent in this highly seasonal employment sector. This is one of the few sectors to have added jobs since the start of the recession, adding around 1,800 jobs since the fourth quarter of 2007. The other nondurable manufacturing sector, which includes paper and allied products, had job declines of 17.9 percent.

Commercial real estate may be joining residential housing to negatively impact construction jobs. Employment in this sector declined 10.9 percent. Job losses since the second quarter of 2006 number 29,200 for a drop of 27.8 percent.

Retail trade is still feeling the effects of reluctant consumer spending with a job loss of 2.5 percent. Wholesale trade jobs managed an increase of 2.1 percent.

Information, which includes publishers of software, lost 0.8 percent of jobs. This sector's traditional publisher of newspapers and magazines has been hard hit through the loss of advertising.

Financial activities had job gains of 1.0 percent, the first quarterly job gain since the first quarter of 2007.

Professional and business services were down only 0.3 percent for the quarter compared to the above 4 percent losses the past year.

Private educational services appear to be pushed around by seasonal factors and registered a decline in jobs of 43.3 percent. This follows the third quarter increase in jobs of 52.6 percent. Health services came in at a very healthy job increase of 6.9 percent.

Leisure and hospitality jobs look as if the drop in discretionary spending is still impacting jobs. The decline in jobs is 5.6 percent with Y/Y declines of 6.2 percent.

The government sector job loss is 4.8 percent with a Y/Y job loss of only 0.8 percent. The government sector typically lags the private sector during recessionary periods. Most of the loss in jobs is due to local government education with losses of 11.8 percent. State government added jobs during the quarter at the rate of 4.5 percent.

Regional Trends

Every region of the state has experienced year-over-year employment declines since at least the fourth quarter of 2008. Many areas have seen declines for much longer. Generally, employment losses were most severe in the third quarter of 2009 and began to abate somewhat during the final quarter of the year.

In the last quarter of 2009, regional unemployment rates (not seasonally adjusted) were higher than the year prior due to large increases early in the year. In December 2009, rates ranged from a high of 13.6 percent in Central Oregon to a low of 9.8 percent in the Portland area. Statewide, the December unemployment rate was 10.8 percent.

Portland Area Employment Decline Continues: Clackamas, Columbia, Multnomah, Washington, and Yamhill counties

The Portland area saw its first employment losses of the recession in the fourth quarter of 2008, when employment dropped 1.7 percent from the previous year. Declines accelerated through the third quarter of 2009 before easing slightly at the end of the year. In the final quarter of 2009, employment was down 5 percent or 45,000 jobs from the fourth quarter of 2008.

By county, the fourth quarter employment decline was mildest in Washington (-5.9%) and most severe in Columbia (-9.8%). Moreover, Columbia's year-over-year declines were the most severe of the Portland area for all of 2009. Multnomah and Washington were the least hard hit counties in the area. Clackamas and Columbia tended to be in the middle, with an average over-the-year loss of about 6 percent each quarter.

Nearly every major industry in the Portland area showed employment losses from December 2008 to December 2009. Construction was one of the most severely affected industries in the area, dropping more than 9,000 jobs (-19.4%) over the year. Manufacturing was also significantly impacted, as the Portland area lost a total of 8,000

jobs (-7.5%). In Columbia County, one in four manufacturing jobs was lost in 2009. Other Portland area industries with major losses include leisure and hospitality (-8.6%), professional and business services (-7.6%), and retail trade (-4.7%)

The one industry with consistently positive news was education and health services. In December, employment in the Portland area was 360 jobs (+0.3%) higher than the year before. Washington County showed no change in this industry over the year; other counties had gains of 60 to 100 jobs.

The December preliminary unemployment rate for the combined five-county Portland area was 9.8 percent. While Portland's rate was lower than any other region, the area saw one of the largest increases in unemployment over the year, as the rate was up by 2.3 percentage points from December 2008. This is about the same increase as Central Oregon experienced.

***Willamette Valley's Job Losses Span Many Industries:
Benton, Lane, Linn, Marion, and Polk counties***

Employment changes in the Willamette Valley have been very similar to the Portland area over the last two years, likely because the economies of the two regions are closely tied. The Willamette Valley saw over-the-year employment growth stagnate in mid-2008 and turn negative at the end of that year. Losses accelerated through the third quarter of 2009, then slowed somewhat. From the fourth quarter of 2008 to the fourth quarter of 2009, the Willamette Valley lost 4.9 percent of its employment.

By county, employment losses in the fourth quarter ranged from -3.0 percent in Lane to -9.5 percent in Linn. Benton County (-5.8%) and the Salem metropolitan area (Marion and Polk counties; -5.3%) were in the middle.

The industry with the largest year-over-year employment decline in the Willamette Valley was manufacturing, which dropped nearly 6,000 jobs (-14.8%) in 2009. With a loss of one in four manufacturing jobs, Benton County experienced the most severe decline in manufacturing of any county in the area. Construction employment in the Valley also decreased significantly, down more than 2,300 jobs (-13.3%) over the year.

Three major industries lost about 5 percent of their employment over the year: trade, transportation, and utilities (-3,400 jobs); professional and business services (-1,800 jobs); and leisure and hospitality (-1,700 jobs).

The one industry with positive news across the area was education and health services. Benton County showed no change in this industry over the year, and gains in other counties totaled more than 800 jobs (+1.5%).

Federal government showed a very slight gain over the year in the region, as losses in Benton and Lane counties were offset by gains in the rest of the region. State government

had a gain in Lane County but was down in all other counties, leading to an overall loss (-1.4%).

The Valley's preliminary unemployment rate in December was 10.8 percent – an increase of nearly 2 percentage points from the year prior (9.0%). As with many other areas, the unemployment rate gradually decreased over 2009.

***Declines Slow in Coastal Oregon Counties:
Clatsop, Coos, Curry, Lincoln, and Tillamook counties***

Oregon's five coastal counties have seen their employment decline year over year since late 2007. Losses were moderate early on but became more severe in 2009, with an over-the-year decline of nearly 6 percent in the third quarter. The employment decline slowed in the fourth quarter, when the over-the-year loss was 5.3 percent.

By county, fourth quarter employment losses ranged from 4.0 percent in Tillamook to 7.7 percent in Curry. Clatsop and Coos were both down 4.6 over the year, while Lincoln posted a loss of 6.6 percent.

One major industry showed significant declines across the coastal region: construction. Losses ranged from 10 percent in Lincoln to 30 percent in Clatsop. Overall, the region lost more than 700 jobs (-19.8%) from December 2008 to December 2009. Coastal employment in mining and logging dropped about half as many jobs, but still lost a large portion of its total employment (-23%).

In general, manufacturing in the region was down over the year. Lincoln County, however, bucked this trend and added a few jobs in manufacturing. Other industries in the area with large losses were professional and business services (-8.2%), leisure and hospitality (-5.8%), and retail trade (-4.7%).

The one source of good news in every county was education and health services, which grew by more than 1 percent over the year. Federal government also showed employment gains in almost every area, adding nearly 4 percent (+40 jobs) to its total employment.

In December 2009, Oregon's coastal counties had a combined preliminary unemployment rate of 11.1 percent. The rate is up nearly 2 percentage points from the 9.3 percent unemployment rate recorded in December 2008.

***Southern Oregon Job Losses Varied by Industry:
Douglas, Jackson, and Josephine counties***

Over-the-year employment declines in Southern Oregon began in late 2007 and have gradually accelerated during the course of the recession. From 2006 to 2007, employment in the area was essentially unchanged. Over the next year, it dropped about 3 percent. The total loss from 2008 to 2009 neared 5 percent, with employment down 5.3 percent over the year in the fourth quarter of 2009.

Fourth quarter employment losses varied somewhat by county. Douglas was down 4.3 percent over the year and Josephine posted a loss of 6.7 percent. Jackson's decline was between these two (-5.4%).

In Southern Oregon, more than one in five construction jobs were lost from December 2008 to December 2009. This industry's job loss was somewhat mild in Douglas (-4.9%) compared to Jackson (-26.7%) and Josephine (-24.1%) counties. Manufacturing also posted a fairly large employment decline (-11.7%) due in large part to the idling and closure of many local wood product manufacturers.

Other sectors with large losses in the region included retail trade (-6.6%), leisure and hospitality (-4.8%), and government (-2.9%). In total, these three sectors lost more than 3,000 jobs over the year.

No industries showed employment gains across all three southern Oregon counties. Although typically a bright spot, education and health services only added jobs in Jackson County. Downturns in the other two counties were enough to cause an overall loss (-0.2%) from the year prior. Professional and business services was up 0.4 percent over the year, as a loss in Josephine County was more than offset by gains in Douglas and Jackson counties.

Southern Oregon's 12.9 percent unemployment rate in December was the second-highest of any region in the state, after Central Oregon. Like the Willamette Valley and the Coast, Southern Oregon's rate was up nearly 2 percentage points from the year prior, when it was 11.1 percent.

***Industry Employment Changes Mixed in Central Oregon:
Crook, Deschutes, Gilliam, Hood River, Jefferson, Klamath, Lake, Sherman, Wasco,
and Wheeler counties***

Central Oregon's last noteworthy year-over-year employment gains occurred in late 2007. Since then, the region has experienced job loss every quarter. The most severe losses were in late 2008 and early 2009. In the fourth quarter of 2009, employment was down 3.2 percent from the year prior.

Only three of Oregon's 36 counties posted an over-the-year employment gain in the fourth quarter, and they are all located in Central Oregon: Sherman (+0.2%), Gilliam (+3.2%), and Wheeler (+4.9%). Of the remaining seven counties in Central Oregon, six lost between 1.9 percent and 4.1 percent of their employment over the year. Crook continued to have the steepest decline of any county in the state (-13.3%).

Employment declines in Central Oregon's manufacturing industry ranged from -7.1 percent in Deschutes County to -22.7 percent in Crook County. In all, more than 1,000 manufacturing jobs were lost from December 2008 to December 2009.

Construction showed losses in nearly every Central Oregon county. Likewise, employment in professional and business services was down in most counties. The overall loss was nearly 4 percent, with county losses ranging from no change in Lake and Wasco to a loss of 17.2 percent in Gilliam.

Education and health services is often a source of employment growth, even during recessionary periods. Unfortunately, increases in Jefferson, Klamath, and Wasco counties were insufficient to overcome losses in the remaining Central Oregon counties; total employment in this industry's was down 0.5 percent over the year.

The public sector had a similar story, as employment was up in five counties and down in four. Crook County posted an especially large decline (-12.1%). Overall the sector was essentially unchanged from the year prior.

At 13.6 percent in December 2009, Central Oregon had the highest preliminary unemployment rate of any region in the state. The rate was up 2.2 percentage points over the year – more than almost every other region.

***Eastern Oregon Sees Relatively Moderate Job Losses:
Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa counties***

Compared to many other regions of the state, the job losses in Eastern Oregon during the recession have been fairly moderate. The area first saw year-over-year losses in early 2008. The total employment decline from 2007 to 2008 was less than 1 percent (-0.7%). For most of 2009, losses were in the neighborhood of 2 percent, although employment in the fourth quarter was down 3.1 percent from the year prior.

Seven of Eastern Oregon's eight counties posted employment losses from the fourth quarter of 2008 to the fourth quarter of 2009. Losses ranged from 2.1 percent in Union to 8.9 percent in Harney. Morrow County was the one standout from the group, with no over-the-year change in the fourth quarter. What's more, Morrow saw relatively strong over-the-year employment growth from late 2008 through the third quarter.

Construction employment was down in nearly every Eastern Oregon county, with a total loss of more than 13 percent. Manufacturing was also down significantly in nearly every county. Harney County was especially hard hit, as manufacturing employment declined from 110 jobs in December 2008 to 10 jobs in December 2009. Manufacturing's losses totaled nearly 700 jobs (-9.6%) in Eastern Oregon.

A few other industries showed declines in most of Eastern Oregon, including financial activities (-3.9%) and leisure and hospitality (-2.3%). The public sector was down 2 percent over the year, with two counties showing no employment change and no counties showing an employment gain.

There were some promising signs in December. In professional and business services, for instance, gains in a few counties offset losses in other counties, leading to a year-over-

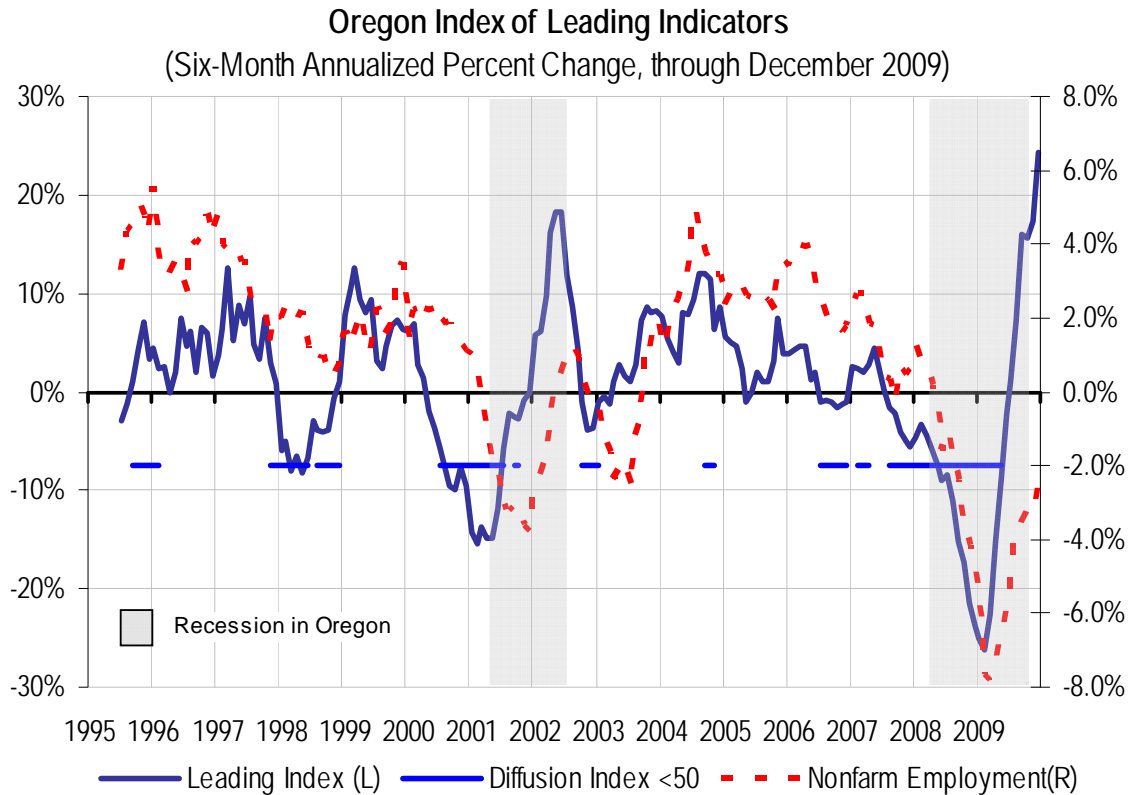
year employment gain of 1.3 percent. Education and health services was unchanged in four counties and showed improvement in the remaining four counties. Overall, this industry gained nearly 200 jobs (+2.5%) over the year.

Eastern Oregon's preliminary unemployment rate was 11.2 percent in December 2009, which is a modest jump from the year prior (10.2 percent).

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 November 2009, the Oregon Index of Leading Indicators¹ increased an annualized 17.4 percent, following a revised 15.1 percent increase the prior month. This represents the fifth consecutive month that the index has been positive, representing a clear trend that the Oregon economy is or will be experiencing growth in the near future. While the Index's percent change is near its historical high, it is important to realize the Index is designed to identify turning points in the economy and is not constructed to illustrate the magnitude of such changes. In November, seven indicators are registering positive values, down from eight the previous two months. The positive contributors are: the semiconductor book-to-bill ratio, Oregon housing permits, the Oregon trade-weighted dollar index, new Oregon incorporations, the purchasing managers' index, initial unemployment claims, and industrial production. Consumer sentiment, Oregon withholding and help wanted ads are all slightly negative, with only air freight tonnage significantly negative. With the Index remaining in positive territory, it is encouraging for future economic growth and following historical patterns, it is to be expected that employment growth will resume within the next few months.

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.

Short-Term Outlook

Overview

Attention now centers on the economic recovery. Analysts argue as to the path the economy will follow to bring the U.S. economy out the Great Recession. IHS Global Insight does not project a V-shaped recovery, but sees a “jobless” recovery where the labor market is sluggish to add jobs as production of goods and services start to rise. Their view is for a “lazy W” whereby the strong impacts from federal stimulus packages and an inventory cycle lose their strength in the middle of 2010.

The “lazy W” is not the only view and analysts warn that we are not yet out of the woods. IHS Global Insight lists a number of “...reasons to be worried.”

Aftershocks from the Financial Crisis. Bad financial news has not ended. Troubles in Dubai and Eurozone countries remind us that financial problems are still popping up. Banking problems may continue to proliferate at small- and medium-sized banks as real estate, both residential and commercial, defaults continue to come to light.

A Double Dip in Housing. The good news on stabilizing housing prices and sales may be more tied to the federal homebuyer incentive than first thought. As this incentive goes away, we may see a return to lower prices and sales.

Higher Oil Prices. Given the slow economic activity throughout the world, it is somewhat surprising to see oil and other commodities still rising. Any supply disruption could stall the economic recovery.

Premature Policy Tightening. With all the stimulus following from fiscal and monetary policy, the fear of inflation may cause a tightening of policy happen sooner than is desirable, chocking off an already weak recovery.

Not all is so cautionary on the horizon. IHS Global Insight also sees “...reasons to be cautiously optimistic.”

A V-Shaped Recovery in Other Parts of the World. There are a number of regions, notable Asia, that were not so burdened by the bad debt seen in the U.S. and Europe. There economies could spring back much faster and provide a boost to U.S. exports.

A Quicker and Stronger Release of Pent-up Demand. Spending on many items are well below historical norms such as for housing sales and starts and car sales. Businesses are internally building up their cash balances. Some signs of releasing pent-up demand were relieved through spending jumps related to the cash-for-clunkers and first-time home buyer programs. This pent-up demand could come forward to reach more normal levels faster than anticipated.

Stronger Growth in Total Factor Productivity. Through the cost cutting period of the recession, businesses also found ways to make the existing work force more productive. Further technology and innovation could boost the bottom line while helping to keep inflation and interest rates low. This backdrop would boost business optimism and keep hiring on a possible faster track.

Oregon faces these same uncertainties as it moves through the early stages of recovery. The forecast has a “jobless” recovery where employment rises slowly starting in the second quarter of 2010, going through a soft growth period into 2011.

Another uncertainty facing the Oregon economy is the impacts from the two tax measures which were passed on January 26. Studies on both sides of the issue from respectable sources derived very different conclusions. Given the uncertain nature of the impact of these two tax measures, we will not incorporate possible impacts into the Oregon economic forecast. We will be monitoring closely to see if any changes are warranted in future forecasts.

OEA (Office of Economic Analysis) forecasts a decline of 0.5 percent in total employment in the first quarter of 2010. The second quarter of 2010 will turn positive with growth of 1.9 percent followed by slower positive growth for the second half of the year. Stronger sustained job growth does not start until 2011.

The year average for 2010 is an employment decline of 1.0 percent. Job growth improves in 2011 with a yearly average growth of 2.0 percent. Job growth is projected to continue in 2012 at 2.8 percent.

Table O.2 compares OEA’s forecast to other published forecasts. OEA’s forecast for employment follows the trends from the national forecasting firms Moody’s Economy.com and IHS Global Insight. A slight divergence is seen with the local forecasting group in 2010. They forecast a stronger 2010 compared to OEA and the national forecasting firms, but trends into 2011 are similar.

Table O.2**Oregon Total Nonfarm Employment and Personal Income Growth**

Forecaster	Date of Forecast	Employment			Personal Income		
		2010	2011	2012	2010	2011	2012
Moody's Economy.com	December 2009	-0.5	2.0	3.3	2.1	3.0	4.4
IHS Global Insight	January 2010	-0.8	1.3	3.1	3.3	4.7	6.1
Wells Fargo & Co.	December 2009	-0.1	N/A	N/A	3.0	N/A	N/A
John Mitchell	January 2010	0.0	2.0	N/A	3.5	4.2	N/A
Conerly Consulting	January 2010	0.7	3.6	N/A	3.5	N/A	N/A
Portland General Electric	December 2009	1.6	N/A	N/A	4.6	N/A	N/A
OEA	January 2010	-1.0	2.0	2.8	3.5	3.8	5.3
Consensus*	January 2010	0.4	2.5	N/A	3.6	4.0	N/A

*Consensus forecast from Western Blue Chip forecast

The IHS Global Insight forecast is incorporated into the OEA forecast. IHS Global Insight has a slightly lower growth path in 2011 compared to OEA while their 2012 growth for jobs is slightly higher.

Personal income growth trend is fairly similar across all forecasts. The notable difference for 2010 is Portland General Electric at 4.6 percent; more than a percentage point higher the next highest forecast.

At the time of publication for this report, not all updates for the local forecasting group were available. Thus some forecasts have not incorporated the latest data releases.

Table O.3

Oregon Forecast Summary

	Quarterly												
	2009:4	2010:1	2010:2	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (\$ billions)													
Nominal Personal Income	139.0	140.1	141.6	127.4	133.4	137.6	137.4	142.1	147.5	155.3	163.4	172.6	182.0
% change	3.6	3.4	4.2	8.3	4.7	3.1	(0.1)	3.5	3.8	5.3	5.2	5.7	5.4
Real Personal Income (base year=2005)	126.1	127.0	128.0	124.0	126.4	126.2	125.8	128.2	130.8	135.5	140.0	145.4	150.4
% change	1.1	2.7	3.4	5.4	1.9	(0.2)	(0.3)	1.9	2.0	3.6	3.3	3.8	3.4
Nominal Wages and Salaries	71.4	71.9	72.5	69.2	72.9	74.1	71.2	72.7	75.7	79.8	84.2	88.6	93.0
% change	1.8	2.6	3.8	7.3	5.4	1.6	(4.0)	2.2	4.0	5.4	5.6	5.2	5.0
Other Indicators													
Per Capita Income (\$1,000)	36.2	36.4	36.7	34.5	35.6	36.3	35.9	36.8	37.7	39.3	40.8	42.6	44.3
% change	2.8	2.6	3.3	6.6	3.2	1.9	(1.0)	2.5	2.6	4.0	3.9	4.4	4.1
Average Wage rate (\$1,000)	43.7	44.2	44.4	40.1	41.7	42.6	43.1	44.5	45.4	46.6	48.0	49.5	51.0
% change	4.8	4.1	1.8	4.2	3.8	2.3	1.1	3.3	2.0	2.6	3.1	3.1	3.1
Population (Millions)	3.8	3.8	3.9	3.7	3.8	3.8	3.8	3.9	3.9	4.0	4.0	4.1	4.1
% change	0.8	0.8	0.9	1.6	1.4	1.2	0.9	0.9	1.1	1.2	1.2	1.2	1.2
Housing Starts (Thousands)	7.8	8.1	8.3	27.6	21.9	12.8	7.6	8.4	9.8	12.2	16.4	20.7	22.9
% change	85.3	13.6	11.1	(10.6)	(20.9)	(41.5)	(40.8)	11.4	15.8	25.1	34.1	26.3	10.5
Employment (Thousands)													
Total Nonfarm	1,610.7	1,608.8	1,616.6	1,703.4	1,731.3	1,721.1	1,633.5	1,616.8	1,648.7	1,694.3	1,735.3	1,770.2	1,801.7
% change	(3.7)	(0.5)	1.9	3.0	1.6	(0.6)	(5.1)	(1.0)	2.0	2.8	2.4	2.0	1.8
Private Nonfarm	1,312.3	1,312.3	1,316.4	1,417.3	1,441.5	1,422.2	1,333.0	1,319.1	1,349.9	1,391.4	1,428.7	1,459.6	1,487.0
% change	(3.5)	0.0	1.2	3.5	1.7	(1.3)	(6.3)	(1.0)	2.3	3.1	2.7	2.2	1.9
Construction	75.6	74.3	73.4	100.9	104.2	94.7	79.1	73.3	73.6	76.8	81.0	84.4	86.9
% change	(10.9)	(6.9)	(4.8)	11.0	3.3	(9.2)	(16.5)	(7.3)	0.5	4.3	5.5	4.3	2.9
Manufacturing	162.7	162.6	163.0	207.3	204.0	195.1	168.9	163.6	167.0	172.2	176.9	178.8	180.3
% change	(5.3)	(0.1)	1.0	1.7	(1.6)	(4.4)	(13.4)	(3.1)	2.1	3.1	2.7	1.1	0.8
Durable Manufacturing	114.3	113.8	114.1	154.7	150.9	142.4	118.8	114.6	117.4	122.0	126.1	127.8	128.9
% change	(6.9)	(1.8)	1.0	1.7	(2.5)	(5.6)	(16.6)	(3.5)	2.5	3.9	3.4	1.3	0.9
Wood Product Manufacturing	20.2	19.9	19.9	32.4	30.0	27.0	21.4	19.9	20.5	21.6	22.5	22.8	22.7
% change	(12.6)	(5.2)	(1.2)	(0.8)	(7.5)	(9.8)	(20.7)	(7.0)	3.0	5.1	4.4	1.2	(0.2)
High Tech Manufacturing	33.7	33.7	34.1	41.9	40.7	38.9	34.7	34.3	34.3	34.8	36.1	36.4	37.2
% change	(5.6)	(0.0)	4.5	1.5	(2.9)	(4.4)	(10.7)	(1.2)	0.1	1.6	3.6	0.9	2.1
Transportation Equipment	12.0	11.8	11.7	18.3	17.4	14.9	11.9	11.7	12.1	13.0	13.7	14.3	14.4
% change	(10.8)	(6.3)	(3.7)	2.1	(5.1)	(14.6)	(20.2)	(1.2)	3.2	7.5	5.6	4.5	0.5
Nondurable Manufacturing	48.4	48.9	49.0	52.6	53.2	52.7	50.1	49.0	49.6	50.3	50.8	51.1	51.4
% change	(1.6)	3.9	0.9	1.6	1.1	(0.9)	(5.0)	(2.2)	1.2	1.4	0.9	0.6	0.6
Private nonmanufacturing	1,149.7	1,149.7	1,153.4	1,210.0	1,237.5	1,227.1	1,164.2	1,155.5	1,182.9	1,219.2	1,251.8	1,280.8	1,306.7
% change	(3.2)	0.0	1.3	3.8	2.3	(0.8)	(5.1)	(0.7)	2.4	3.1	2.7	2.3	2.0
Retail Trade	183.5	183.7	184.3	197.3	200.7	196.7	185.4	184.4	187.0	191.0	195.5	199.0	202.3
% change	(2.5)	0.5	1.4	2.0	1.7	(2.0)	(5.7)	(0.5)	1.4	2.1	2.4	1.8	1.6
Wholesale Trade	75.2	75.9	75.3	79.9	80.8	80.0	75.1	75.0	75.7	79.3	81.6	83.6	85.1
% change	2.1	3.5	(2.9)	2.6	1.2	(1.1)	(6.1)	(0.2)	1.0	4.7	2.8	2.5	1.9
Information	35.0	35.2	35.4	34.9	36.0	36.1	35.0	35.3	36.3	36.8	37.2	37.4	37.7
% change	(0.8)	2.9	2.0	3.7	3.3	0.4	(3.1)	0.8	2.9	1.3	1.1	0.6	0.8
Professional and Business Services	179.6	180.6	182.0	194.4	197.3	195.7	181.7	183.2	192.1	200.7	208.9	216.2	222.5
% change	(0.3)	2.2	3.1	4.8	1.5	(0.8)	(7.1)	0.8	4.8	4.5	4.1	3.5	2.9
Health Services	194.2	195.8	197.3	176.8	182.8	189.6	192.3	197.8	203.5	209.6	213.3	219.5	225.8
% change	6.9	3.3	3.0	3.0	3.4	3.7	1.4	2.9	2.9	3.0	1.7	2.9	2.9
Leisure and Hospitality	162.0	160.8	162.1	164.9	171.9	173.7	165.6	162.7	165.4	168.6	173.2	176.9	180.6
% change	(5.6)	(2.9)	3.3	3.7	4.2	1.1	(4.7)	(1.8)	1.7	2.0	2.7	2.2	2.1
Government	298.4	296.5	300.2	286.1	289.7	298.9	300.5	297.7	298.8	302.9	306.6	310.6	314.7
% change	(4.8)	(2.6)	5.1	0.4	1.3	3.2	0.5	(0.9)	0.4	1.4	1.2	1.3	1.3

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 is still having a difficult time, but the worst may be coming to an end.. The Random Lengths Composite Price (Random Lengths Publications, January 2010) for lumber is \$268 per thousand feet compared to \$251 per thousand feet in November. Although these are still very low prices, they are up from January 2009

when the price was \$198. The Western Wood Products Association (WWPA) projects 2010 to be a better year with lumber demand rising 11 percent. The WWPA emphasizes that the recovery to the wood products industry will be very slow. As an example of renewed investments in wood products though a short-term delay is the purchase of Weyerhaeuser Company's sawmill in Warrenton to Hampton Affiliates. The mill is slated for upgrades and improvements but 94 workers will be laid off for nine months. The wood products sector is projected to lose jobs in 2010 at an annual rate of 7.0 percent before positive growth of 3.0 percent in 2011 and 5.1 percent in 2012. Even forecasted increases through 2015, employment levels will still be well below job levels in 2008.

Computer and electronic product sector should see mild growth in 2010. Exports for this sector are still below pre-recession levels but increased over 50 percent from the first quarter to the third quarter of 2009. The SEMI book-to-bill ratio continued for the sixth consecutive month to be above 1.0, coming in at 1.03 for December 2009. The three-month moving average in December for bookings is 49 percent higher than a year ago and billings are up 25.2 percent for the same period. Solaicx Inc., a maker of photovoltaics, is planning an expansion of its North Portland facility, adding around 60 jobs by the end of the year. Novellus Systems Inc. plans to create 135 jobs with a state grant to help offset workforce training costs. Rockwell Collins, a communications and aviation electronics company, is expected to move over 100 jobs to its Wilsonville facility. Other adjustments are still occurring to this sector. Suntron Corporation is closing its Newbery plant and laying off 190 workers. Intra Telecom laid off around 24 people. Sun Microsystems Inc. will lay off 42 workers at several Hillsboro locations. The computer and electronic product sector is projected to lose jobs at a rate of 1.2 percent in 2010. Job growth will be positive in the second half of 2010 leading to an annual growth rate of 0.1 percent in 2011 and 1.6 percent in 2012.

The transportation equipment sector is expected to lose 36 percent of its employment from 2006 to 2010 on an annual average basis. Even with military contracts at Daimler and other RV makers coming out of bankruptcy, this sector is still expected to be down 21 percent in 2015 from its recent high employment in 2006. The outlook for the transportation equipment sector is further jobs losses of 1.2 percent in 2010. The job outlook improves with gains of 3.2 percent in 2011 and 7.5 percent in 2012.

Metals and machinery employment fell dramatically at the end of 2008 and the first half of 2009, following closely the drops in international exports. As exports improve along with the economy, this sector should start to recover in the second half of 2010. Cascade Steel Rolling Mills in McMinnville will have another round of layoffs, bringing the workforce down from 550 to below 400. Alcan Cable in Roseburg will lay off 33 people. For the year 2010 compared to 2009, employment will decline 5.7 percent before turning to job gain of 3.5 percent in 2011 and 4.4 percent in 2012.

Other nondurables, which includes paper and allied products, is projected to have job declines of 5.5 percent in 2010 before adding jobs in 2011 at 2.0 percent and at 1.3 percent in 2012. Georgia-Pacific will shut down its Wauna Mill near Astoria. Blue Heron Paper Company in Oregon City will lay off 50 employees.

Construction jobs will still struggle into 2010. Total building permits are down 35.9 percent year to date for December 2009. Although credit markets are starting to open up, credit availability for developers may remain tight for some time to come. Grubb & Ellis note that in the Portland area, the Central Business District remains one of the healthier markets in the nation. But building activity has greatly slowed and vacancy rates on commercial real estate are rising in other regions of the Portland metro area. With non-residential building lagging during the recession, construction jobs are expected to decline by 7.3 percent in 2010, and then slowly grow by 0.5 percent in 2011. Job growth will improve to 4.3 percent in 2012.

Service Producing Sectors

Trade, transportation, and utilities sector lost jobs in 2009 at a rate of 6.3 percent. This sector is projected to lose a further 0.5 percent in 2010, and then add jobs at a rate of 1.4 percent in 2011 and 3.1 percent in 2012. The Port of Portland saw a 12.7 percent decrease in commercial flight operations and a 9.6 percent decrease in passenger traffic for year to date December 2009 compared to 2008. In wholesale, The Home Depot Inc. is building a warehouse in Salem that will employ 175 people. Book distributor Baker & Taylor Inc. closed offices in Lake Oswego resulting in the layoff of 139 workers. In retail, Kohl's is taking applications for 130 positions for its new store in Bend. Retail employment declined in 2009 at 5.7 percent and will mildly decrease in 2010 at a 0.5 percent rate before rebounding in 2011 with positive 1.4 percent growth and 2.1 percent in 2012. Wholesale trade jobs were down in 2009, and are expected to fall a further 0.2 percent in 2010, followed by 1.0 percent in 2011. Growth of 4.7 percent is projected for 2012.

The information sector, which includes traditional publishers such as newspapers and publishers of software, lost jobs at a rate of 3.1 percent in 2009. With the slowing of consumer spending, traditional publishers are finding less advertise bookings and cutting both costs and circulations to accommodate. This sector is expected to report positive job growth in 2010 at 0.8 percent. Job growth should continue at 2.9 percent in 2011 and 1.3 percent in 2012. Tri-County News in Junction City and West Lane News in Veneta have stopped publication. Smarsh, an email archives and encryption technology company in Portland, plans to hire 30 to 40 additional workers.

The financial activities sector is expected to lose jobs for the third consecutive year with losses of 2.4 percent in 2010. Banks are starting to see decreases in their non-performing loans related to residential housing. But nonperforming commercial real estate loans are rising. Columbia River Bank based in The Dalles was closed by regulators. This sector is projected to add jobs in 2011 at 1.8 percent and in 2012 at 3.4 percent.

Professional and business services lost employment by 7.1 percent in 2009. This sector is expected to be mildly rebound in 2010 with projected gains of 0.8 percent. Beginning in 2011, the industry will show stronger job growth with 4.8 percent followed by 4.5 percent

growth in 2012. Sykes Enterprises Inc. will lay off 336 people from its call center in Milton-Freewater. Marketing and public relations firms, Lahphier Associates and Maentz Agency, have laid off 19 employees. Assurant Solutions will add 56 jobs at its customer service center in Albany.

Education and health services are surviving the downturn better than any other sector. Job growth was 2.7 percent in 2009 and is expected to be 1.8 percent in 2010, 3.0 percent in 2011, and 2.8 percent in 2012. The health services industry job growth slowed in 2009 to 1.4 percent but is expected to increase to 2.9 percent in 2010 and 2011, and 3.0 percent in 2012. Private sector education saw tremendous job growth in 2009 increasing 11.0 percent. The rate of growth is not expected to last and a correction is expected in 2010 with a decline of 4.5 percent. Job growth will pick up in 2011 at 3.8 percent and 1.4 percent in 2012.

Leisure and hospitality felt the decrease in household discretionary spending with a job loss of 4.7 percent in 2009. The lingering affects of the recession will continue into 2010 with job losses of 1.8 percent. Job growth should pick up with the economy and grow 1.7 percent in 2011 and 2.0 percent in 2012. Sit down restaurants have had a difficult time although not all the news is about closures. Greek Cusina in Portland and Tualatin closed laying off 50 people while Olive Garden is opening in Bend and accepting applications for 165 jobs.

The government sector employment increased by 0.5 percent in 2009. Government employment typically lags during recessionary times and is expected to lose jobs at a rate of 0.9 percent in 2010. Job growth will be mild at 0.4 percent in 2011, increasing to 1.4 percent in 2012. State and local government are expected to shed jobs in 2010 as they attempt to balance budgets. Layoffs were announced by the Crook County School Board and the Klamath County Fire District.

Population growth in the state is forecasted to increase 0.9 percent in 2010, and grow at a slightly faster rate in 2011 at 1.1 percent and 1.2 percent in 2012.

Personal Income Components

Personal income is projected to decline 0.1 percent in 2009. The dramatic slowing of the economy brings the growth rate that is considerably slower than the 2.7 percent rate during the recession year of 2001. The growth path follows the economic outlook and does not reach 5.0 percent annualized rate until the fourth quarter of 2011.

Wage and salary income falls considerably in 2009 to a declining rate of 4.0 percent. The last negative growth year for this component of income was 1982. As jobs slowly return as we enter into 2010, the growth rate turns positive at 2.2 percent. Growth rates do not reach back to a 5.0 percent annualized rate until the third quarter of 2011.

The other income components generally follow the economic outlook. Transfer payments growth will soften as the economy improves.

Per capita income in Oregon will stay below the U.S. average throughout the forecast horizon. Oregon's economy is expected to grow faster than the U.S. economy starting in 2011 with job growth outpacing the US but personal income growth will be around the same rate. 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 starting in 2011. As a result, per capita income in Oregon will not gain ground compared to the U.S. average and will be slightly lower in the outer years.

Forecast Changes Relative to the December 2009 Forecast

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

Personal income was slightly raised in 2009 and 2010 with stronger raises in the outer years. The BEA upward revisions for the quarterly numbers in 2009 are carried forward in the near term outlook while outer years reflect the stronger national outlook for personal income. Real personal income was raised by less than the nominal personal income increases because of slightly higher forecasts for inflation.

The total nonfarm employment numbers are slightly revised downward but essentially reflect no change from the December 2009 forecast. The revision reflects a marginally lower fourth quarter estimates relative to forecast. Once again, with little change on the overall economic outlook, the employment forecast is barely changed.

Housing starts were raised to reflect the slightly better housing permit data. Still, the level of housing starts in 2015 is well below the level in 2006.

Construction employment has been raised in 2010 with stronger revision in the outer years. The revisions are due to the revised housing starts data. The level of construction employment projected for 2015 is still 14,000 jobs less than the level in 2006.

Manufacturing is raised slightly in 2010 – 2013 and lowered slightly in 2014 and 2015. The near term rise results from a shift due to the slightly better estimates compared to forecast for the fourth quarter. But this shift up is not strong enough to overcome revisions in the outer years. The December forecast had very robust growth in the outer years and these have been lowered, still retaining a stronger growth view to years 2014 and 2015.

Private nonmanufacturing is marginally lowered due to slightly lower estimates compared to forecast for the fourth quarter. The outer years are barely raised. Given little change in the nation forecast, this sector is essentially unchanged.

Government is lowered in the near term due to lower estimates for local government compared to forecast.

Table O.4

Oregon Forecast Change (Current vs. Last)

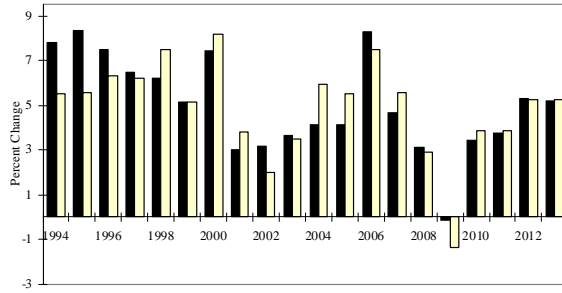
	Quarterly			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	2009:3	2009:4	2010:1										
Personal Income (\$ billions)													
Nominal Personal Income	139.0	140.1	141.6	127.4	133.4	137.6	137.4	142.1	147.5	155.3	163.4	172.6	182.0
% change	1.7	1.8	1.9	0.0	0.0	0.0	0.9	1.9	1.6	1.7	1.7	2.3	2.8
Real Personal Income (base year=2005)	126.1	127.0	128.0	124.0	126.4	126.2	125.8	128.2	130.8	135.5	140.0	145.4	150.4
% change	1.5	1.5	1.7	0.0	0.0	0.0	0.9	1.6	1.5	1.6	1.5	2.1	2.4
Nominal Wages and Salaries	71.4	71.9	72.5	69.2	72.9	74.1	71.2	72.7	75.7	79.8	84.2	88.6	93.0
% change	1.5	1.6	1.9	0.0	0.0	0.0	0.9	1.7	1.4	1.5	1.7	1.9	2.0
Other Indicators													
Per Capita Income (\$1,000)	36.2	36.4	36.7	34.5	35.6	36.3	35.9	36.8	37.7	39.3	40.8	42.6	44.3
% change	1.7	1.8	1.9	0.0	0.0	0.0	0.9	1.9	1.6	1.7	1.7	2.3	2.8
Average Wage rate (\$1,000)	43.7	44.2	44.4	40.1	41.7	42.6	43.1	44.5	45.4	46.6	48.0	49.5	51.0
% change	1.2	1.7	1.8	1.9	1.9	1.0	(0.0)	1.8	1.7	1.7	1.8	1.9	1.9
Population (Millions)	3.842	3.849	3.858	3.698	3.751	3.795	3.829	3.865	3.908	3.955	4.004	4.053	4.104
% 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)	7.8	8.1	8.3	27.6	21.9	12.8	7.6	8.4	9.8	12.2	16.4	20.7	22.9
% change	13.5	14.6	15.2	(0.0)	0.0	0.1	3.1	15.4	15.4	13.7	11.8	10.4	8.9
Employment (Thousands)													
Total Nonfarm	1,610.7	1,608.8	1,616.6	1,703.4	1,731.3	1,721.1	1,633.5	1,616.8	1,648.7	1,694.3	1,735.3	1,770.2	1,801.7
% change	(0.0)	(0.1)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.3)	(0.2)	(0.1)	0.0	0.1
Private Nonfarm	1,312.3	1,312.3	1,316.4	1,417.3	1,441.5	1,422.2	1,333.0	1,319.1	1,349.9	1,391.4	1,428.7	1,459.6	1,487.0
% change	(0.1)	(0.0)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.3)	(0.2)	(0.1)	0.0	0.0
Construction	75.6	74.3	73.4	100.9	104.2	94.7	79.1	73.3	73.6	76.8	81.0	84.4	86.9
% change	(1.0)	0.1	1.5	(0.0)	(0.0)	(0.0)	(0.2)	1.4	1.6	2.7	4.3	4.9	4.9
Manufacturing	162.7	162.6	163.0	207.3	204.0	195.1	168.9	163.6	167.0	172.2	176.9	178.8	180.3
% change	0.4	0.4	0.7	(0.0)	(0.0)	(0.0)	0.2	0.8	1.1	1.1	1.1	(0.0)	(0.3)
Durable Manufacturing	114.3	113.8	114.1	154.7	150.9	142.4	118.8	114.6	117.4	122.0	126.1	127.8	128.9
% change	0.3	(0.1)	0.0	(0.0)	(0.0)	(0.0)	0.1	0.2	0.7	0.8	1.0	(0.3)	(0.5)
Wood Product Manufacturing	20.2	19.9	19.9	32.4	30.0	27.0	21.4	19.9	20.5	21.6	22.5	22.8	22.7
% change	(0.1)	(1.7)	(2.7)	(0.0)	(0.0)	(0.0)	0.1	(2.6)	(3.9)	(4.6)	(4.0)	(5.1)	(5.6)
High Tech Manufacturing	33.7	33.7	34.1	41.9	40.7	38.9	34.7	34.3	34.3	34.8	36.1	36.4	37.2
% change	0.9	0.3	0.6	(0.0)	(0.0)	(0.0)	0.2	1.2	0.9	(0.2)	0.7	(2.3)	(2.5)
Transportation Equipment	12.0	11.8	11.7	18.3	17.4	14.9	11.9	11.7	12.1	13.0	13.7	14.3	14.4
% change	(4.9)	(7.0)	(7.9)	0.0	0.0	0.0	(1.3)	(7.9)	(6.8)	(4.6)	(4.8)	(4.0)	(3.1)
Nondurable Manufacturing	48.4	48.9	49.0	52.6	53.2	52.7	50.1	49.0	49.6	50.3	50.8	51.1	51.4
% change	0.7	1.6	2.2	(0.0)	(0.0)	(0.0)	0.3	2.0	2.1	2.0	1.4	0.7	0.1
Private nonmanufacturing	1,149.7	1,149.7	1,153.4	1,210.0	1,237.5	1,227.1	1,164.2	1,155.5	1,182.9	1,219.2	1,251.8	1,280.8	1,306.7
% change	(0.1)	(0.1)	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.2)	(0.5)	(0.4)	(0.2)	0.0	0.1
Retail Trade	183.5	183.7	184.3	197.3	200.7	196.7	185.4	184.4	187.0	191.0	195.5	199.0	202.3
% change	(0.5)	(0.5)	(0.6)	0.0	0.0	0.0	(0.1)	(1.0)	(1.4)	(1.2)	(1.0)	(0.9)	(0.9)
Wholesale Trade	75.2	75.9	75.3	79.9	80.8	80.0	75.1	75.0	75.7	79.3	81.6	83.6	85.1
% change	0.9	2.4	2.3	(0.0)	(0.0)	(0.0)	0.3	1.8	0.8	1.1	0.9	0.7	0.6
Information	35.0	35.2	35.4	34.9	36.0	36.1	35.0	35.3	36.3	36.8	37.2	37.4	37.7
% change	0.0	1.7	2.7	(0.0)	(0.0)	0.0	0.0	1.5	2.2	2.8	2.3	1.9	2.0
Professional and Business Services	179.6	180.6	182.0	194.4	197.3	195.7	181.7	183.2	192.1	200.7	208.9	216.2	222.5
% change	0.3	(0.1)	0.0	0.0	0.0	0.0	0.1	(0.1)	(1.2)	(2.4)	(2.2)	(2.0)	(2.1)
Health Services	194.2	195.8	197.3	176.8	182.8	189.6	192.3	197.8	203.5	209.6	213.3	219.5	225.8
% change	0.2	0.5	0.2	(0.0)	(0.0)	(0.0)	0.1	(0.0)	(0.8)	(0.5)	(0.6)	0.2	0.9
Leisure and Hospitality	162.0	160.8	162.1	164.9	171.9	173.7	165.6	162.7	165.4	168.6	173.2	176.9	180.6
% change	0.1	(0.7)	(0.9)	0.0	0.0	(0.0)	0.0	(0.8)	(0.7)	(0.8)	(0.5)	(0.4)	(0.4)
Government	298.4	296.5	300.2	286.1	289.7	298.9	300.5	297.7	298.8	302.9	306.6	310.6	314.7
% change	0.2	(0.6)	(0.4)	(0.0)	(0.0)	(0.0)	0.0	(0.6)	(0.6)	(0.3)	(0.2)	0.0	0.2

Graph O.1

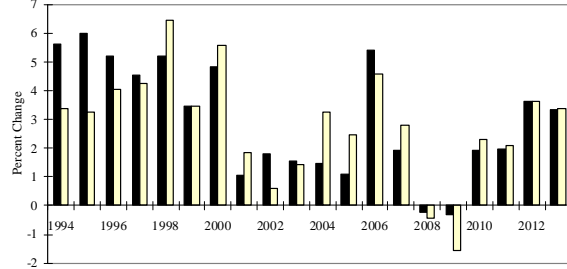
OREGON AND U.S. ECONOMIC FORECASTS

■ OREGON ■ U.S.

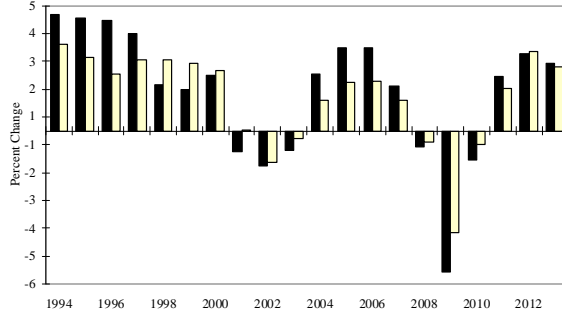
PERSONAL INCOME



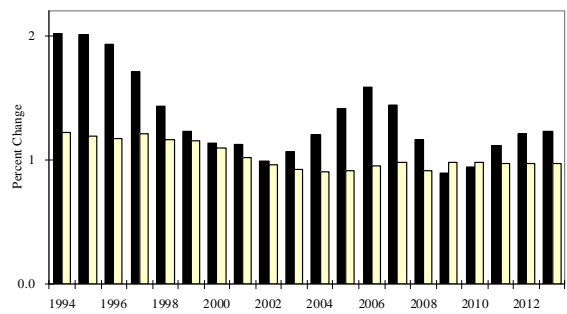
REAL PERSONAL INCOME
2005 CHAIN WEIGHTED DOLLARS



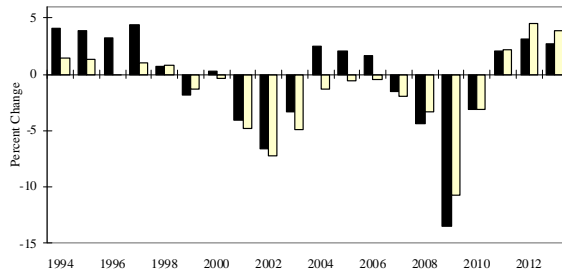
NON FARM EMPLOYMENT



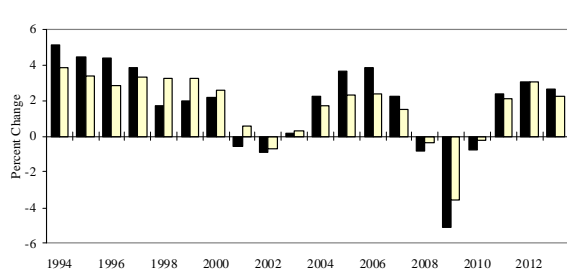
POPULATION



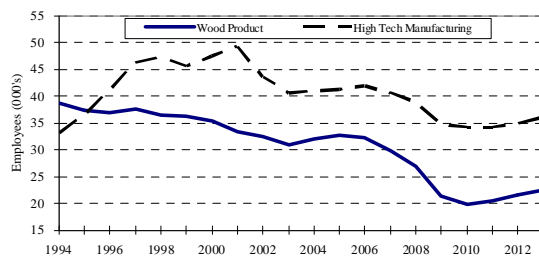
MANUFACTURING EMPLOYMENT



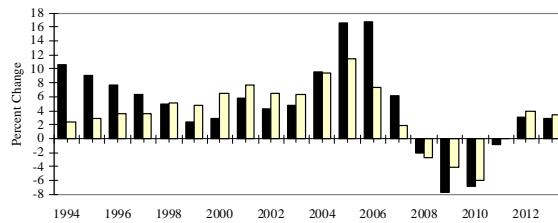
PRIVATE NON MANUFACTURING EMPLOYMENT



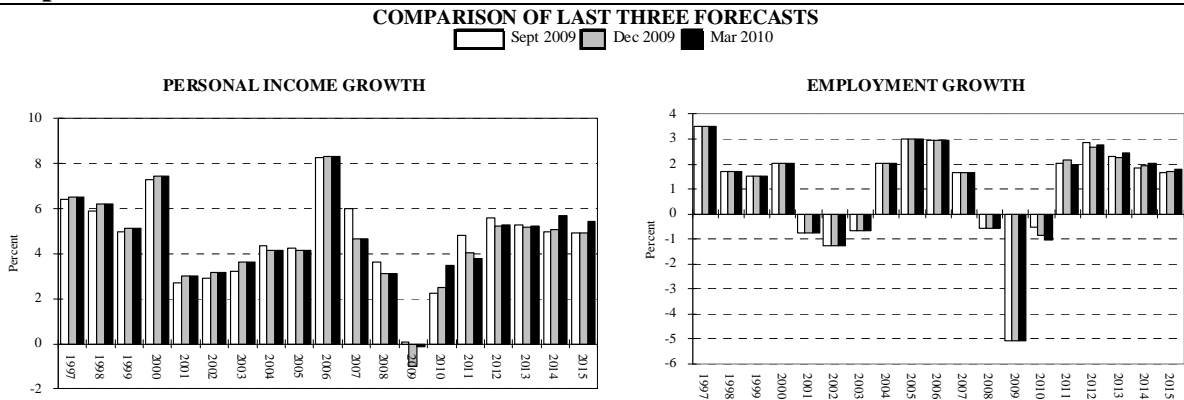
WOOD PRODUCT MANUFACTURING & HIGH TECH MANUFACTURING EMPLOYMENT



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.

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. Credit availability opens up sooner and is stronger than in the baseline case. 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 is still relatively weak in 2010 but manages a stronger 0.0 percent growth compared to the -1.0 percent growth in the baseline forecast. Job growth is more robust at 2.6 percent in 2011. Growth continues to pick up at 3.1 percent in 2012. Personal income is up to 4.8 percent in 2010 compared to the baseline forecast of 3.5 percent. Its growth will continue at 4.3 percent in 2011 and 5.8 percent in 2012.

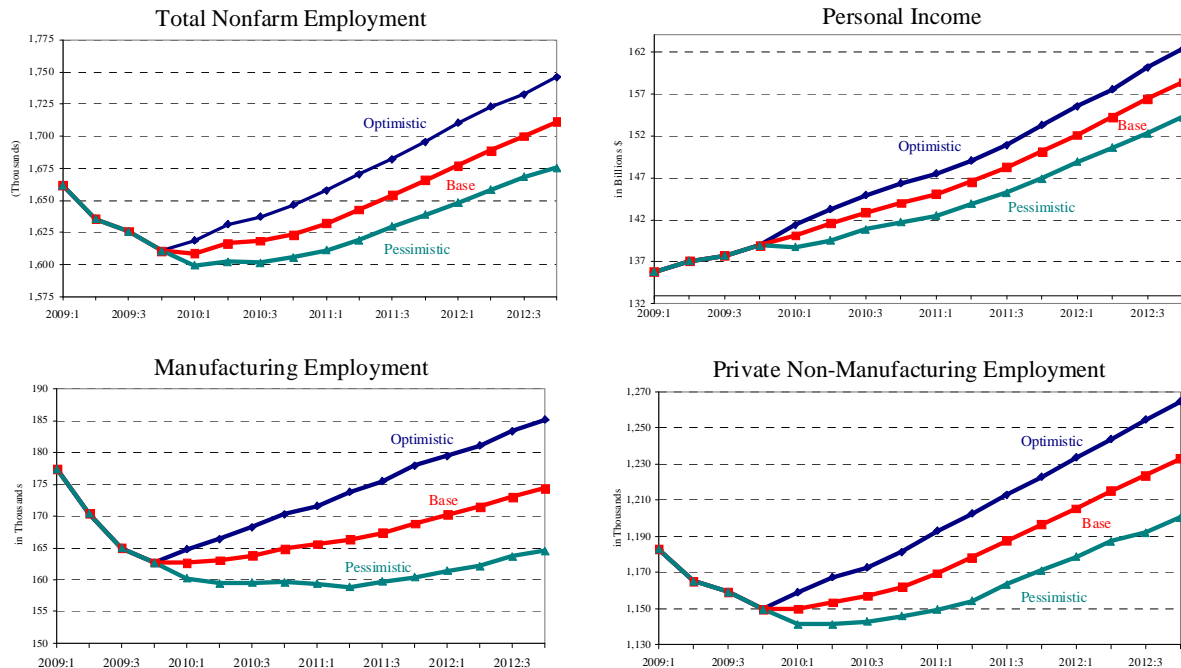
Table O.5

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)	2009	1633.5	1633.5	0.0	1633.5	0.0	-5.1%	-5.1%	-5.1%
	2010	1616.8	1602.4	-14.4	1633.5	16.7	-1.0%	-1.9%	0.0%
	2011	1648.7	1624.8	-24.0	1676.5	27.8	2.0%	1.4%	2.6%
	2012	1694.3	1662.7	-31.6	1727.9	33.6	2.8%	2.3%	3.1%
Personal Income (\$ billions)	2009	137.4	137.4	0.0	137.4	0.0	-0.1%	-0.1%	-0.1%
	2010	142.1	140.2	-1.9	144.0	1.8	3.5%	2.0%	4.8%
	2011	147.5	144.6	-2.9	150.2	2.7	3.8%	3.2%	4.3%
	2012	155.3	151.5	-3.8	158.9	3.6	5.3%	4.8%	5.8%

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 economy languishes at the trough of the recession through most of 2010 before a mild recovery starts in 2011.

Under this economic environment, Oregon's economy continues in a recessionary state through most of 2010. Job growth stays at this lower level through the third quarter of 2010. Manufacturing sheds jobs through late 2010 and remain subdued through the second 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 2012.

Figure O.3



Forecast Risks

Discussions on the US economy have turned to recovery. More economists and financial analysts have turned their attention to how this recovery will play out. IHS Global Insight now (January) views the risks around their baseline forecast to be equally balanced. 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 half of 2009. Inventory of Oregon homes on the market is starting to fall and prices are not falling as fast. The bulk of Oregon’s share of the stimulus package is being implemented with about half yet to go. Stabilization signs are more numerous with the hope that job growth, though mild, will commence with the second quarter of 2010.

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.* Credit markets are easing, but consumers and businesses still have difficulty getting loans. To the extent that credit markets take longer to come back to some sort of state of normalcy, the current recovery could be slower than projected or thrown off track. 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. 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.* Signs are starting to emerge that the housing market has hit bottom, at least in terms of housing starts, but prices may have further to fall. 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, overbuilding 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. 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, through 2011. 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.* The U.S. economy has been an important engine of growth for the global economy. The economic woes of the U.S. have been felt throughout the global supply chain and production process. Asian economies, exposed via trade to the U.S., have begun a strong rebound in recent months after slowing or

contracting last year. It is expected that Asian economies will lead the world out of recession, which is good news for Oregon's exports. China is a top export market for Oregon's products and a strong Chinese expansion, along with other Pacific Rim countries will aid the Oregon recovery.

- *National and regional energy prices.* Energy prices are generally lower coming into 2010 compared to 2008. Changes in regional electric and natural gas prices are expected to be small over the year. 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. Another uncertainty facing the Oregon economy is the impacts from the two tax measures which were passed on January 26. Studies on both sides of the issue from respectable sources derived very different conclusions. Given the uncertain nature of the impact of these two tax measures, we will not incorporate possible impacts into the Oregon economic forecast. We will be monitoring closely to see if any changes are warranted in future forecasts.

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, with very little progress projected out to 2015.

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 regional and county tables (Table O.6 through O.9) highlight the social, economic, and demographic diversity in the state. This section will be a regular feature following the Oregon Economic Review and Forecast. 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		2009		2007 Per capita personal income	2008 Average wage per job
	Total Employment		Unemployment Rate			
Oregon	1,833,374	1,751,075	6.4%	11.4%	\$35,143	\$40,502
Portland 5-County	898,290	855,737	5.6%	10.4%	\$39,952	\$46,054
Clackamas	189,924	180,927	5.5%	10.5%	\$43,965	\$41,172
Columbia	22,689	21,614	6.9%	13.4%	\$31,828	\$33,137
Multnomah	365,473	348,160	5.7%	10.7%	\$40,598	\$46,016
Washington	275,361	262,317	5.1%	9.5%	\$38,371	\$51,177
Yamhill	44,843	42,718	6.3%	11.7%	\$32,290	\$34,301
Willamette Valley	446,698	425,237	6.4%	11.5%	\$31,564	\$35,780
Benton	41,206	39,210	4.5%	7.9%	\$36,398	\$42,326
Lane	171,888	164,140	6.6%	12.1%	\$32,877	\$35,368
Linn	51,153	47,699	7.6%	14.3%	\$28,153	\$35,178
Marion	145,408	138,824	6.5%	11.3%	\$30,863	\$35,528
Polk	37,043	35,366	5.5%	9.6%	\$28,370	\$29,888
Coast	87,676	83,782	6.6%	11.3%	\$30,587	\$30,050
Clatsop	19,406	18,481	5.1%	9.3%	\$31,108	\$30,893
Coos	26,033	25,113	8.1%	13.1%	\$29,087	\$30,298
Curry	8,923	8,461	7.8%	13.1%	\$31,214	\$28,464
Lincoln	21,440	20,279	6.5%	10.9%	\$31,796	\$29,305
Tillamook	11,874	11,448	5.4%	9.7%	\$30,862	\$30,535
Southern	168,447	161,082	9.5%	13.9%	\$31,274	\$32,685
Douglas	41,953	39,990	9.8%	15.8%	\$29,708	\$32,954
Jackson	94,500	90,532	7.7%	12.8%	\$33,516	\$33,407
Josephine	31,994	30,559	9.0%	14.5%	\$27,770	\$29,846
Central	152,306	146,930	6.8%	13.6%	\$31,418	\$33,369
Crook	8,960	8,060	9.6%	18.1%	\$25,158	\$34,729
Deschutes	75,563	72,878	8.0%	14.5%	\$35,057	\$35,059
Gilliam	1,108	1,101	4.3%	7.3%	\$29,853	\$38,018
Hood River	12,560	12,200	5.3%	8.5%	\$31,792	\$28,555
Jefferson	8,455	8,099	9.9%	15.1%	\$24,986	\$31,331
Klamath	28,259	27,415	9.0%	14.0%	\$28,050	\$32,232
Lake	3,301	3,266	8.5%	12.7%	\$26,571	\$31,129
Sherman	910	910	5.8%	9.7%	\$28,971	\$48,128
Wasco	12,601	12,406	5.9%	9.4%	\$30,589	\$30,516
Wheeler	589	595	5.8%	8.9%	\$26,549	\$25,124
Eastern	79,961	78,308	7.1%	10.9%	\$26,617	\$30,897
Baker	6,927	6,744	7.0%	10.5%	\$25,754	\$28,398
Grant	3,056	2,979	10.3%	13.8%	\$30,231	\$29,539
Harney	3,023	2,851	9.4%	17.0%	\$28,238	\$29,508
Malheur	11,959	11,826	7.3%	10.8%	\$21,733	\$28,512
Morrow	5,131	5,050	6.2%	9.6%	\$32,079	\$35,611
Umatilla	35,175	34,618	6.4%	9.9%	\$26,535	\$32,428
Union	11,328	10,996	8.0%	11.8%	\$28,833	\$30,488
Wallowa	3,362	3,244	7.5%	12.3%	\$29,537	\$26,750

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 2008 and 2009 (in 1,000 \$)							
STATE/COUNTY	Year 2009			Year 2008			Change in total sales from 08 to 09
	All Crops	Livestock & Poultry	All Crop & Livestock	All Crops	Livestock & Poultry	All Crop & Livestock	
OREGON	2,855,034	1,251,829	4,106,865	3,461,521	1,386,274	4,847,798	-15.3%
Portland PMSA	735,054	111,364	846,418	899,783	123,171	1,022,954	-17.3%
Clackamas County	245,180	57,269	302,449	301,439	57,007	358,446	-15.6%
Columbia County	15,950	3,682	19,632	18,783	3,999	22,782	-13.8%
Multnomah County	60,007	2,821	62,828	73,016	2,851	75,867	-17.2%
Washington County	224,697	14,248	238,945	277,822	19,650	297,472	-19.7%
Yamhill County	189,220	33,344	222,564	228,723	39,664	268,387	-17.1%
Willamette Valley	839,616	251,576	1,091,192	1,011,060	287,855	1,298,915	-16.0%
Benton County	72,834	10,854	83,688	97,258	12,466	109,724	-23.7%
Lane County	86,851	28,368	115,219	108,442	31,380	139,822	-17.6%
Linn County	184,429	52,779	237,208	233,038	58,693	291,731	-18.7%
Marion County	374,019	119,003	493,022	440,962	143,153	584,115	-15.6%
Polk County	121,483	40,572	162,055	131,360	42,163	173,523	-6.6%
Coast	44,985	121,292	166,277	97,624	149,007	246,631	-32.6%
Clatsop County	3,664	12,181	15,845	5,188	13,595	18,783	-15.6%
Coos County	15,875	15,098	30,973	45,033	16,344	61,377	-49.5%
Curry County	14,092	3,276	17,368	34,124	3,345	37,469	-53.6%
Lincoln County	7,921	2,070	9,991	8,998	1,845	10,843	-7.9%
Tillamook County	3,433	88,667	92,100	4,281	113,878	118,159	-22.1%
Southern	100,130	49,894	150,023	113,137	49,924	163,061	-8.0%
Douglas County	38,266	20,276	58,542	43,731	20,063	63,794	-8.2%
Jackson County	51,155	21,462	72,617	55,921	21,513	77,434	-6.2%
Josephine County	10,709	8,156	18,864	13,485	8,348	21,833	-13.6%
Central	415,357	229,693	645,049	501,702	257,696	759,400	-15.1%
Crook County	15,670	14,524	30,193	20,544	19,363	39,907	-24.3%
Deschutes County	12,272	7,520	19,792	16,581	9,522	26,104	-24.2%
Gilliam County	13,929	7,522	21,451	15,855	9,022	24,877	-13.8%
Hood River County	80,102	400	80,502	86,897	400	87,297	-7.8%
Jefferson County	50,283	12,822	63,106	55,017	14,748	69,765	-9.5%
Klamath County	102,160	139,139	241,298	143,544	157,388	300,932	-19.8%
Lake County	43,196	28,669	71,865	48,385	28,669	77,054	-6.7%
Sherman County	36,441	2,752	39,193	40,390	2,815	43,205	-9.3%
Wasco County	58,921	7,081	66,002	71,936	6,495	78,432	-15.8%
Wheeler County	2,383	9,264	11,647	2,553	9,274	11,827	-1.5%
Eastern	719,892	488,010	1,207,906	838,215	518,621	1,356,837	-11.0%
Baker County	24,043	41,978	66,021	24,291	41,673	65,965	0.1%
Grant County	5,373	36,896	42,269	7,227	38,329	45,556	-7.2%
Harney County	19,125	39,509	58,635	37,320	45,024	82,344	-28.8%
Malheur County	126,299	101,682	227,982	169,877	116,374	286,250	-20.4%
Morrow County	174,966	170,407	345,374	195,578	175,340	370,919	-6.9%
Umatilla County	305,821	63,728	369,549	312,545	67,374	379,919	-2.7%
Union County	42,126	15,971	58,098	62,866	15,338	78,204	-25.7%
Wallowa County	22,139	17,839	39,978	28,511	19,169	47,680	-16.2%

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 enrollment	Oct. 1, 2007 enrollment	2007-2008 % 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	50,707	13,636	17,372	2,759	4,819	5,947	5,954
Construction	92,826	48,694	19,951	3,912	7,118	8,366	2,475
Manufacturing	194,851	109,243	44,037	6,865	15,165	11,692	7,745
Trade, Transportation, & Utilities	332,272	176,708	67,219	13,300	30,795	24,581	13,916
Information	36,042	22,152	6,702	802	2,300	2,210	670
Financial Activities	85,928	53,535	15,256	2,520	6,047	5,369	1,947
Professional & Business Services	195,416	120,910	35,302	4,635	12,034	11,349	3,840
Education & Health Services	212,834	109,721	50,148	7,436	21,029	16,643	6,975
Leisure & Hospitality	172,445	85,563	34,351	13,070	15,725	17,142	5,824
Other Services	63,216	33,800	13,978	2,606	5,235	4,223	1,857
Government	277,568	116,042	81,681	16,063	23,363	22,071	18,305
Total	1,714,105	890,004	385,997	73,968	143,630	129,593	69,508

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%	21.4%	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%	8.8%	5.5%
Education & Health Services	12.4%	12.3%	13.0%	10.1%	14.6%	12.8%	10.0%
Leisure & Hospitality	10.1%	9.6%	8.9%	17.7%	10.9%	13.2%	8.4%
Other Services	3.7%	3.8%	3.6%	3.5%	3.6%	3.3%	2.7%
Government	16.2%	13.0%	21.2%	21.7%	16.3%	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.