Oregon Forecast Highlights

2011 Q4

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October 24, 2011

Recent Oregon economic indicators have not been encouraging. Oregon's non-farm job growth turned negative in the third quarter. Real wage and salary income growth turned negative in 2011 quarter 2. Estimates of real retail sales growth also turned negative in the second quarter. The percentage of loans in foreclosure jumped more than ten percent in the second quarter. Median home prices fell a cumulative ten percent during 2010 Q4 to 2011 Q1. New construction activity remains at historic lows.

The national economic situation is better, but not much better. United States third quarter job growth was close to one percent. However, second quarter productivity growth was a negative 0.7 percent. Unchanged third quarter productivity growth would imply third quarter GDP growth will be less than one percent. In fact, it would be close to zero.

The world economy is not much better. The September World Economic Outlook, released by the IMF, predicts that world economic growth, which was over five percent in 2010, will slow to four percent through 2012. However, this prediction was based on the assumption of no changes to the Euro Area. Greece's departure from the Euro Area appears inevitable. It also appears probable that it will not be an orderly departure, which will create a financial crisis.

Oregon is a relatively small economy, compared to the United States and the World. Therefore, it has, and will, exhibit greater business cycle volatility. Early in 2011 Oregon grew much more quickly than the United States, and since then, has slowed dramatically. We forecast that during the second half of 2011 and for all of 2012, Oregon's economy will under-perform that of the United States. But, by the second quarter of 2013, Oregon economic growth will exceed that of the United States.

Our Oregon forecast, alongside the United States forecast is here:

Economic Growth Rates: Oregon vs. United States

2011 Quarter 1 - 2013 quarter 2

2011	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Oregon	3.5	1.1	0.1	-0.7
U.S.	0.4	1.3	0.6	0.8
2012	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Oregon	0.0	0.6	1.7	1.9
U.S.	1.2	1.9	2.4	2.5
2013	Qtr 1	Qtr 2		
Oregon	2.7	3.2		
U.S.	2.7	2.9		

Units: seasonally-adjusted quarter-on-quarter annualized growth rates
Sources: U.S. Bureau of Economic Analysis, Center for Economic Research & Forecasting