Oregon Economic Update

First Community Credit Union
August 16, 2019
Our Vision:
An Oregon where meaningful work enables the state’s diverse people and businesses to realize their full potential, creating prosperity in every community.
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Employment in Oregon: What’s Going On?
Unemployment Near Record Lows
Oregon's Unemployment Rate was at a Record Low in July
(Bars Represent NBER Recessions)

Source: Oregon Employment Department and National Bureau of Economic Research
The number of unemployed Oregonians is very low.

Unemployed Persons, Oregon Statewide
Seasonally Adjusted, 2007 to Present

Seasonally Adjusted
Unemployment:

Pre-recession
April 2007: 94,800

Highest
May 2009: 235,900

Current
July 2019: 84,300
Why are Oregonians Unemployed?

- New to the workforce - 45%
- Lost job - 37%
- Left job voluntarily - 18%

Source: Oregon Employment Department, CPS
Many counties are at or near their record low unemployment rates.

Seasonally adjusted unemployment rate was lowest in Benton County (3.0%) and highest in Grant County (7.5%).

Eight of Oregon’s 36 counties have rates at or below the statewide level of 4.1%.

Seven counties have rates at or below the national level of 3.7%.
Job Growth Has Slowed
Oregon’s jobs growth rate was 1.6 percent over the past 12 months.
Fewer jobs are being added this year.

Oregon's Year-Over-Year Job Growth/Decline seasonally adjusted
Fastest job growth in the Willamette Valley and Southern Oregon.

Over-the-Year Employment Growth by Region

June 2018 to June 2019, Seasonally Adjusted Nonfarm Employment

Oregon Employment Department, Current Employment Statistics
Industries with low, medium, and high average wages have added jobs over the last year.

Oregon Job Growth and Average Pay by Industry
July 2018 - July 2019 Job Growth, 2018 Average Pay

Source: Oregon Employment Department

Economic Cycle Planning Indicator 11
Industries with low, medium, and high average wages have added jobs over the last year.
Financial activities added 500 jobs (+0.5%) in the past 12 months.
Banking and related businesses cut 500 jobs (-1.8%) in the past 12 months.

Oregon
Credit intermediation and related activities
(not seasonally adjusted)

Source: Oregon Employment Department QualityInfo.org

Support Business · Promote Employment
Credit unions have seen steady growth over the past 5 years.

Employment

52213 Credit Unions, Private

Source: Oregon Employment Department Qualityinfo.org
Construction continues to be a fast-growing sector in Oregon.
Oregon’s manufacturing sector added 5,000 jobs over the past year.

Seasonally Adjusted Employment in Oregon
Manufacturing: 1990 - 2019
Transportation equipment, metals, and food manufacturing are areas of manufacturing seeing a lot of job growth.

Oregon Manufacturing Employment Compared with Last Year
July 2018 to July 2019

- Transportation equipment: 1,200
- Food manufacturing: 900
- Wood products: 200
- Primary metals: 700
- Fabricated metals: 500
- Machinery: 100
- Computer and electronic products: 0
- Paper manufacturing: 0
Some retailers are cutting jobs, but other areas are expanding, such as miscellaneous store retailers, food stores, and building supply stores.
Jobs related to retail marijuana sales bolstered growth in total retail trade starting in 2017.

Marijuana Employment and Wages by Industry
2018 Annual Averages

<table>
<thead>
<tr>
<th>Industry Description</th>
<th>Annual Average Employment</th>
<th>Annual Total Wages</th>
<th>Annual Average Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total all industries</td>
<td>5,537</td>
<td>$175,129,428</td>
<td>$31,628</td>
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<tr>
<td>Agriculture</td>
<td>1,356</td>
<td>$46,988,665</td>
<td>$34,644</td>
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<tr>
<td>Manufacturing</td>
<td>507</td>
<td>$23,038,310</td>
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<tr>
<td>Trade, transportation, and warehousing</td>
<td>3,223</td>
<td>$88,240,090</td>
<td>$27,380</td>
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<tr>
<td>Professional and business services</td>
<td>246</td>
<td>$11,447,403</td>
<td>$46,487</td>
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<tr>
<td>Other services</td>
<td>205</td>
<td>$5,414,960</td>
<td>$26,382</td>
</tr>
</tbody>
</table>
Transportation, warehousing, and utilities added 4,500 jobs in past 12 months.

Seasonally Adjusted Employment in Oregon
Transportation, Warehousing, Utilities: 1997 - 2019
Automation

Technology will destroy some jobs and create new ones.

Source: The Funny Times
Automation

• Occupational projections already account for technological impacts on jobs:
  o Manufacturing – automation and efficiency gains
  o Retail Trade – online shopping and self-checkout
  o Information – less print and more web publishing
  o Leisure and hospitality – ordering food, booking hotels online
Automation

• Change also depends on social acceptance and policy.
Recession 2020?
Economic Expansions Don't Die of "Old Age," but They Don't Last Forever

- **Expansion**: 1 Year, 8 Years, 10 Years, 6 Years, 10 Years (so far)
- **Recession**: 1 Year, 0 Years

**Events**:
- High Interest Rates
- Savings and Loan Crisis and Oil Price Shock
- Dot Com Bubble Burst
- The Great Recession

Source: Oregon Employment Department based on NBER Business Cycles
The Yield Curve. Less than zero signals a recession within a year or two. Was 0.01 as of August 14, 2019.
The Oregon Measure of Economic Activity is still above average. The household sector is contributing through low unemployment, low initial unemployment claims, and solid consumer sentiment.

June 2019
The UO Index edged up in June for the third consecutive month. Expecting continued economic growth at a slower pace than last year.
Thanks For Your Time!
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