11th Annual Oregon Economic Forum

(almost) Beyond Macroeconomics

Portland, OR
October 16, 2014
Expansion Continues! Five Years and More!

Recession Indicators

Nonfarm Payrolls
Thousands

Real Personal Income Excluding Current Transfer Receipts
SAAR, Billions of 2005 $

Industrial Production
Index 2007=100

Real Manufacturing and Trade Sales
SAAR, Billions of 2005 $

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Cyclical Indicators Pointing Up

Industrial Indicators

- **Industrial Production**
  - Federal Reserve Board of Governors

- **Manufacturers’ New Orders**
  - Nondefense Capital Goods Excluding Aircraft

- **ISM Manufacturing**
  - PMI Composite Index, Above 50 Indicates Expansion

- **Light Weight Vehicle Sales**
  - Autos & Light Trucks

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 Consumers Still Spending

Household Spending Indicators

Real Personal Consumption Spending
Billions of 2005 Dollars

Retail and Food Service Sales Excluding Autos and Gas
Millions of $

Consumer Confidence and Spending
1996 - 2013

Real Personal Disposable Income
Billions of 2005 Dollars

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Housing Remains a Weak Point

Privately Owned Housing Starts and Permits

Thousands of Units, SAAR

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Steady Improvement in Labor Markets

Unemployment and Short-Run Natural Rate of Unemployment
Percentage, September 2014 Fed Forecasts (Bars) and Trend

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NAIRU
Underemployment Still an Issue

Underemployment Indicators

- Employed Part-Time for Economic Reasons
  - Thousands
  - Graph showing data from 2005 to 2014

- Total unemployed, plus all marginally attached workers plus total employed part time for economic reasons
  - Percentage
  - Graph showing data from 2005 to 2014

- Unemployed 27 Weeks or Longer
  - % of Total Unemployed
  - Graph showing data from 2005 to 2014

- Not in Labor Force, Searched For Work and Available
  - Thousands
  - Graph showing data from 2005 to 2014

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Oregon Similar to Nation

Oregon Indicators

Oregon Initial Jobless Claims
Average Claims per Week

Oregon Residential Permits
Smooth moving average in black

Employment Services Payrolls
Number of Employees

Weekly Hours Worked, Manufacturing
Production Workers

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Oregon Similar to Nation

Oregon Indicators II

Oregon Nonfarm Payrolls
Thousands

Oregon Labor Force
Thousands

Oregon Unemployment Rate
Percent

Oregon House Price Index
1Q80=100

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Data Still in an Uptrend

UO Index of Economic Indicators

Probability of Oregon recession in gray

Probability of Oregon Recession, %

UO Index, 1997=100

2005 2007 2009 2011 2013

86 88 90 92 94 96 98 100 102

0 25 50 75 100
Better, But Still Not Like the Past

Oregon Measure of Economic Activity
Real Oregon personal income less transfer payments in gray, % change Y-o-Y

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Portland, However, Looking Good

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Portland, However, Looking Good

Portland Metro Measure of Economic Activity
Three-Month Moving Average in Black, US Recessions in Gray
Solid Recovery

Job Recovery by MSAs With Population Between 1.8 and 3.5 Million

Index 2007:12=100, Portland in Blue
Recovery in Widespread

Portland/Beaverton/Vancouver MSA Employment by Sector

- Professional and Business Services
- Education and Health Services
- Leisure and Hospitality Services
- Computer Design and Related Services

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Recovery Widespread

Portland/Beaverton/Vancouver MSA Employment by Sector

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Real Incomes Rebounding

Portland Real Personal Income
Millions of 2008 Dollars, PPP Adjusted

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In Oregon, Income Not Just About Size

Per Capita Real Personal Income: Oregon Metro Areas
2008 Dollars, PPP Adjusted

http://economistsview.typepad.com/timduy/
An Entrenched Equilibrium?

Per Capita Real Personal Income: Selected Metro Areas

2008 Dollars, PPP Adjusted

http://economistsview.typepad.com/timduy/
An Entrenched Equilibrium?

Computer Design and Related Services

Thousands of Employees

Portland
Seattle

http://economistsview.typepad.com/timduy/
An Entrenched Equilibrium?

Computer Design and Related Services

Thousands of Employees

http://economistsview.typepad.com/timduy/
An Entrenched Equilibrium?

Computer Design and Related Services

Thousands of Employees

Average Pay = $105,112

Average Pay = $93,249

http://economistsview.typepad.com/timduy/
Objective:

Develop a new data source to measure economic conditions in Oregon.

Timeline:

4Q14 – Begin collecting a list of initial participants
1Q15/2Q15 – Initiate the survey
3Q15 – Begin reporting anecdotal evidence
2018-2020 – Begin reporting data
OREGON BUSINESS CONDITIONS INDEX - SAMPLE SURVEY

Below is a sample of the Oregon Business Conditions Index survey.

If you are willing to become a survey participant, please complete the contact information at the end of the survey.

You will receive an email each quarter with a link to the actual survey.

Or, if you already know you want to become a participant, please visit TimDuy@econforum.uoregon.edu.

Thank you for your interest.

The Oregon Economic Forum is seeking information from businesses in Oregon as part of our comprehensive effort to assess the state's economy.

The short survey asks questions about business conditions at your firm, in your industry, and in your geographic area. Quotes from certain surveyed questions may be featured in quarterly publications detailing the results of the survey.

Your contact and survey information will be kept confidential and the survey will be conducted in a manner that preserves anonymity.

Please enter your firm’s location

Company City

Company Zip Code

What is your firm’s primary industry? (Select only one)

- Agricultural
- Banking and Finance

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For each measure listed below, please assess:

1.) Thinking about the same time last year, is the measure today lower, the same, or higher?

2.) How do you expect it to change in the next three months relative to the same period last year?

<table>
<thead>
<tr>
<th></th>
<th>Past 3 Months</th>
<th></th>
<th>Next 3 Months</th>
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<tbody>
<tr>
<td></td>
<td>Lower</td>
<td>About the Same</td>
<td>Higher</td>
<td>Lower</td>
</tr>
<tr>
<td>Non-Labor Costs</td>
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<tr>
<td>Capital Expenditures</td>
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<tr>
<td>Labor Costs</td>
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<tr>
<td>Wages</td>
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<tr>
<td>Employment</td>
<td></td>
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<td>Hours per Employee</td>
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What are the top three factors influencing your firm’s hiring? How are these factors affecting short- and long-term hiring? These anecdotes may be featured in Oregon Economic Forum publications.

Please describe which costs (if any) have affected your price to customers. How have these costs affected your pricing? These anecdotes may be featured in Oregon Economic Forum publications.
Please provide any other comments/insights on relevant topics that we may have missed for your geographic area or industry. These anecdotes may be featured in Oregon Economic Forum publications.

In order to improve our reporting on local business conditions, we are organizing a panel of industry contacts.
May we contact you for this purpose?
- Yes
- Already on panel
- No

For each type of loan listed below, please assess:

1.) Thinking about the same time last year, are demand today lower, the same, or higher?
2.) How do you expect demand to change in the next three months relative to the same period last year?

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Past 3 Months</th>
<th>Next 3 Months</th>
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<tbody>
<tr>
<td>All types</td>
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<tr>
<td>Agriculture</td>
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<tr>
<td>C &amp; I Real Estate</td>
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<tr>
<td>Standard Mortgages</td>
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<tr>
<td>Subprime Mortgages</td>
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<td>Credit Cards</td>
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<tr>
<td>Automobile</td>
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<tr>
<td>Other Consumer</td>
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</tbody>
</table>

For each type of loan listed below, please assess:

1.) Thinking about the same time last year, are credit standards today lower, the same, or higher?
2.) How do you expect credit standards to change in the next three months relative to the same period last year?

<table>
<thead>
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Oregon Business Conditions Index

How can you help? Be willing to participate in the survey!

Only one respondent per firm (obviously) who with sufficient overview to report on general business conditions.

Survey is confidential. We will need your information to email you the survey, but we will not collect information to connect a survey to a participant.

Visit econforum.uoregon.edu to take a sample survey!