

The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with spread wings at the top, a plow and a sheaf of wheat in the center, and the words "THE UNION" on a banner below. The outer ring of the seal contains the text "STATE OF OREGON" and the year "1859" at the bottom.

# Oregon's Economic Outlook

Prepared for:  
DCBS Workers' Compensation Conference  
October 18<sup>th</sup>, 2019

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Oregon State Economist

The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with spread wings at the top, a ship on the water in the center, a plow and a sheaf of wheat at the bottom, and the year '1859' at the very bottom. The words 'SEAL OF THE STATE OF OREGON' are inscribed around the perimeter of the seal.

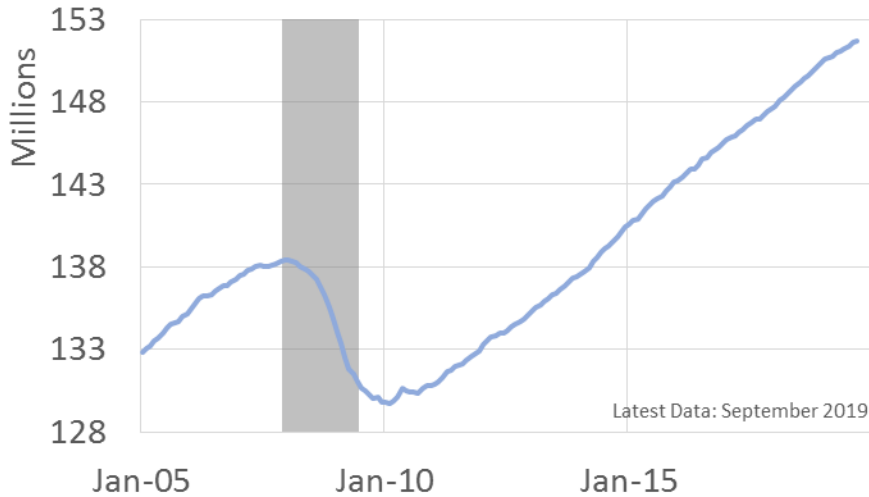
U.S. Economic  
Backdrop:

Is a Recession on the  
Way?

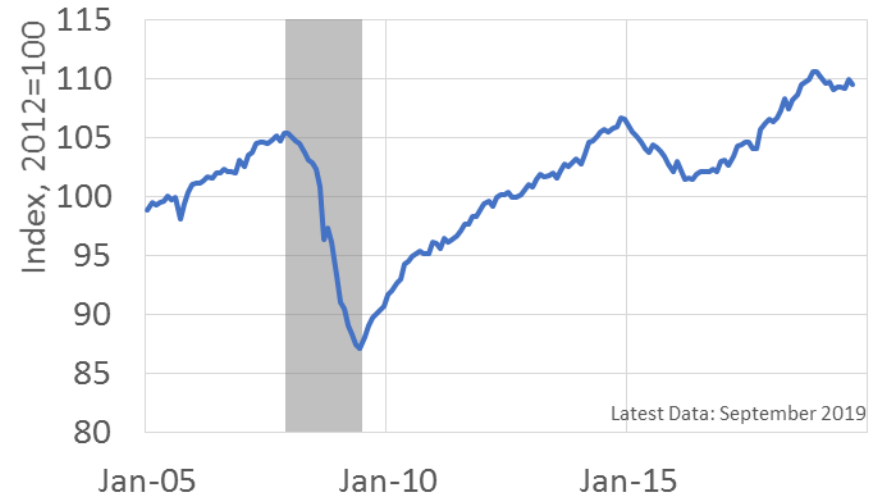


# Not in Recession Yet

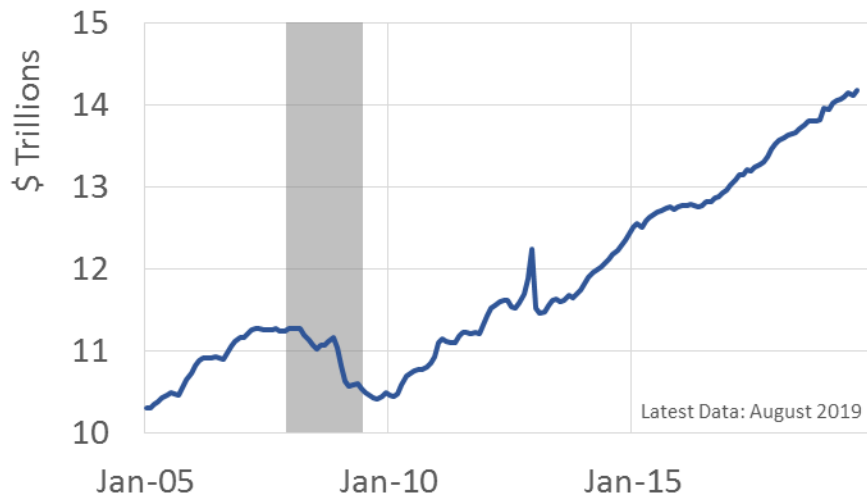
Total Nonfarm Employment (SA)



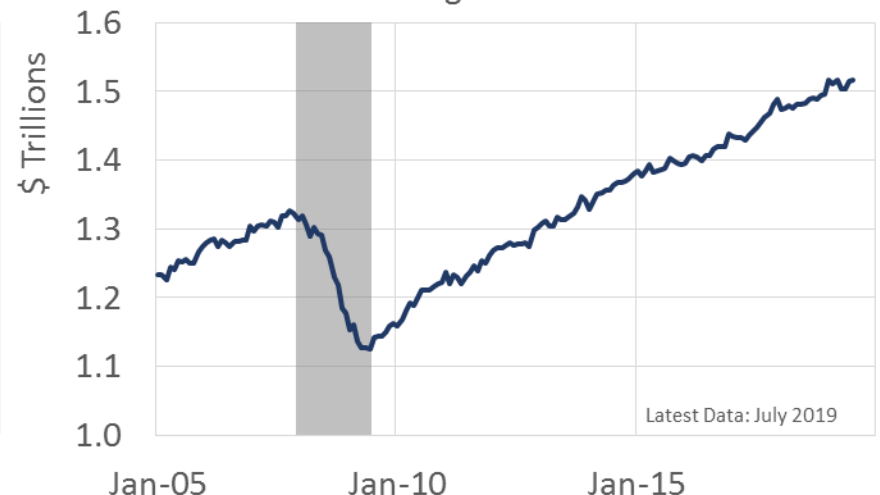
Industrial Production



Real Personal Income ex Transfer Payments



Real Manufacturing and Trade Sales



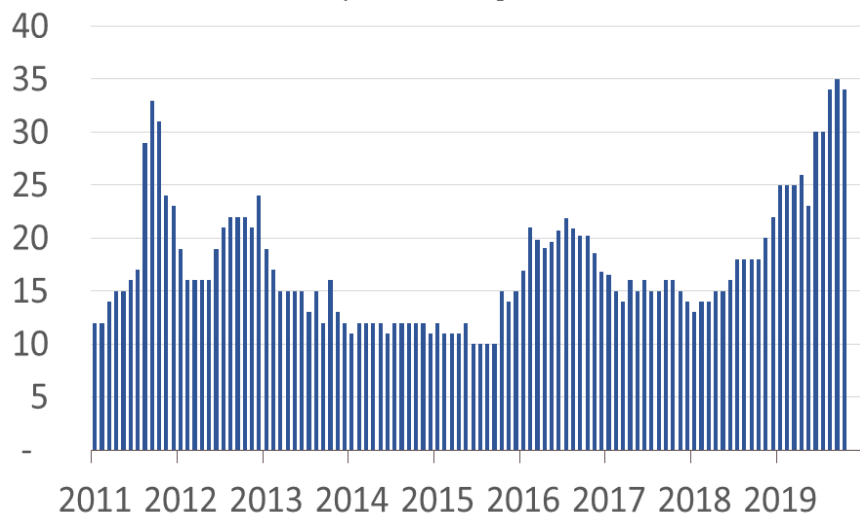


# Risk of Recession Rising

## Subjective

### Risk of Recession

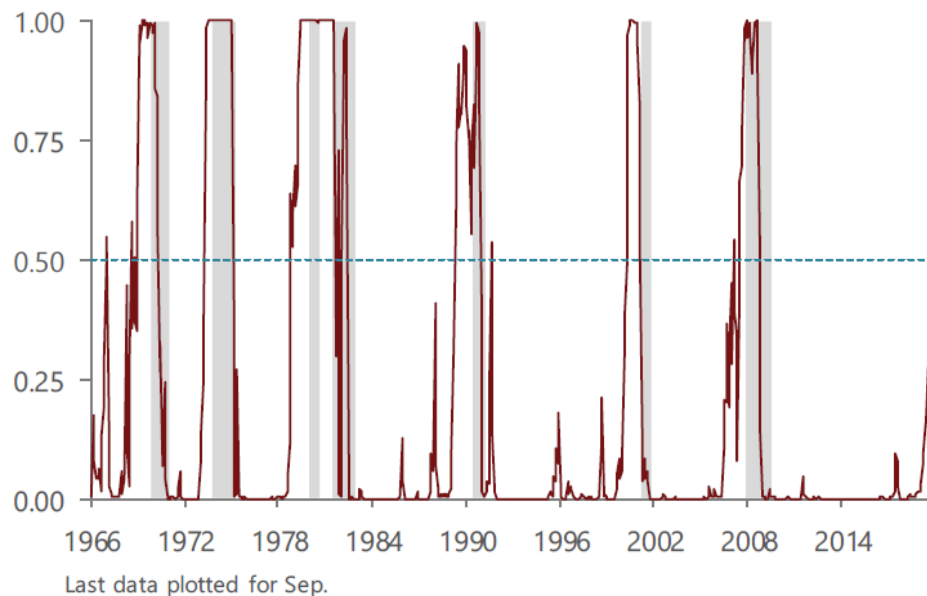
Percent Probability U.S. Entering Recession in Next Year



5 of 54 forecasters peg recession odds >50%, 4 more at 50%

## Data-Driven

Probability recession will start within one year



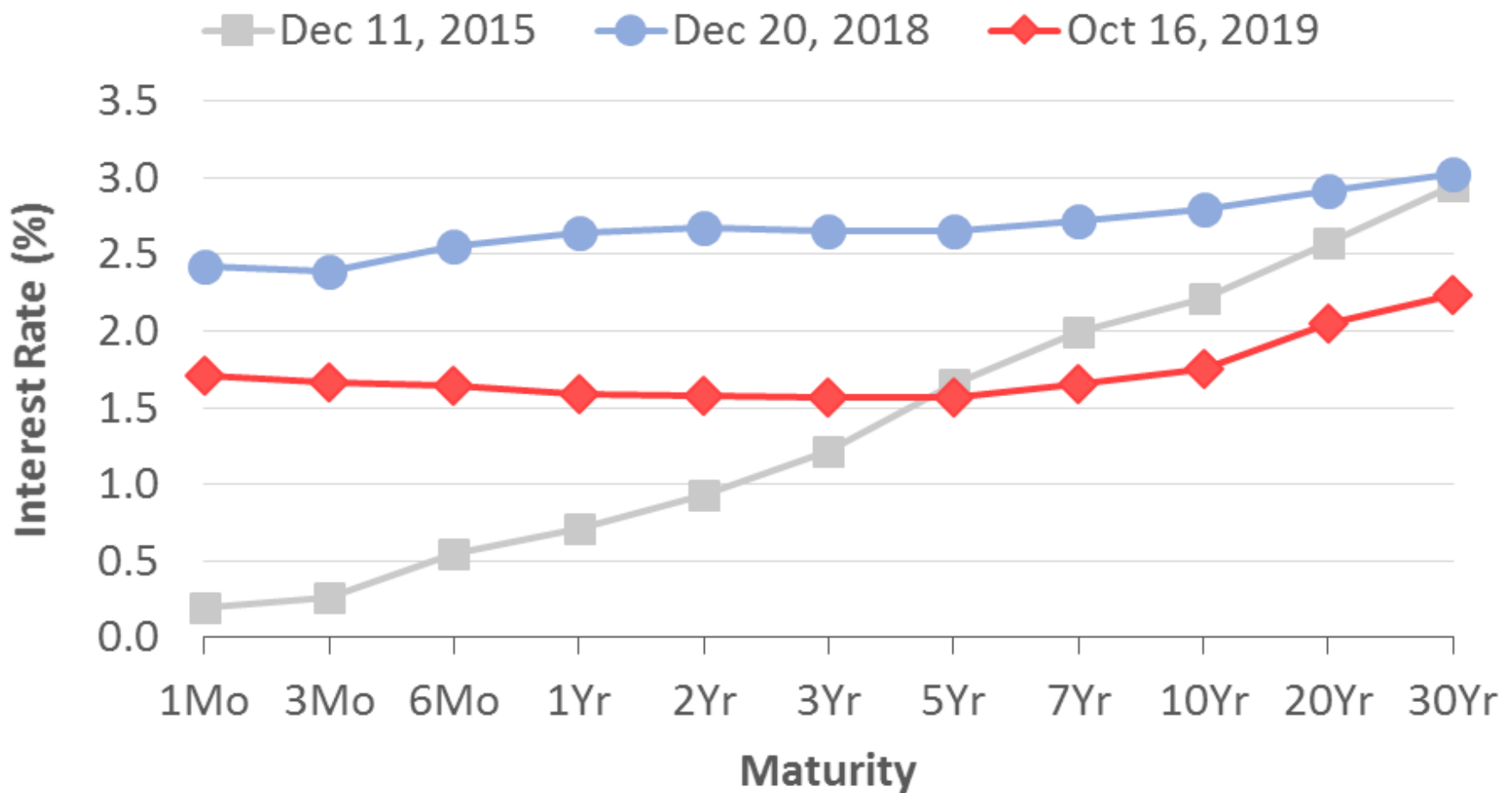
Oregon Office of  
Economic Analysis





# Issue #1: Bond Market Signals

## U.S. Treasury Yield Curve



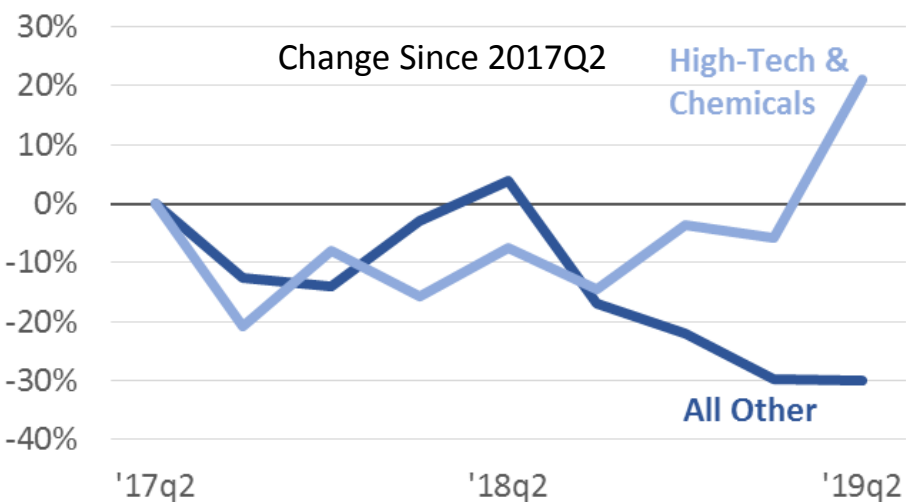
Source: Tim Duy, Federal Reserve, Oregon Office of Economic Analysis





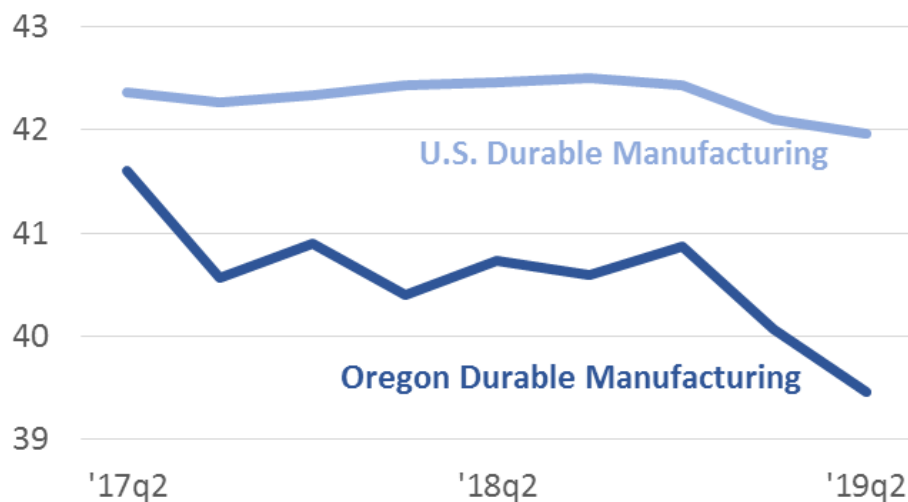
# Issue #2: Trade War Cracks Starting to Show

## Oregon Export Volume



Source: WISERTrade, Oregon Office of Econ Analysis

## Weekly Hours Worked



Source: BLS, Oregon Emp Dept



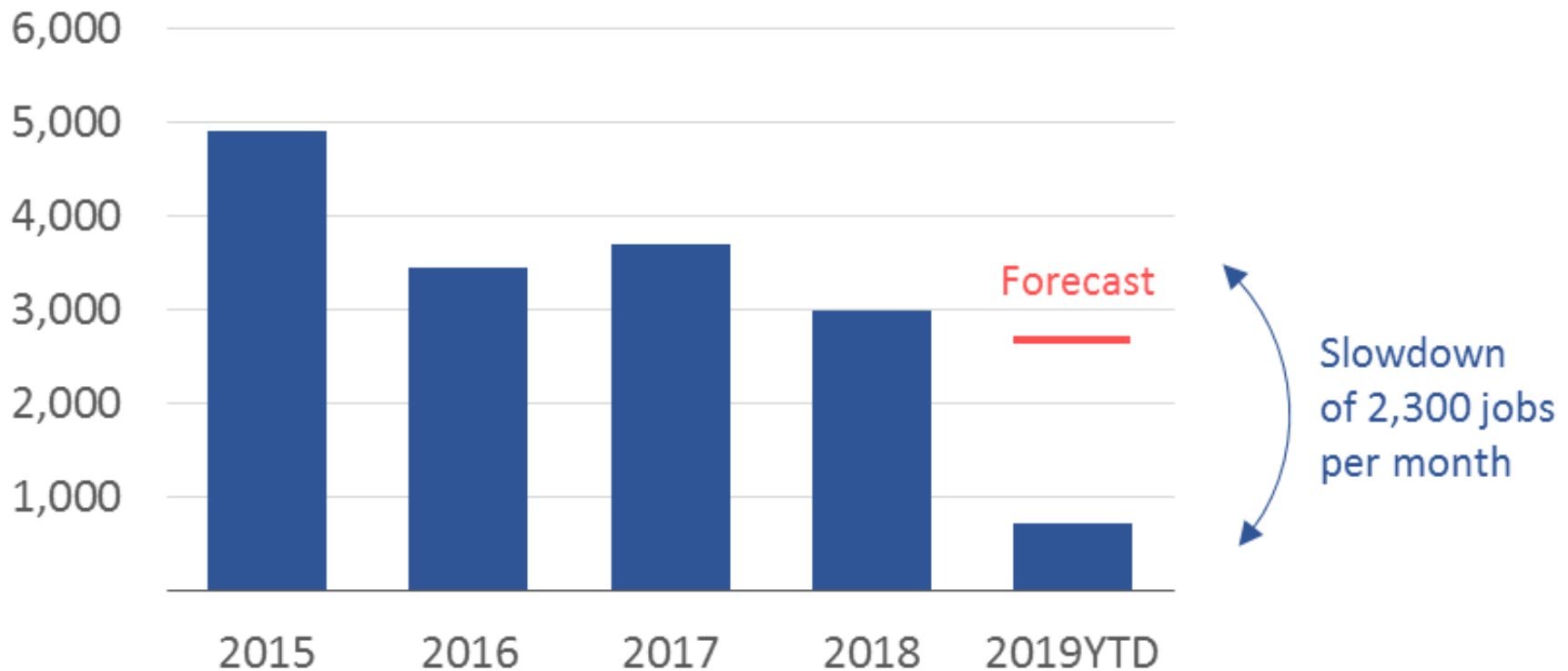


# Oregon's Economy: Recent Performance



# Very Pronounced Slowing In Job Growth

**Oregon Total Nonfarm**  
Average Monthly Employment Change



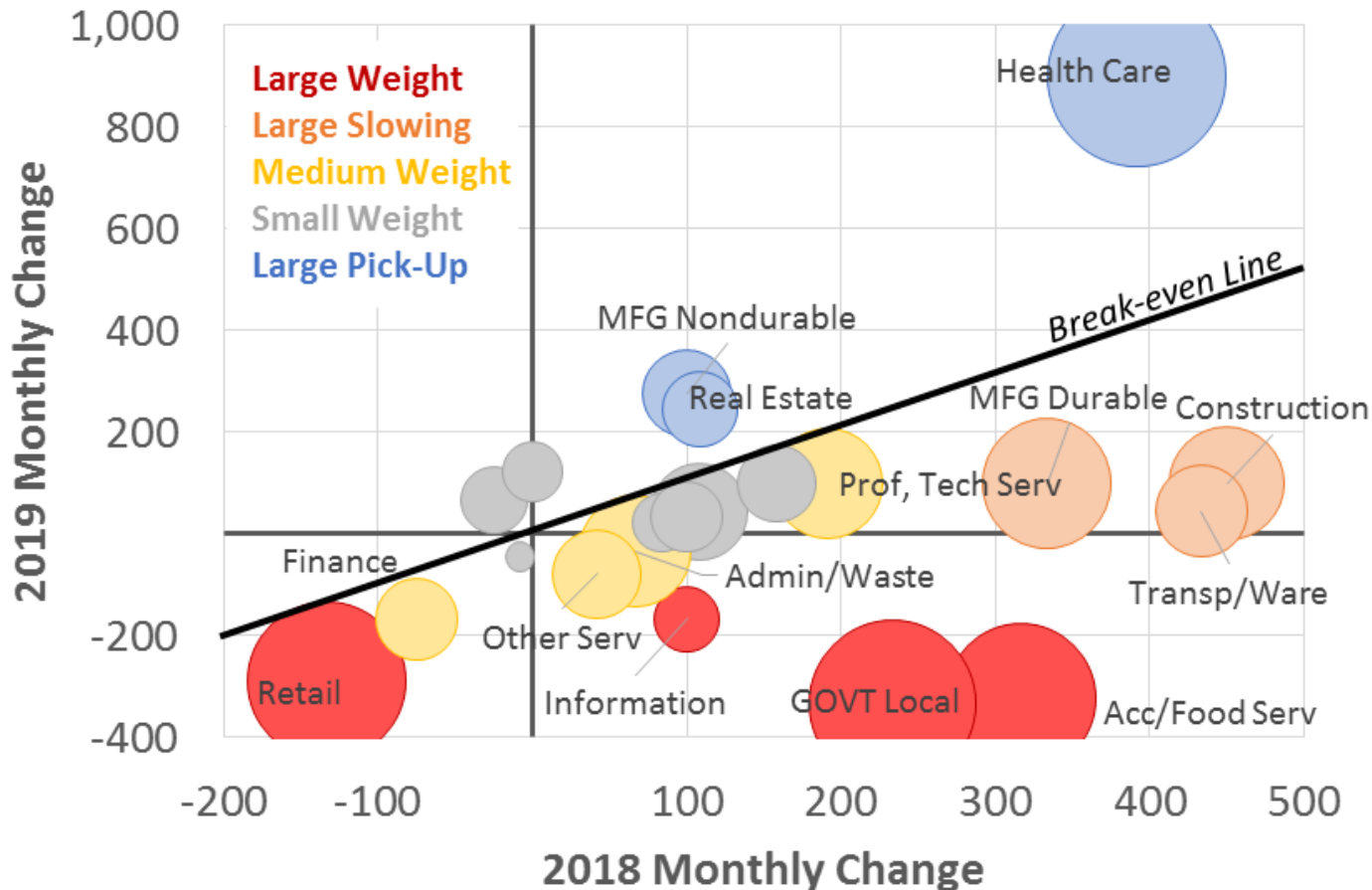




# Where is Slowing Most Pronounced?

## Oregon's Slowing Employment Growth

Average Monthly Employment Change by Sector

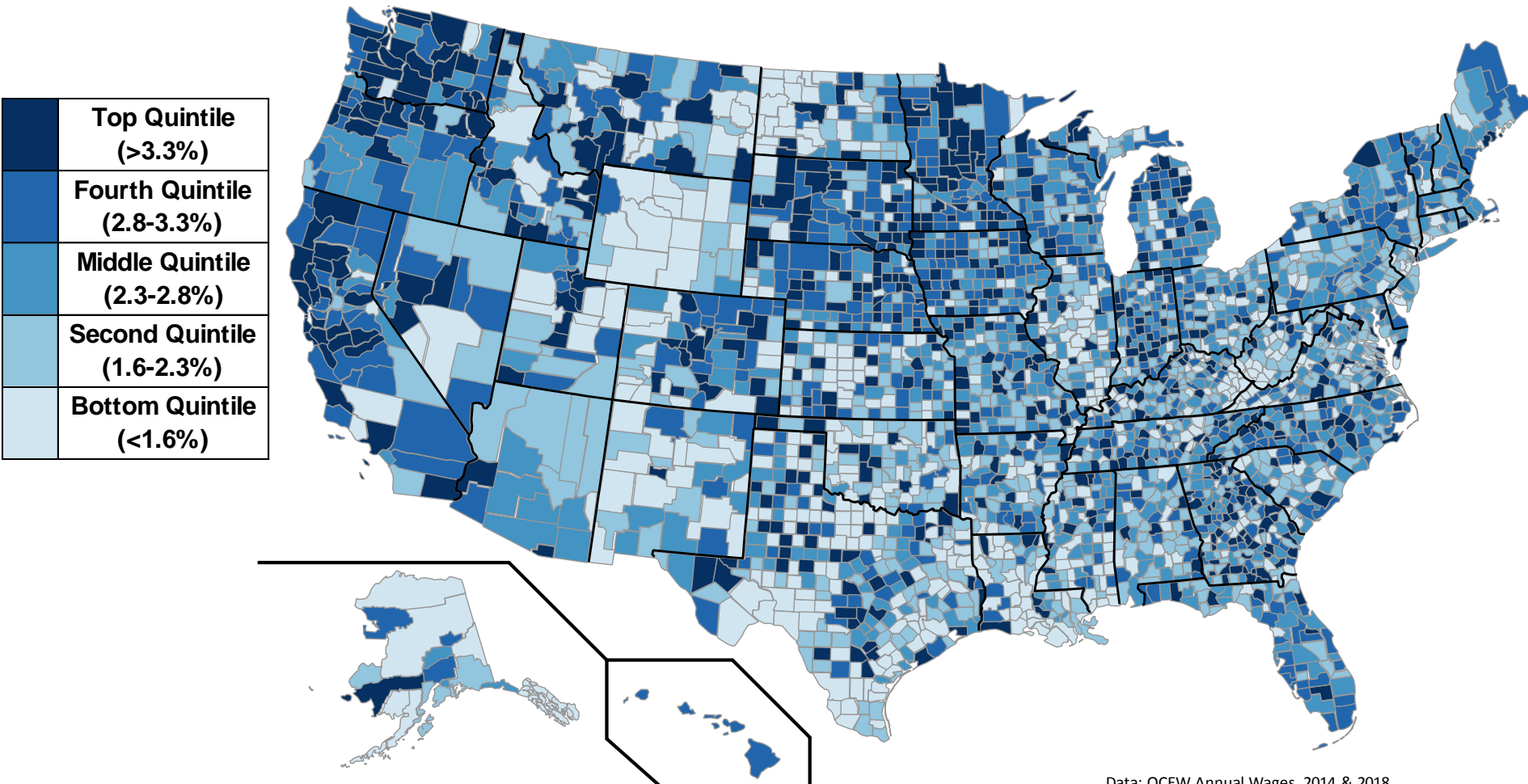


- Most sectors are slower this year
- Biggest weights are Local Government, Food Service, Retail, and Information
- Durable Goods and Construction seen significant slowing too



# Strong Local Wage Growth

## Annual Wage Growth, 2014-2018



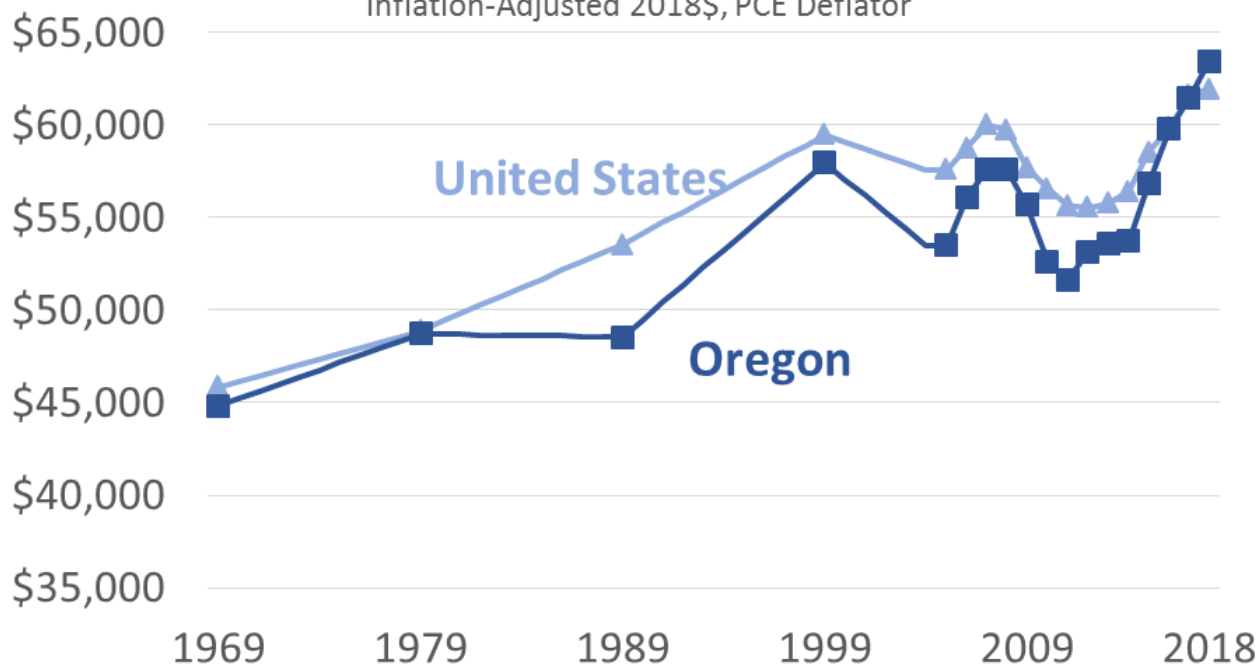
Data: QCEW Annual Wages, 2014 & 2018  
Source: BLS, Oregon Office of Economic Analysis  
Map Template: [www.clearlyandsimply.com](http://www.clearlyandsimply.com)



# Household Finances in Good Shape

## Median Household Income

Inflation-Adjusted 2018\$, PCE Deflator



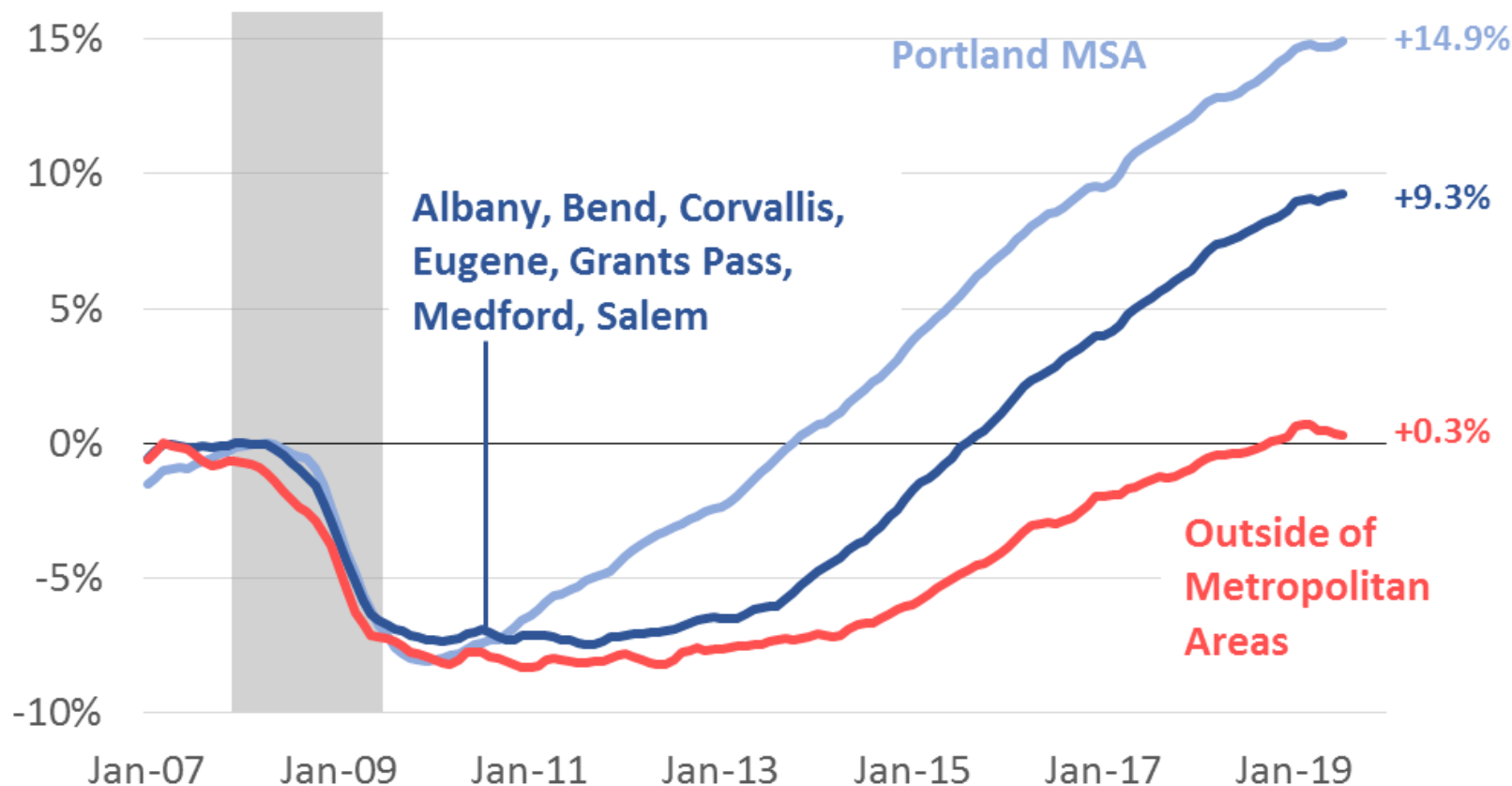
- Driven by strong labor market
- Household debt increasing at same rate as income growth





# All Oregon Regions Growing but Urban-Rural Divide is Real

## Oregon Employment: Metro and Nonmetro



Latest Data: July 2019 | Source: Oregon Employment Department, Oregon Office of Economic Analysis



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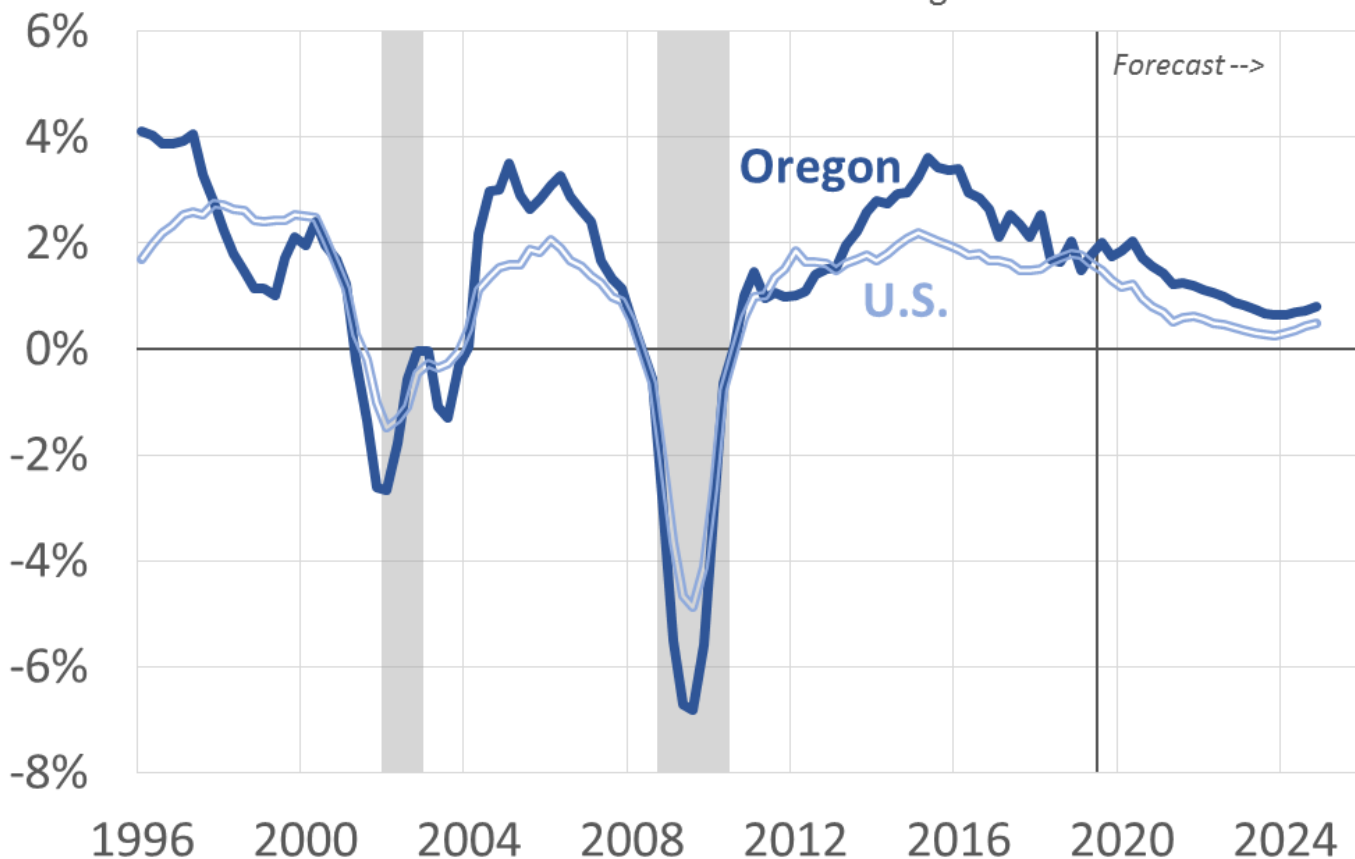
# Oregon's Economy: Near-Term Outlook



# Forecast is Stable, but Outlook Uncertain

## Total Nonfarm Employment

Year-over-Year Percent Change



### Structural Drags

- Demographics

### Cyclical Drags

- Supply Constraints
- Less Slack

### Policy Drags

- Interest rates
- Trade War
- No more tax cuts

Latest Data: 2019q2 | Source: IHS Global Insight, Oregon Office of Economic Analysis

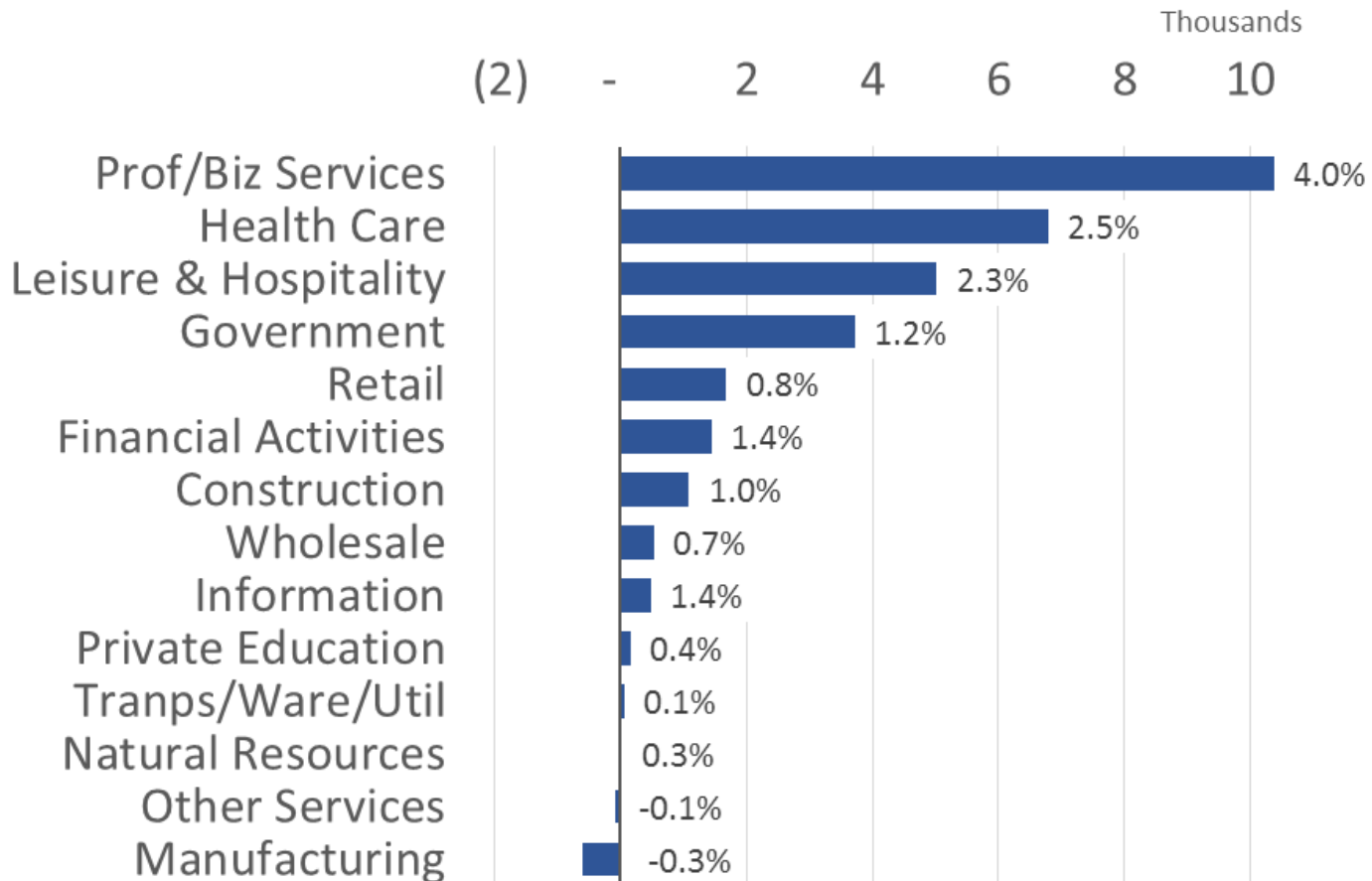
Oregon Office of  
Economic Analysis





# Job Growth by Industry

## Oregon 2020 Employment Growth



The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains various symbols including a ship, a plow, a sheaf of wheat, and a rising sun, surrounded by the words "SEAL OF THE STATE OF OREGON" and the year "1859".

# Oregon's Economy: Risks

## What about the Next Cycle?

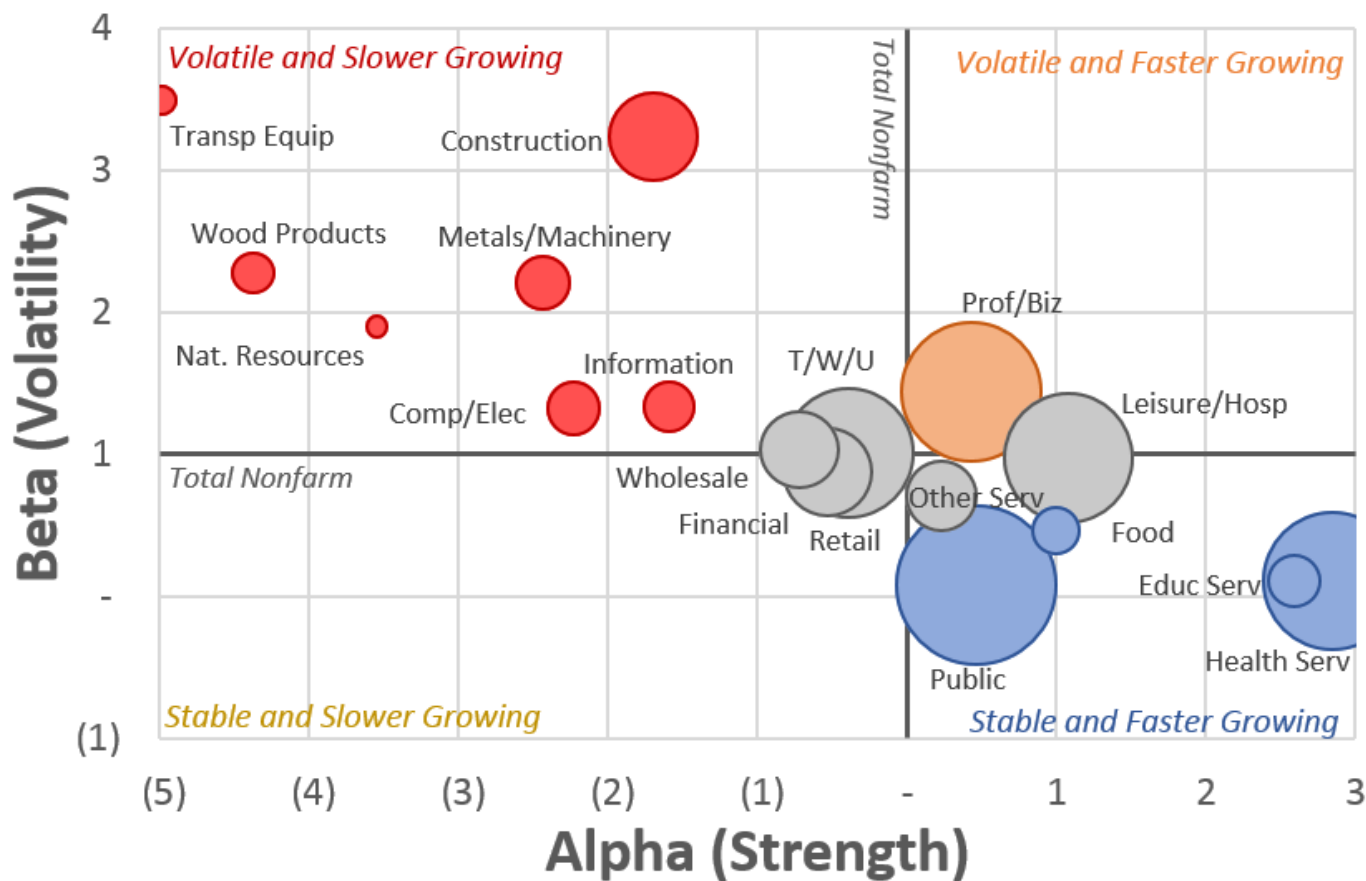




# What About the Next Cycle? Industries

## Oregon Industry Alpha and Beta

Industry Growth Relative to Total Nonfarm, 2000-18

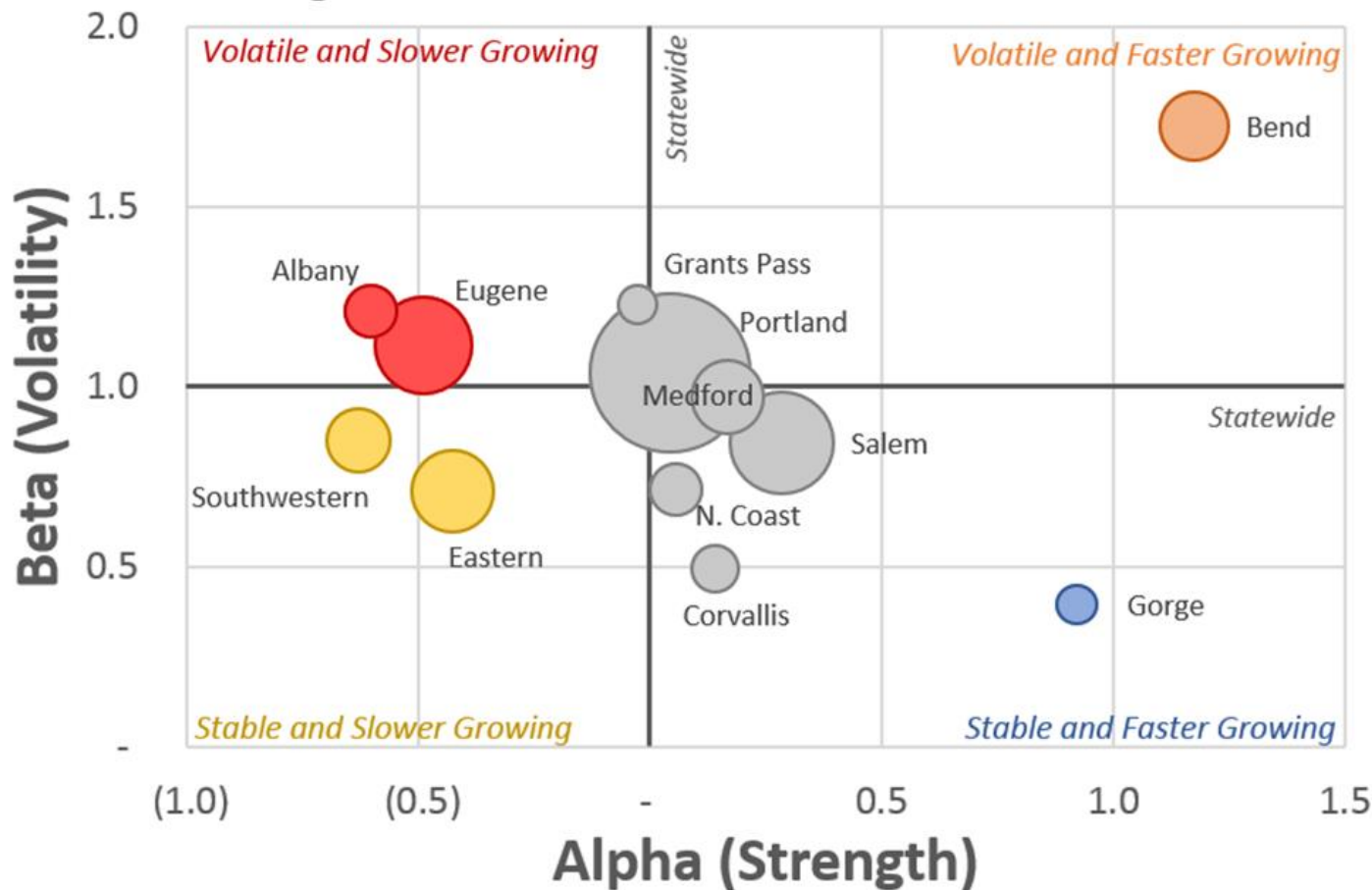




# What About the Next Cycle? Regions

## Oregon Regional Alpha and Beta

Regional Growth Relative to Statewide, 2000-17

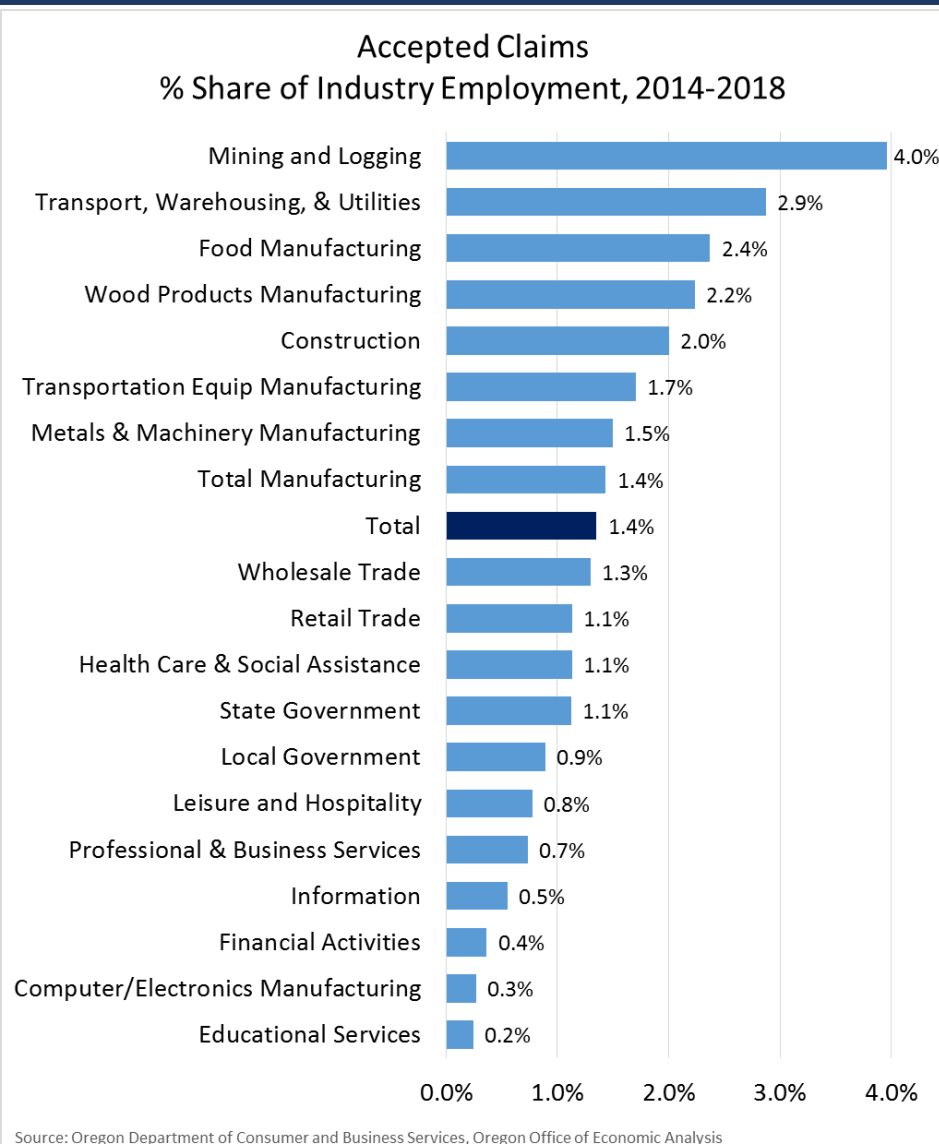


The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with spread wings perched on a shield, with a sunburst rising behind it. The words "SEAL OF THE STATE OF OREGON" are inscribed around the top, and "1859" is at the bottom. A banner across the middle of the seal reads "THE UNION".

# Implications for Workers' Compensation Claims



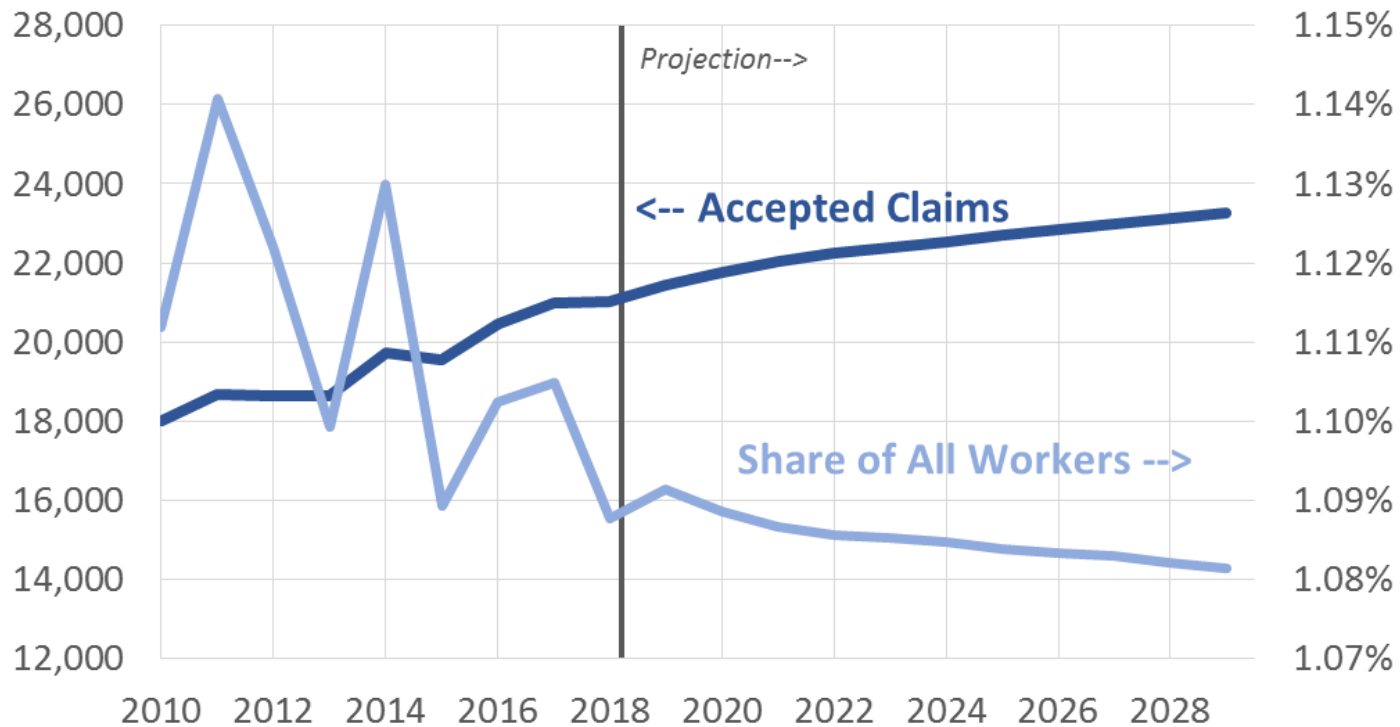
# Industry Mix Matters





# Industry-Based Projection

## Claims Rise in Growing Economy, Although Industry Mix Shifts toward Safer Sectors



Latest Data: 2018 | Projection based on Oregon Office of Economic Analysis' industry employment forecast and accepted claim rates by industry in 2018 | Source: Oregon Department of Consumer and Business Services, Oregon Office of Economic Analysis

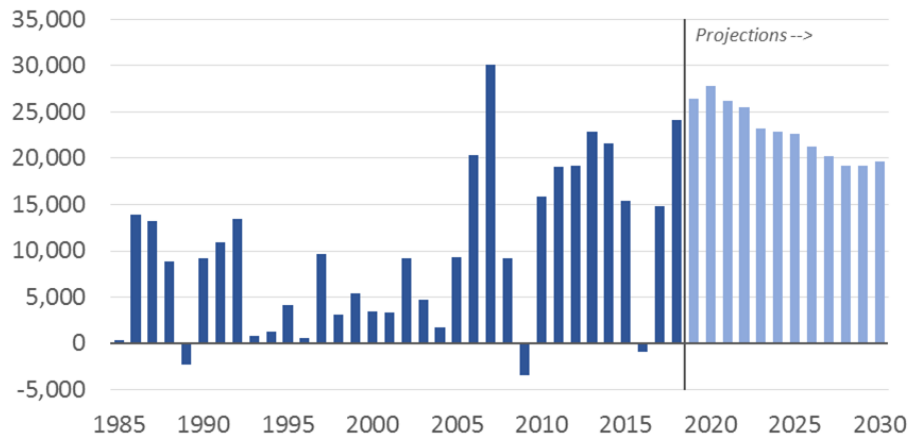




# Baby-Boomers Approach Retirement...

## The Silver Tsunami is Crashing Ashore

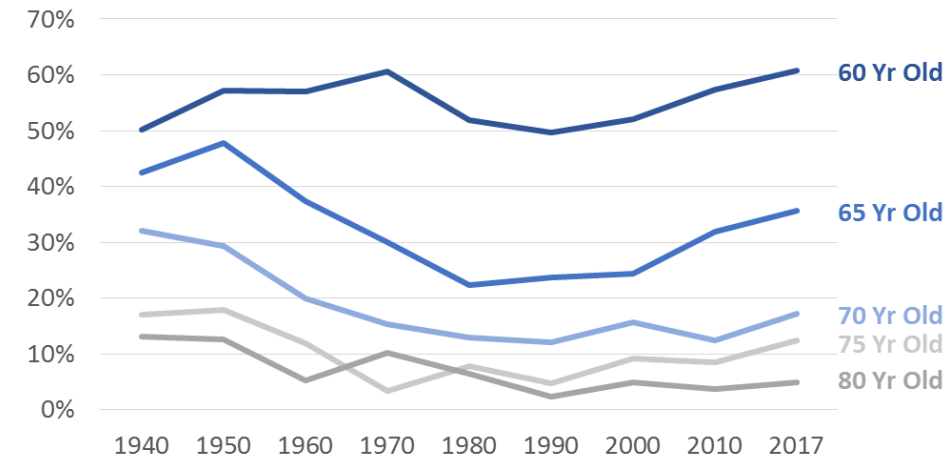
Annual Change in Oregonians 60+ Years Old Not in the Labor Force



Latest Data: 2018 | Source: IPUMS-CPS, Oregon Office of Economic Analysis

## Some Older Oregonians Working Longer

Share of Oregonians with a Job by Select Ages



Source: IPUMS-USA, Oregon Office of Economic Analysis



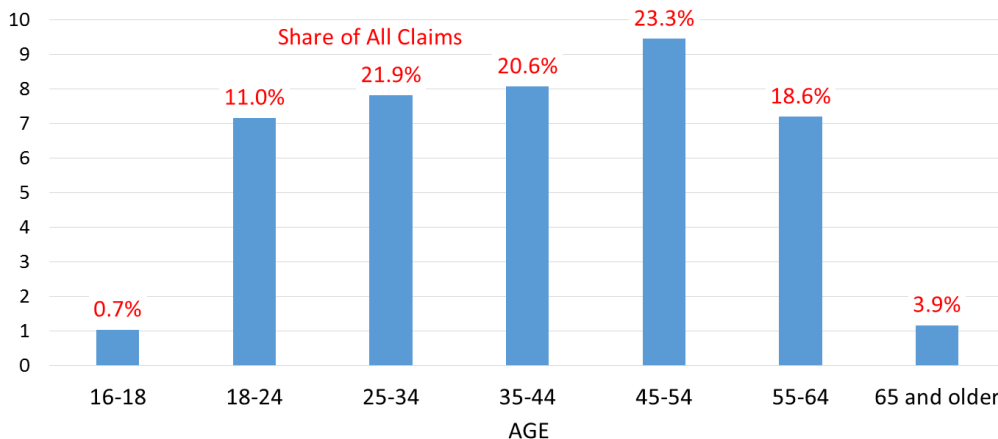
Oregon Office of  
Economic Analysis



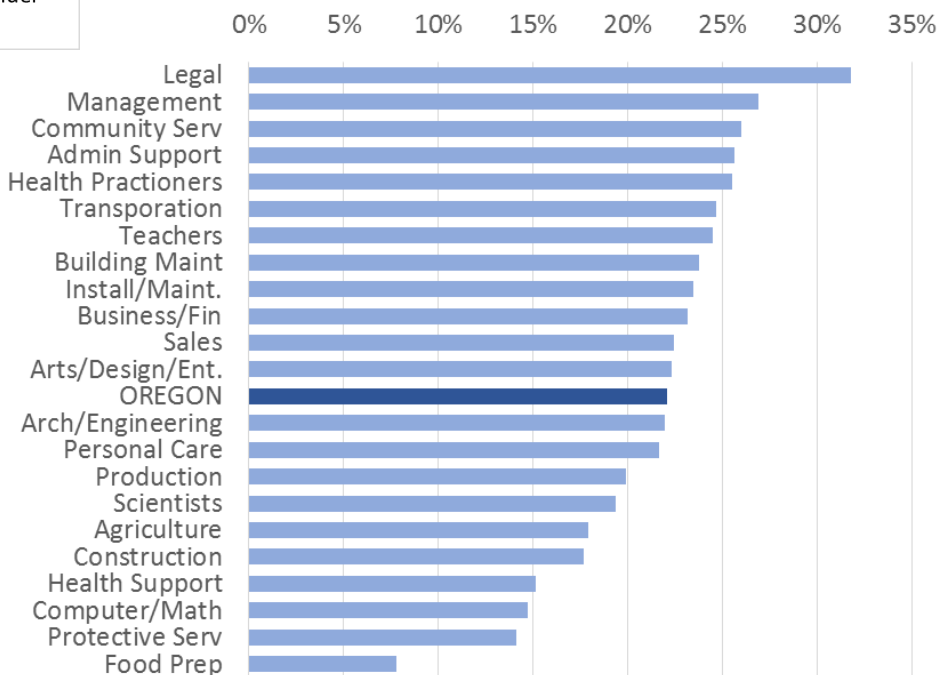


# ...but Are Not Responsible for Most Claims

Claims per 1000 Population, 2017



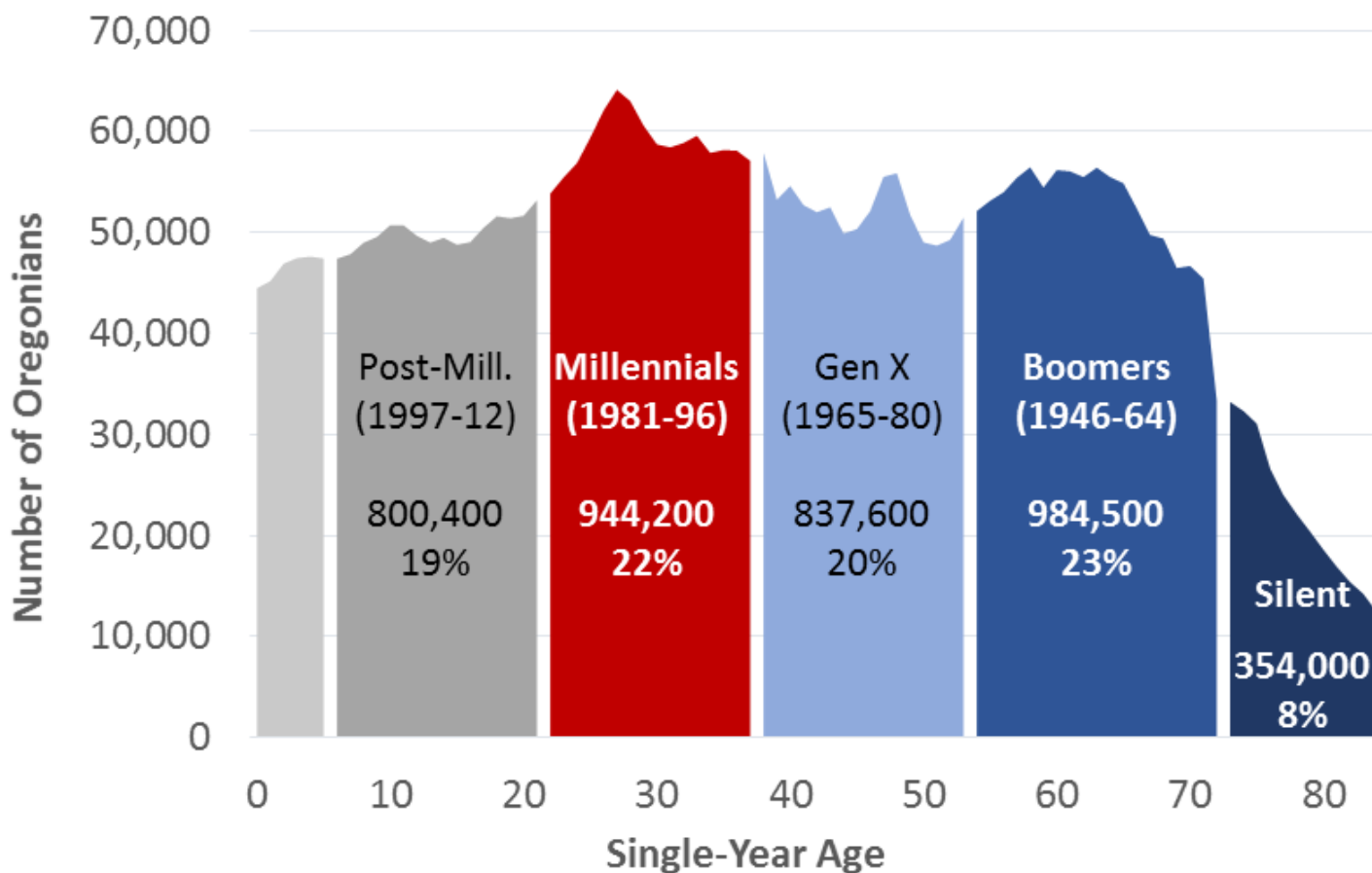
Share of Oregon Workers 55 and Older





# Make Way for the Millennials

## Oregon Population by Age, 2018



Source: Oregon Office of Economic Analysis



Oregon Office of  
Economic Analysis

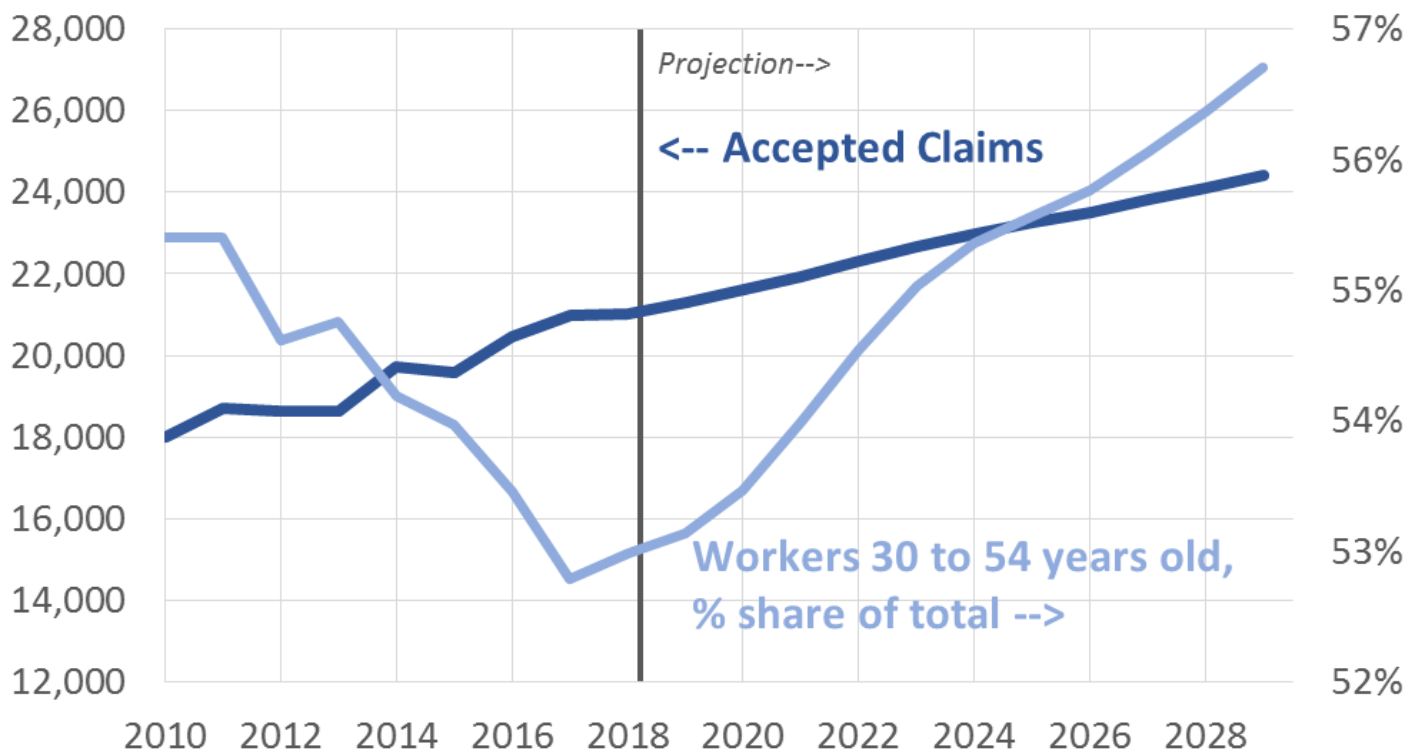






# Age-Based Projection

## Claims Rise With Overall Population and a Larger Share of Prime-Aged Workers



Latest Data: 2018 | Projection based on Oregon Office of Economic Analysis' population forecast and accepted claim rates by age in 2017 | Source: Oregon Department of Consumer and Business Services, Oregon Office of Economic Analysis





# Questions and Contact

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