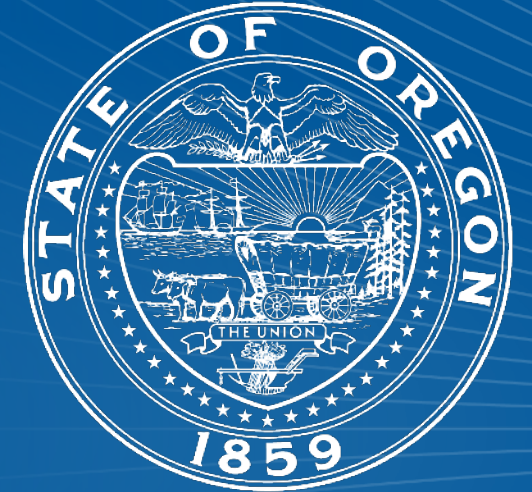


Oregon's Economic Reality and Trends



Carl Riccadonna, Chief Economist

House Economic Development, Small Business, and Trade

Wednesday November 19, 2025

Economic Outlook





Economic inflection point approaching

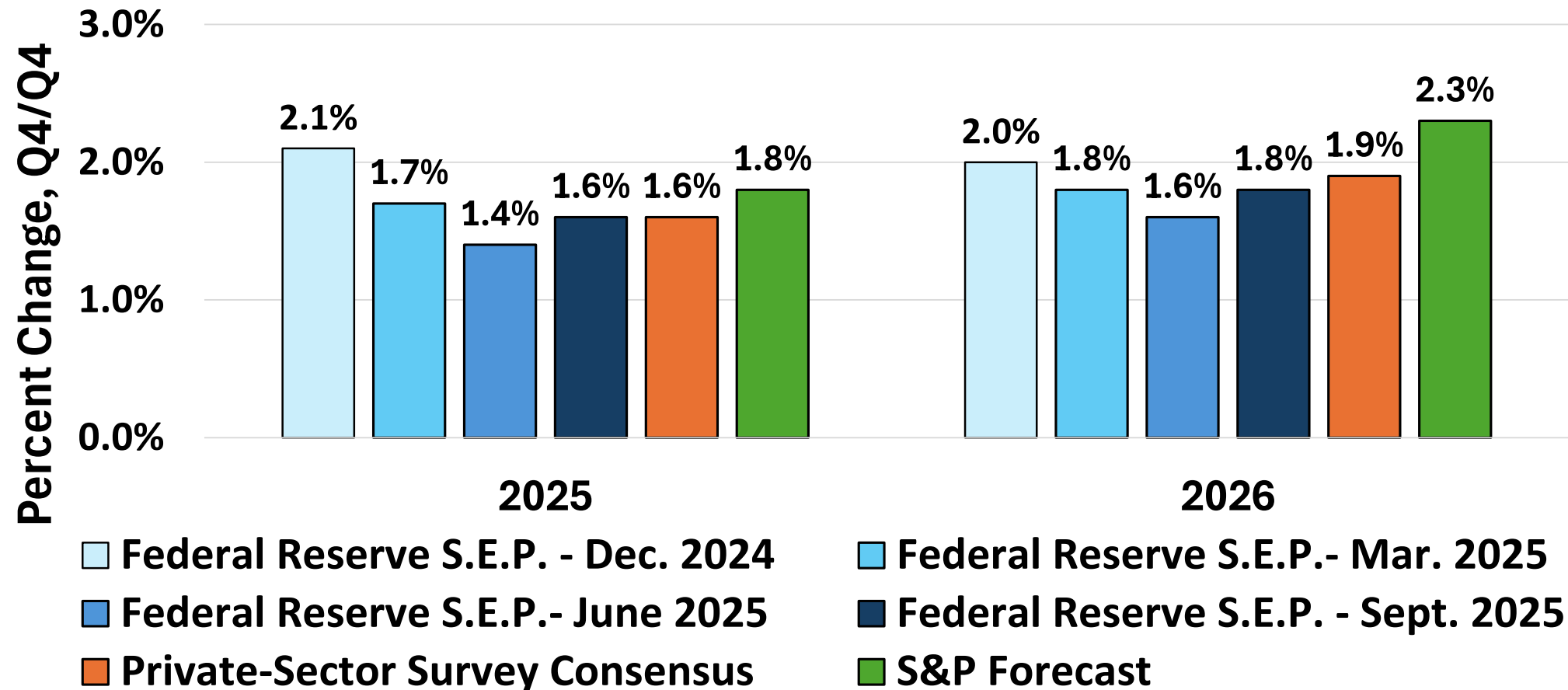
Recession risk is decreasing as growth forecasts rebound

- **GDP** slowing to 1.6% Q4/Q4 in 2025, firming to 1.9% in 2026
- **Inflation** pickup looking less severe at 3.0%
- **Unemployment** little changed (4.4% yearend)
- OEA recession estimate (25%)
- Tariff ruling could provide sizeable economic impulse (+\$300B)

Growth forecasts rebound as peak uncertainty passes



GDP Growth Forecasts



Consensus Risk of Recession

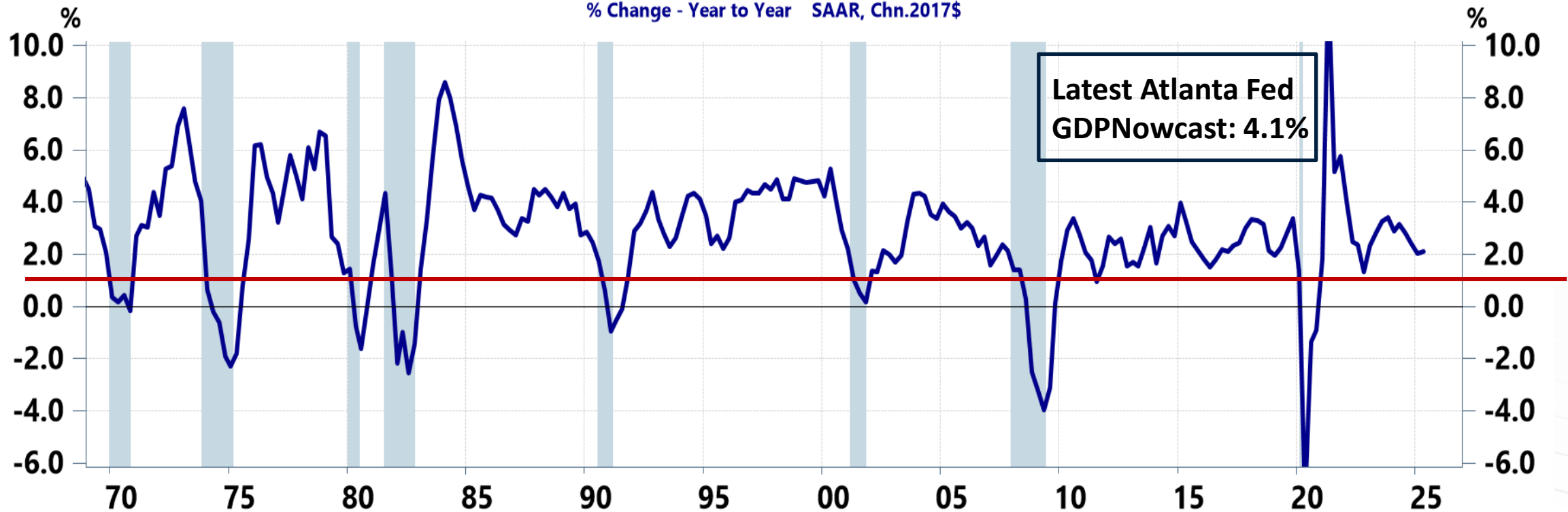
Dec. 2024: 25%
Mar. 2025: 40%
Aug. 2025: 35%
Oct. 2025: 30%

Economy emerges past dangerous flirtation with economic "stall speed"



Real Gross Domestic Product

% Change - Year to Year SAAR, Chn.2017\$



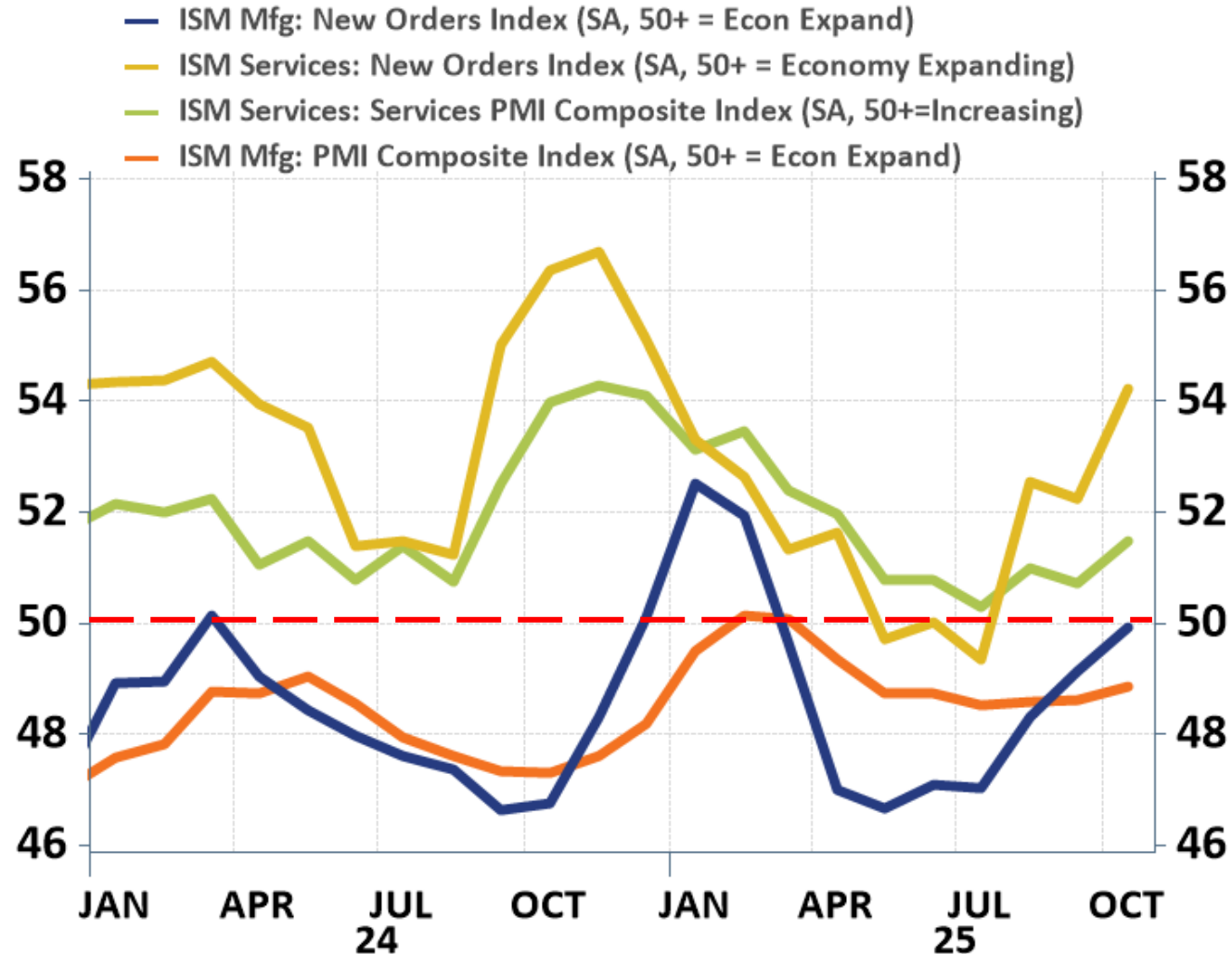
Source: Bureau of Economic Analysis/Haver Analytics

Delays in vital statistics due to federal government shutdown



Report	Source	Original Release Date
Construction Spending (Aug. and Sept.)	Census	10/1
Initial Jobless Claims (Wks ending 9/27 through 11/8)	Labor	Weekly
Factory Orders (Aug. and Sept.)	Census	10/2 & 11/4
Nonfarm Payrolls (Sept. and Oct.)	BLS	10/3 & 11/7
Trade Balance (Aug. and Sept.)	BEA	10/7 & 11/4
Wholesale Inventories (Aug. and Sept.)	Census	10/9 & 11/6
Retail Sales (Sept.)	Census	10/16
Producer Price Index (Sept.)	BLS	10/16
Business Inventories (Aug.)	Census	10/16
Housing Starts/Building Permits (Sept.)	Census	10/17
Import/Export Prices (Sept.)	BLS	10/17
Industrial Production (Sept.)	Federal Reserve	10/17
Leading Indicators (Sept.)	Conference Board	10/20
Chicago Fed NAI (Sept.)	Chicago Fed	10/23
Building Permits Revision (Sept.)	Census	10/24
New Home Sales (Sept.)	Census	10/24
Durable Goods Orders (Sept.)	Census	10/27
Advance Trade and Inventories (Sept.)	Census	10/29
GDP (Q3 Advance)	BEA	10/30
Personal Income/Core PCE (Sept.)	BEA	10/31
Employment Cost Index (Q3)	BLS	10/31
JOLTS (Sept.)	BLS	11/4
Productivity/Unit Labor Costs (Q3)	BLS	11/6
Monthly Treasury Statement	Treasury	11/12
Consumer Price Index (Oct.)	BLS	11/13

Business surveys reaffirm activity inflection

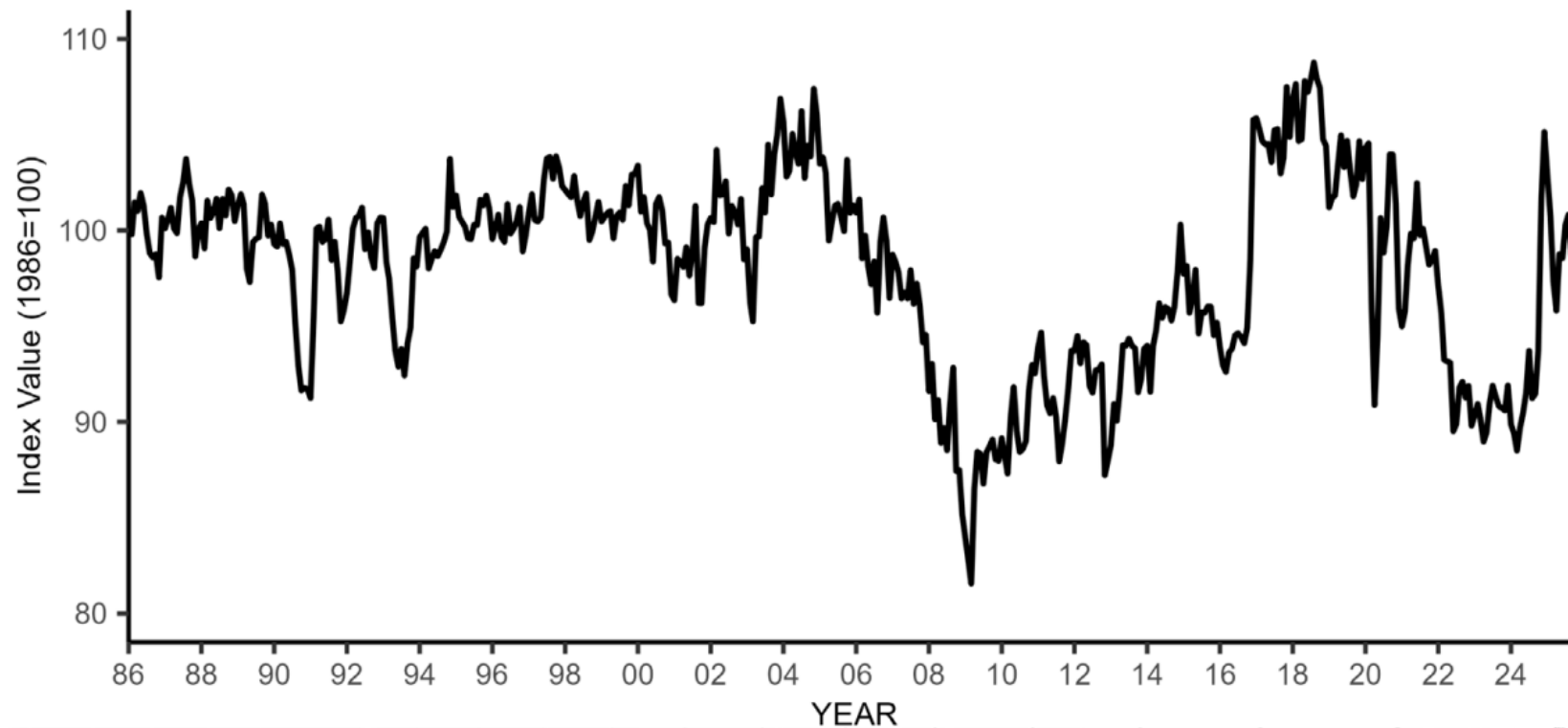


Business sentiment trending sideways in 2025



OPTIMISM INDEX

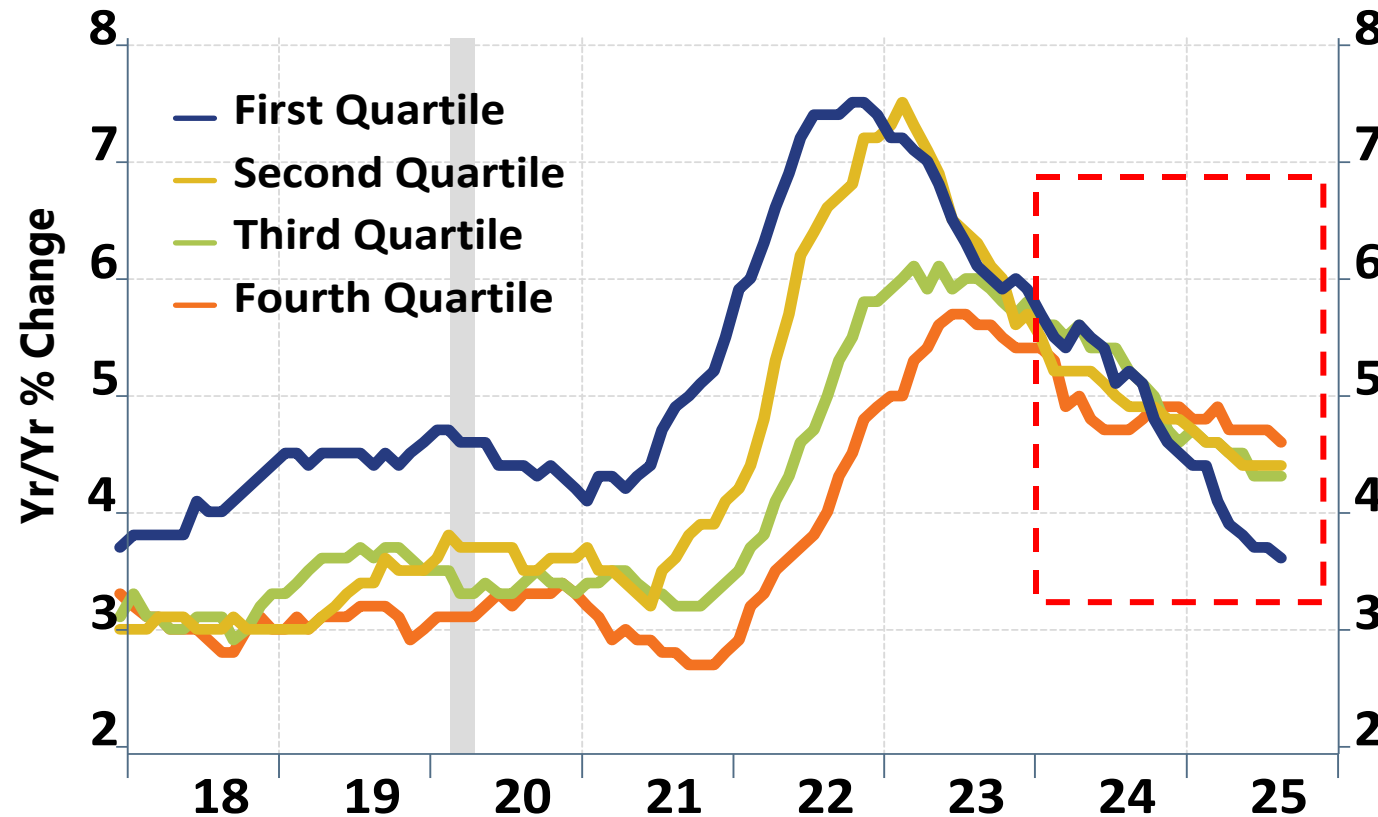
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)



Divergent income trends lead to “K-Shaped” economy



Wage Growth Tracker: Median Wage Growth

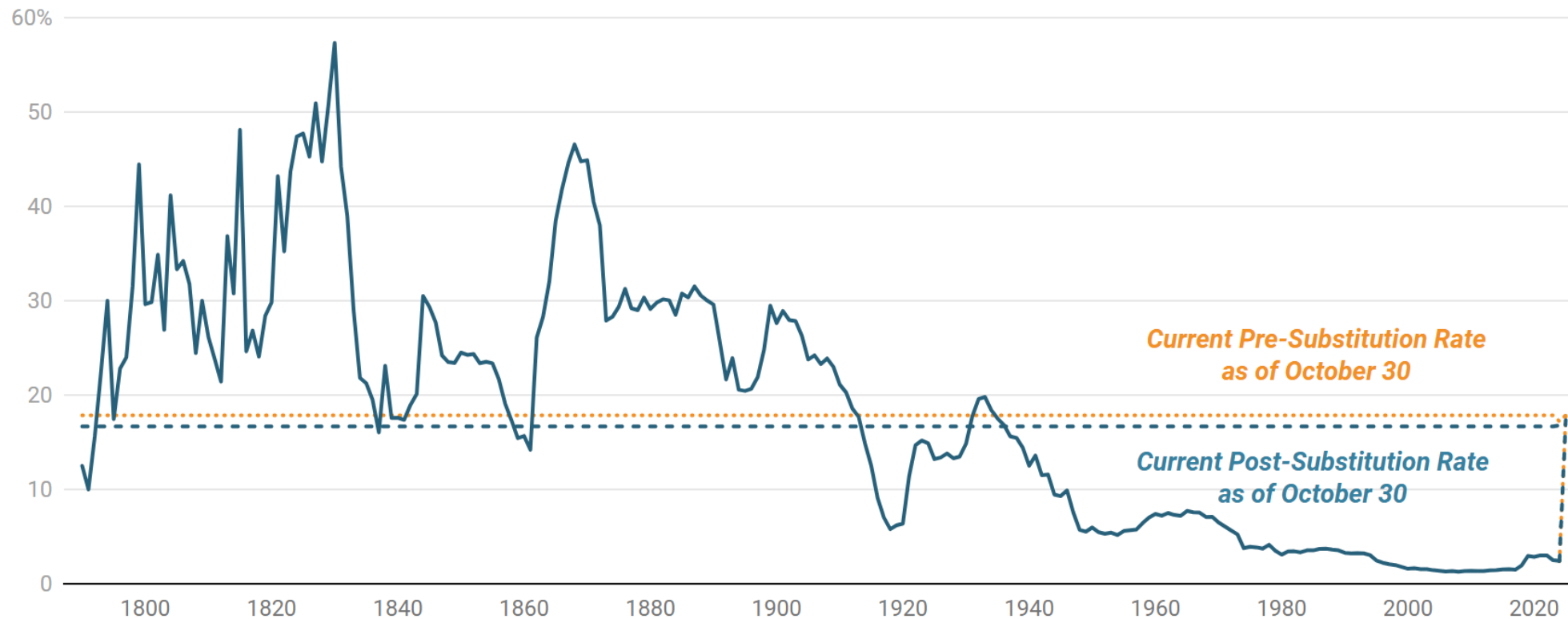


Source: Federal Reserve Bank of Atlanta/Haver Analytics/OEA

Potential tariff rate shock depends on SCOTUS ruling

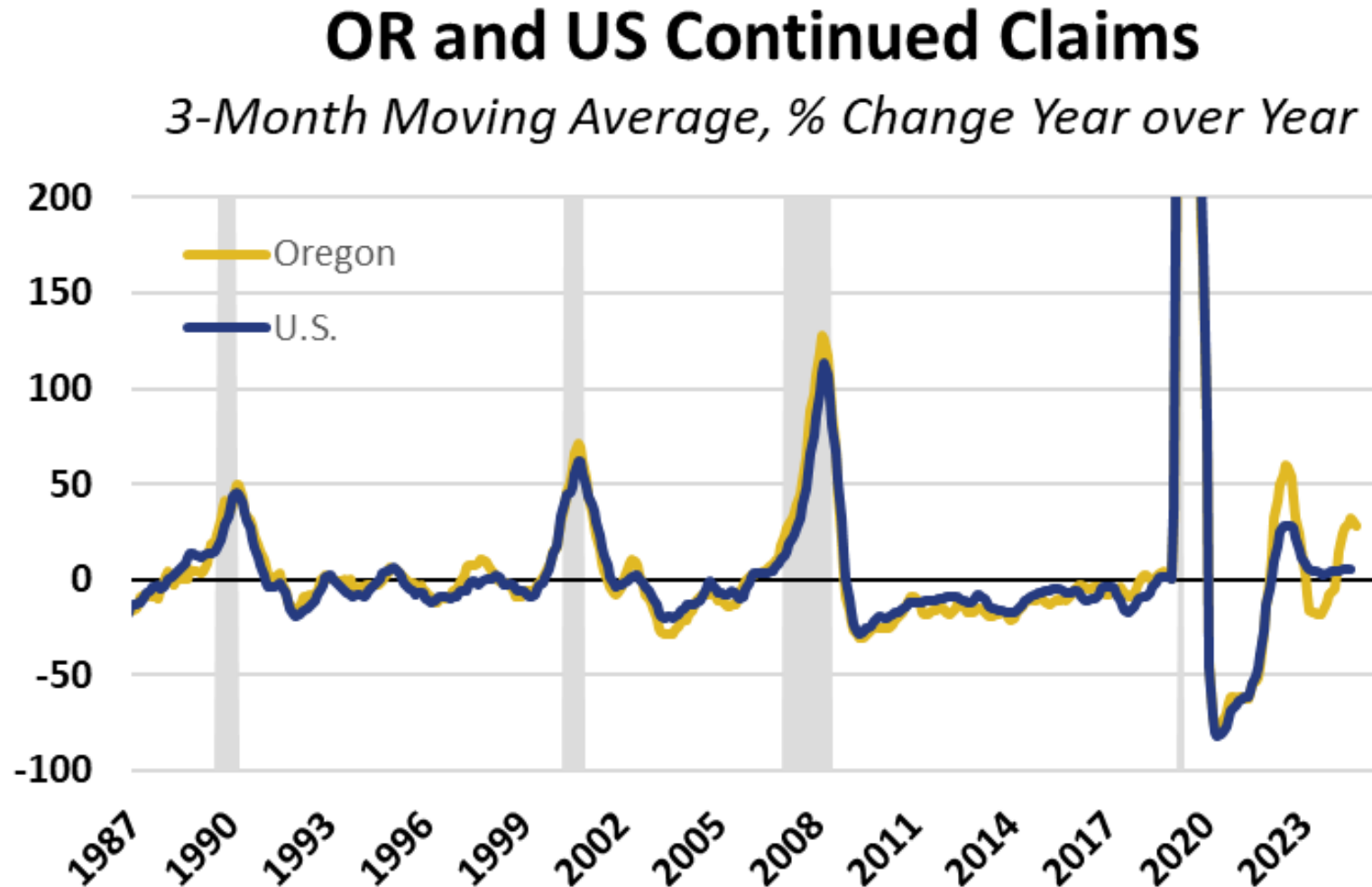


Average Effective Tariff Rate Since 1790



**Effective Tariff
Rate**
10/30: 17.9%
5/5: 28.0%
(Ex-IEEPA: 9.1%)

Unemployment claims fall short of recessionary thresholds

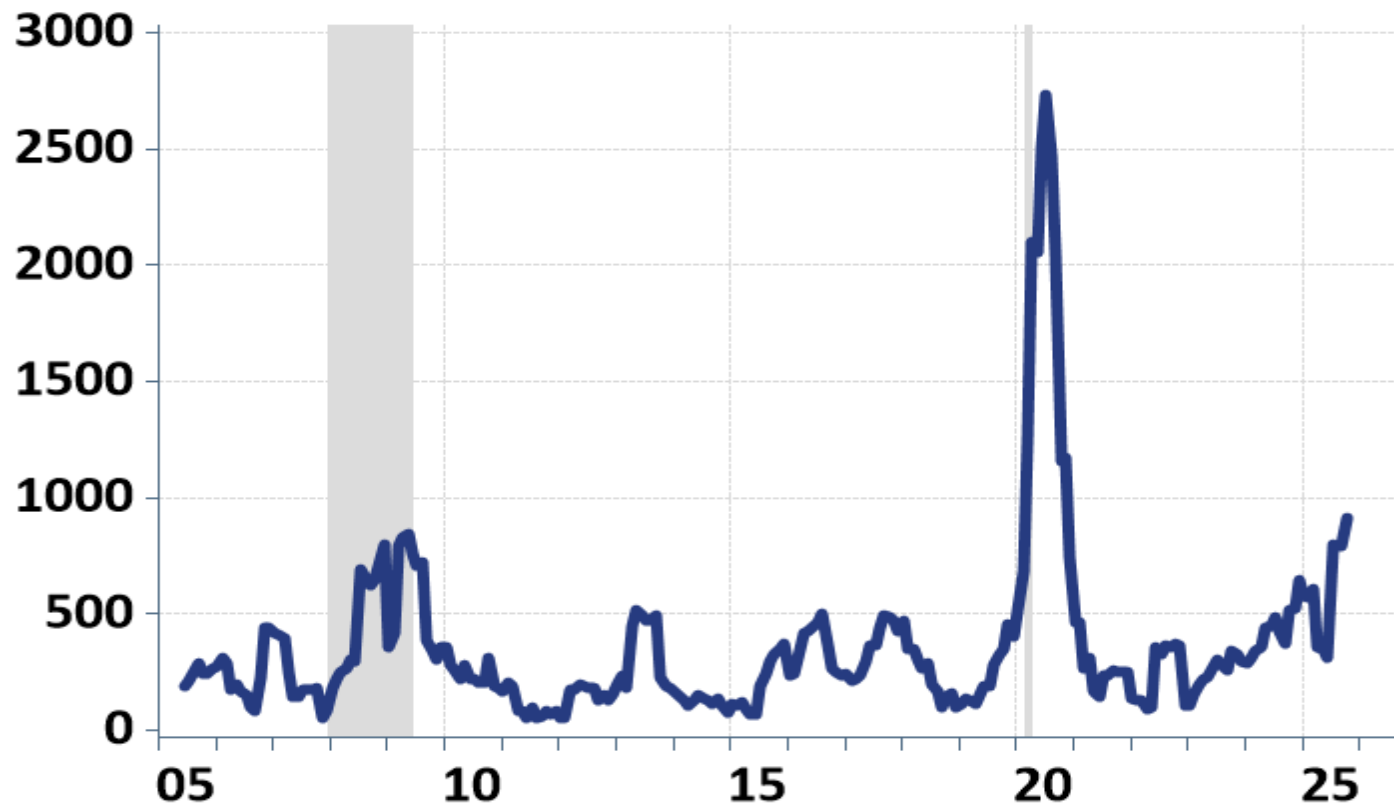


Source: U.S. Employment and Training Administration/OEA

Layoff notices point to challenging labor conditions ahead



WARN Layoffs: Oregon
6-Month Moving Average, NSA



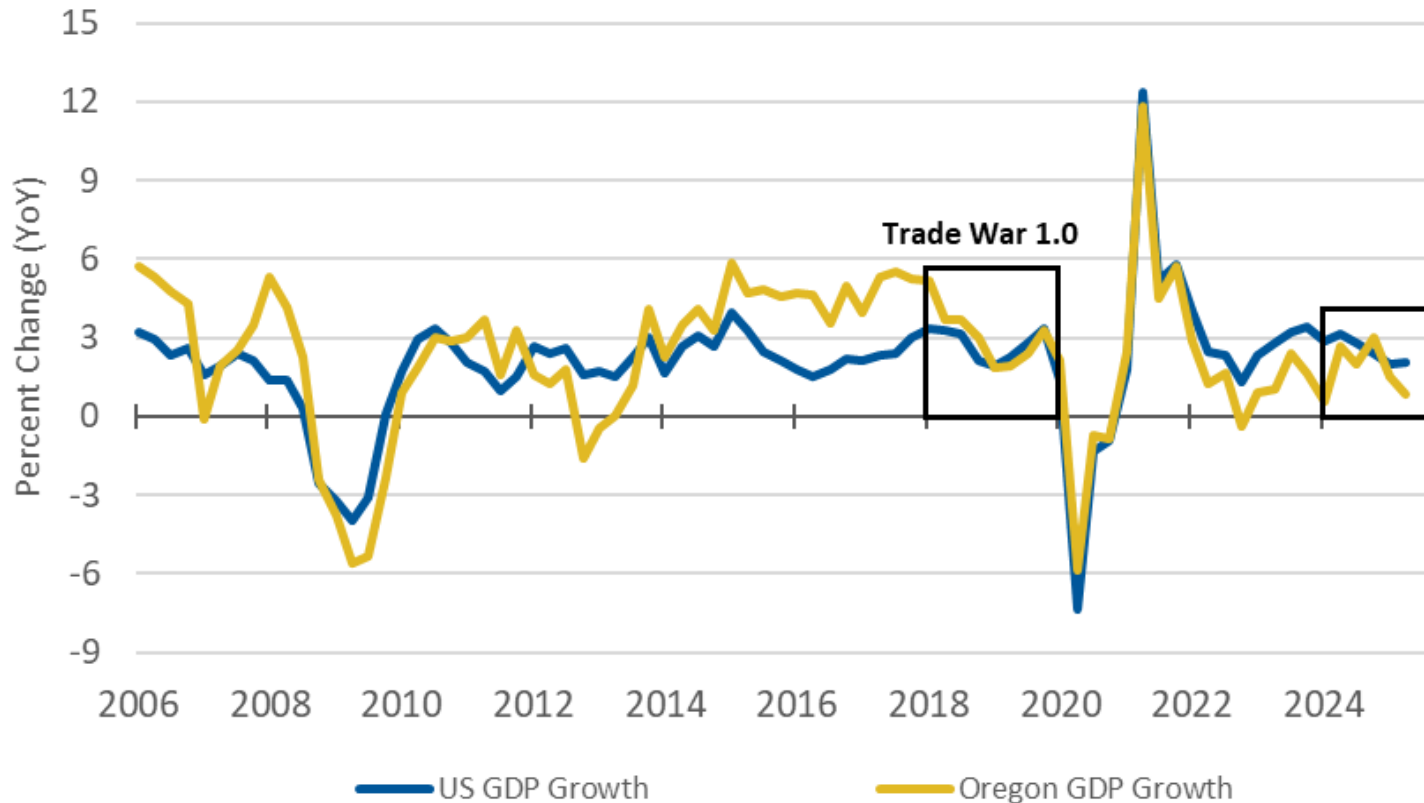
Source: Federal Reserve Bank of Cleveland/Haver Analytics/OEA

Oregon economy lagging US



Oregon and US Real GDP Growth Over Time

Quarterly Data, Percent Change

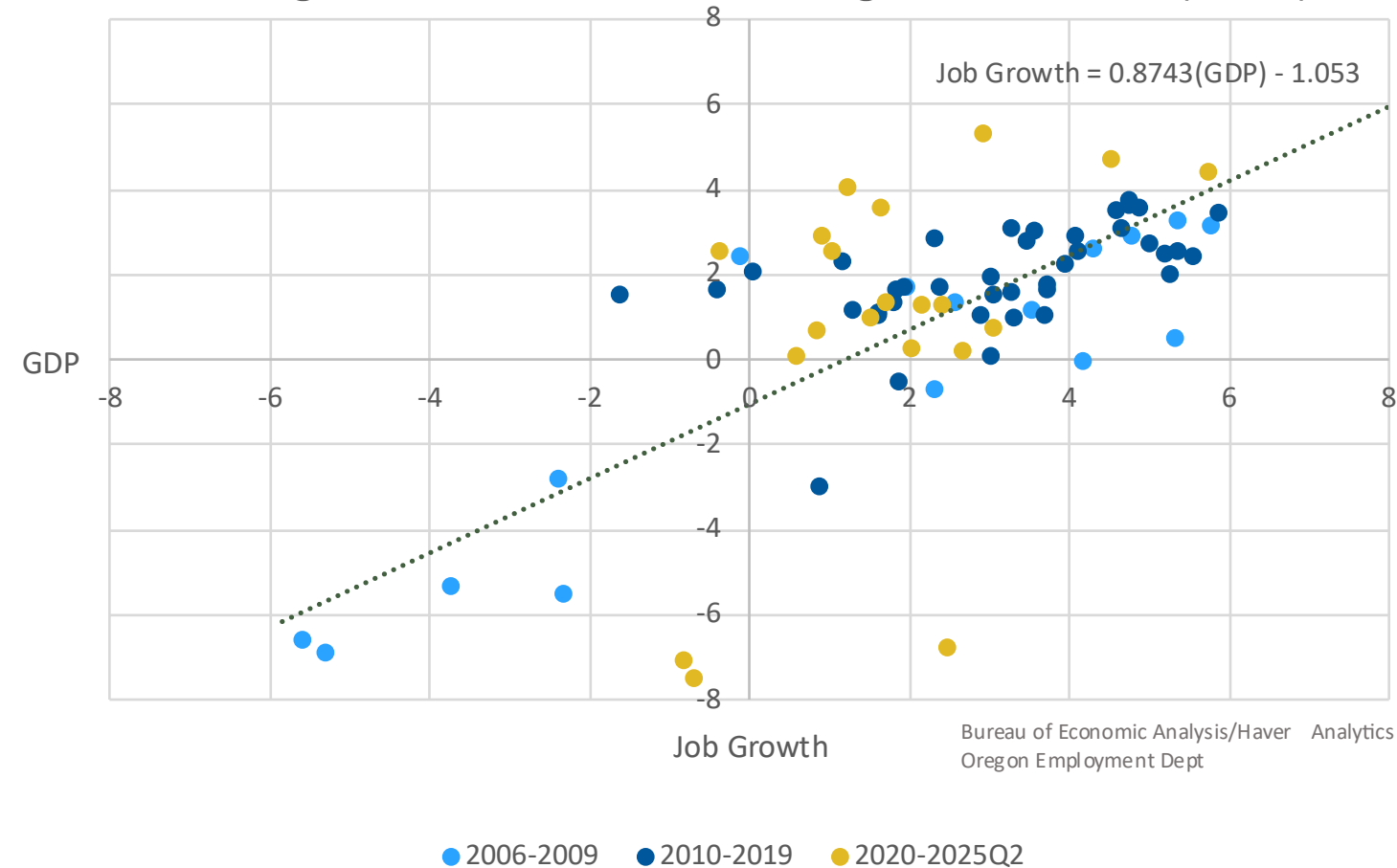


- In the last year, Oregon GDP growth has trailed the U.S. by 0.5 percentage point.
- If this deviation continues and US GDP grows by 1.7% in 2025, Oregon GDP would be near 1.2%.

Oregon GDP and Job Growth



Oregon Real GDP Growth vs Oregon Job Growth (YoY%)



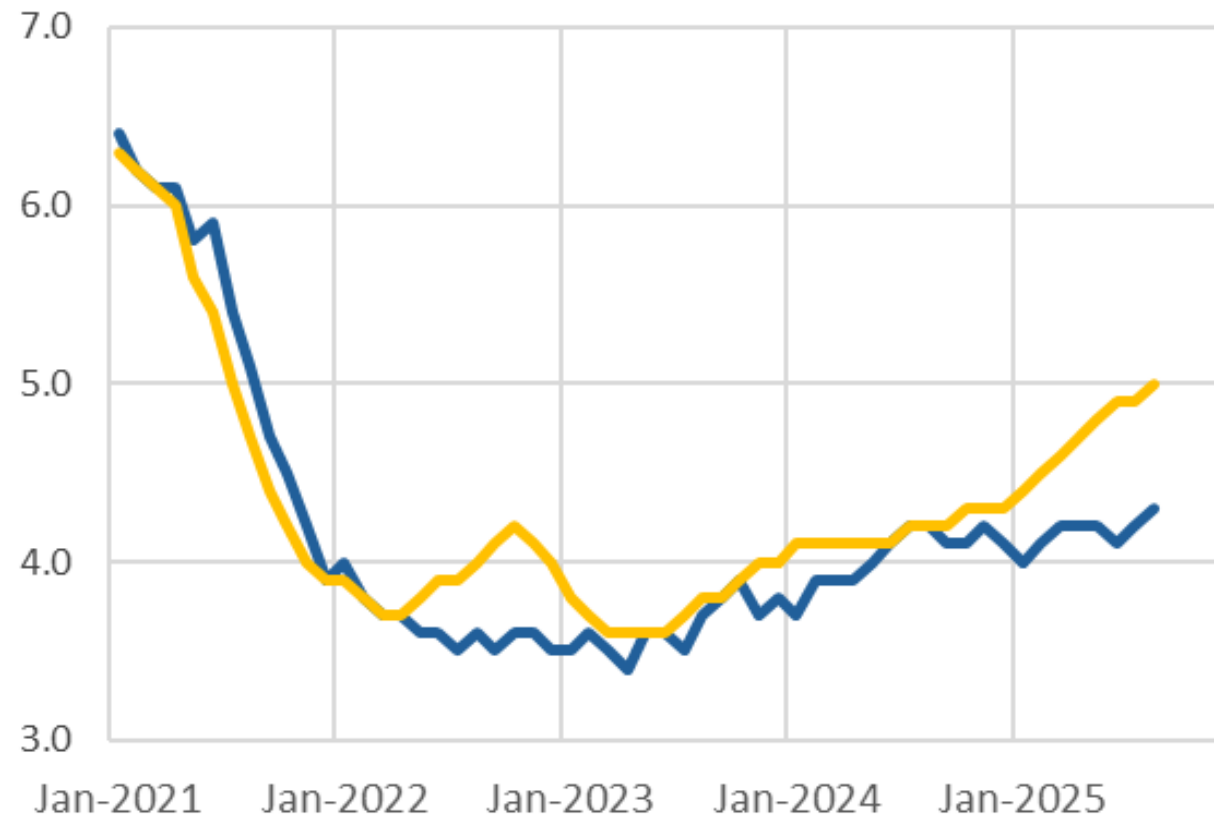
- If Oregon GDP grows by 1.6% in 2025, Oregon employment is expected to grow 0.3%, gaining 7k jobs.
- If Oregon GDP rises by 1.2%, Oregon employment is expected to be unchanged.

Oregon unemployment continues to diverge from national trend



Oregon and U.S. Unemployment Rate

Monthly, Seasonally Adjusted



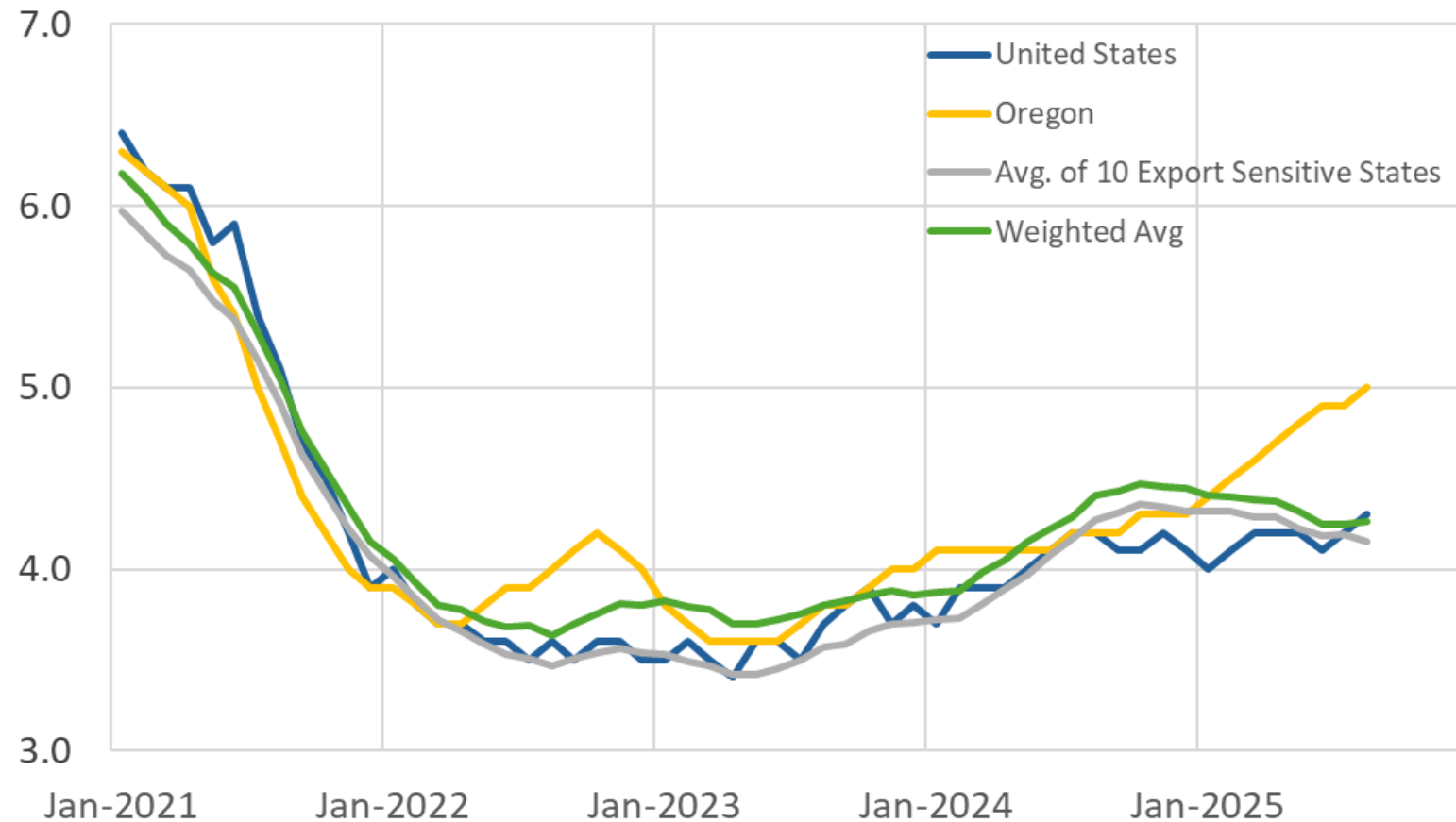
Latest: U.S. August 2025, Oregon August 2025 | Source: Oregon Employment Department, OEA

Trade war may not explain rising unemployment in OR



Unemployment Rate Comparisons

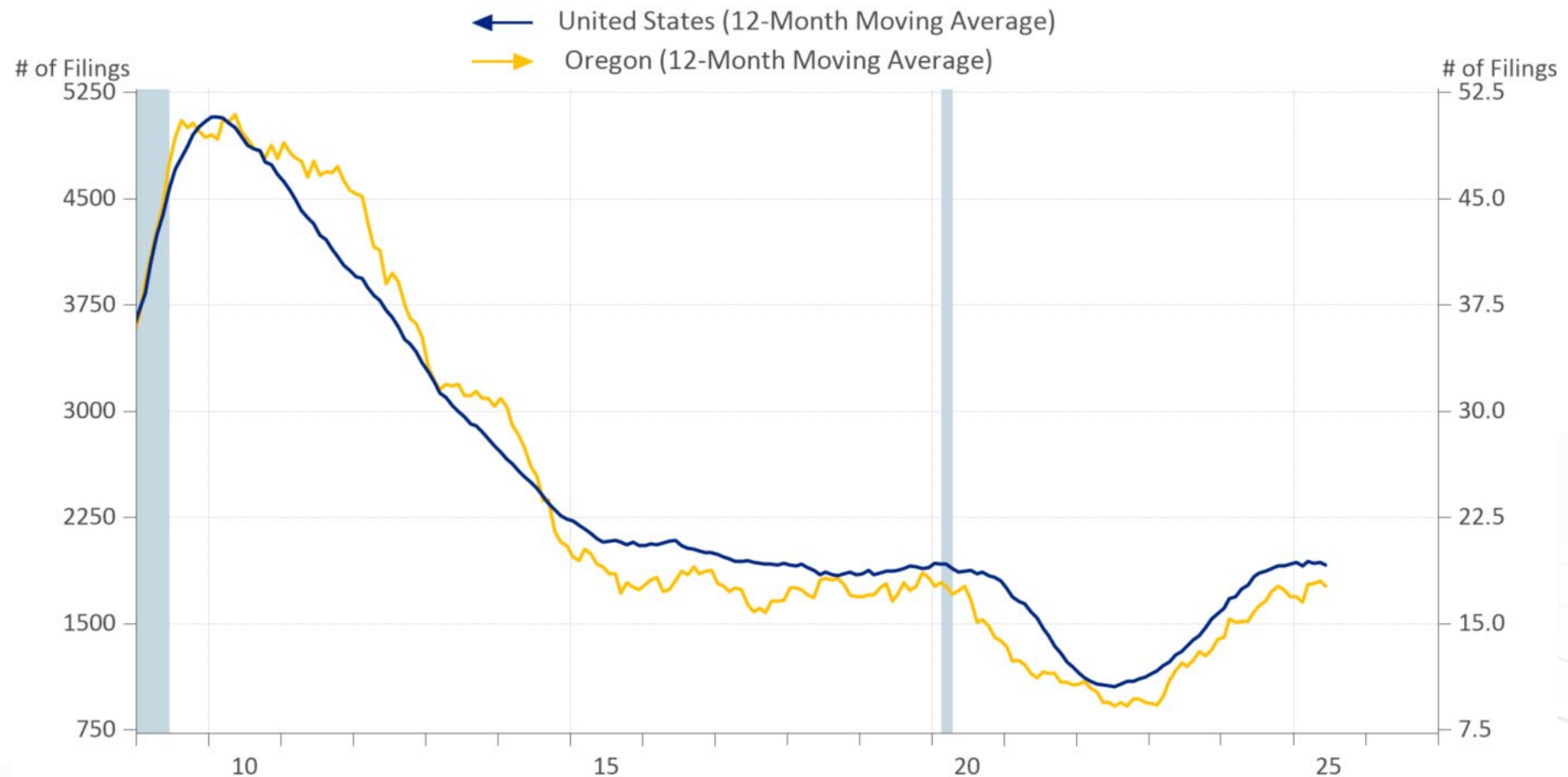
Monthly, Seasonally Adjusted



Business Bankruptcies



Oregon vs. U.S. Business Bankruptcy Filings



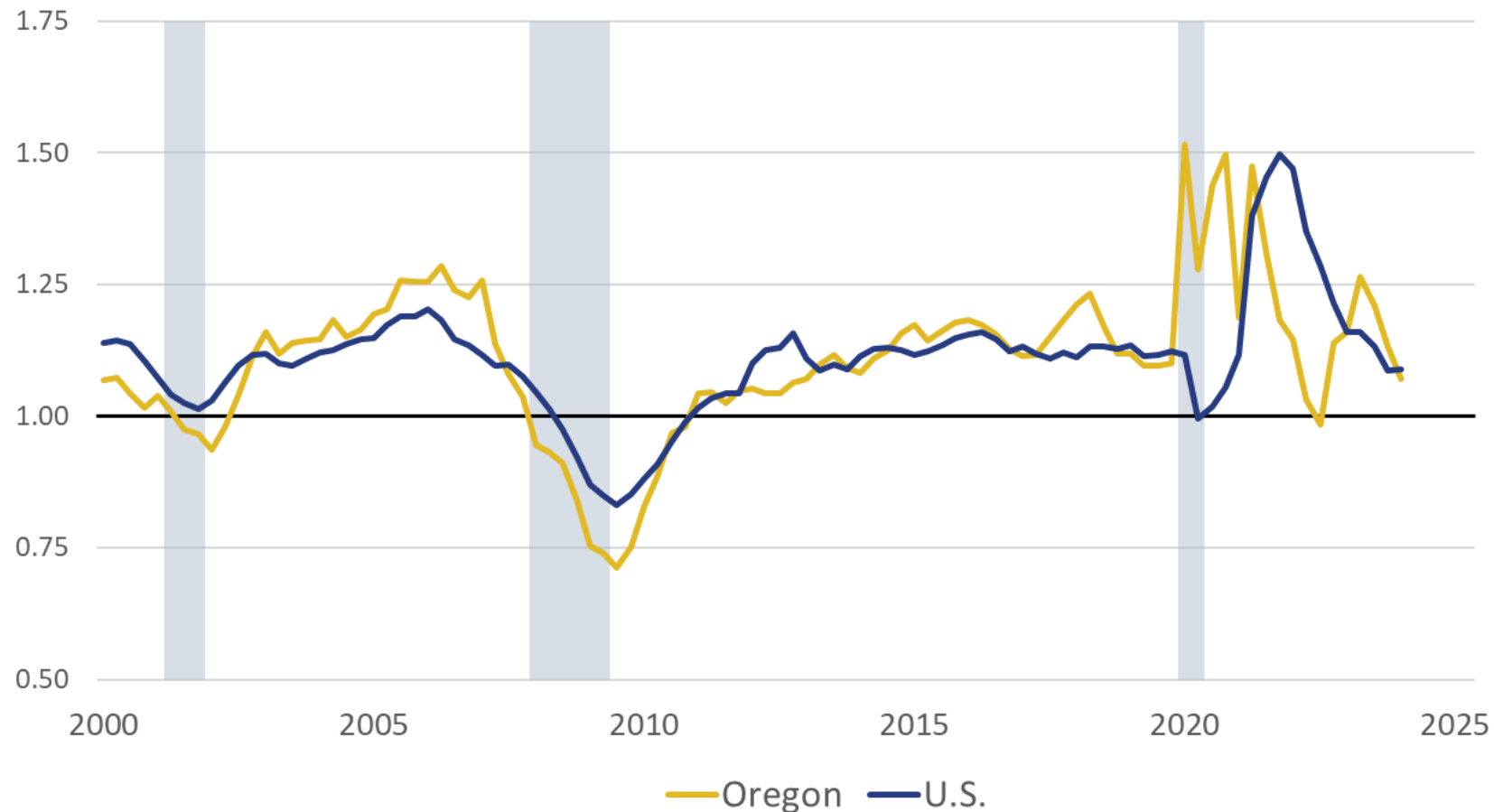
Source: Administrative Office of the U.S. Courts/Haver Analytics/OEA

Ratio of Births/Deaths of Businesses



Ratio of Establishment Births to Deaths

Private Sector, 4-Quarter Moving Average, Seasonally Adjusted



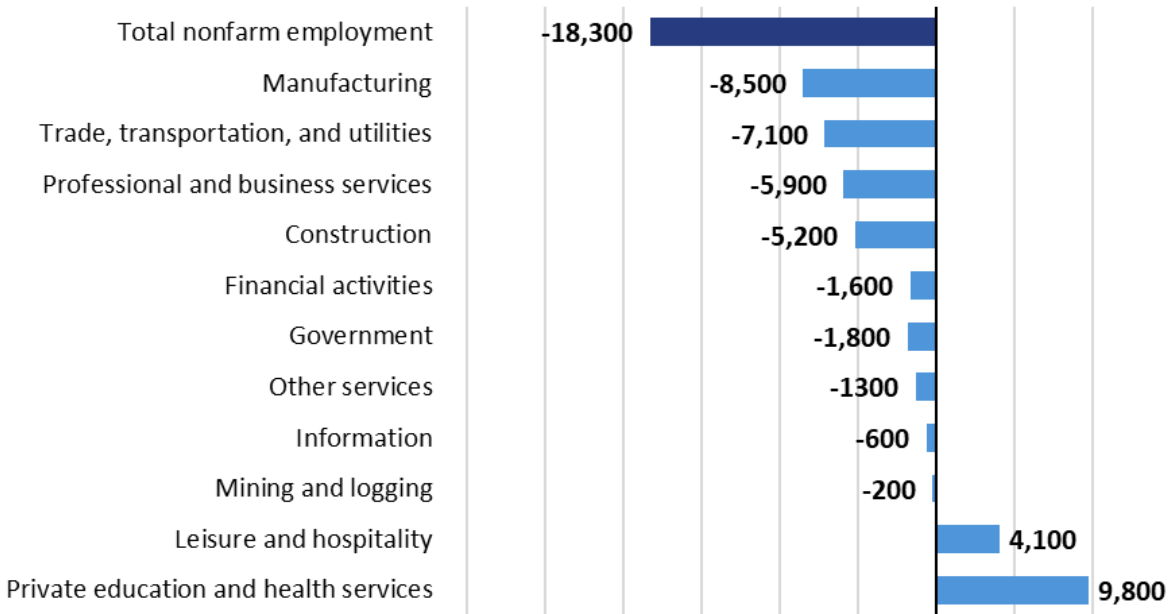
Source: BLS, OEA

Waiting for more data to make sense of August jobs report



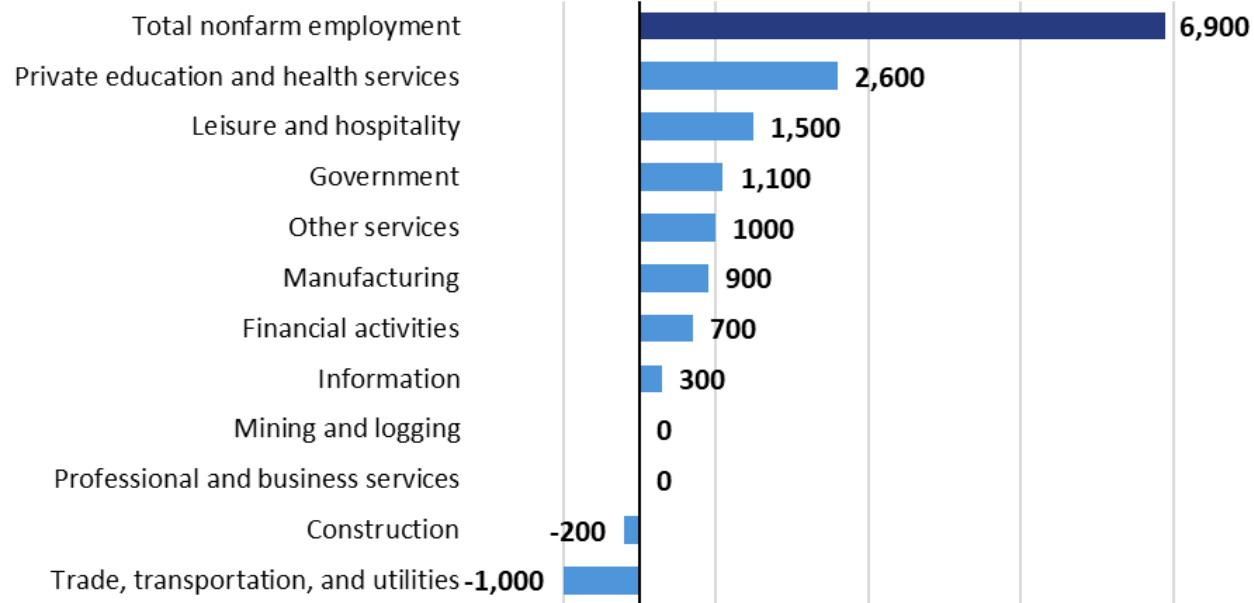
Oregon Net Employment Change by Industry

August 2024 to August 2025, Seasonally Adjusted



Oregon Monthly Employment Change by Industry

August 2025 over July 2025, Seasonally Adjusted



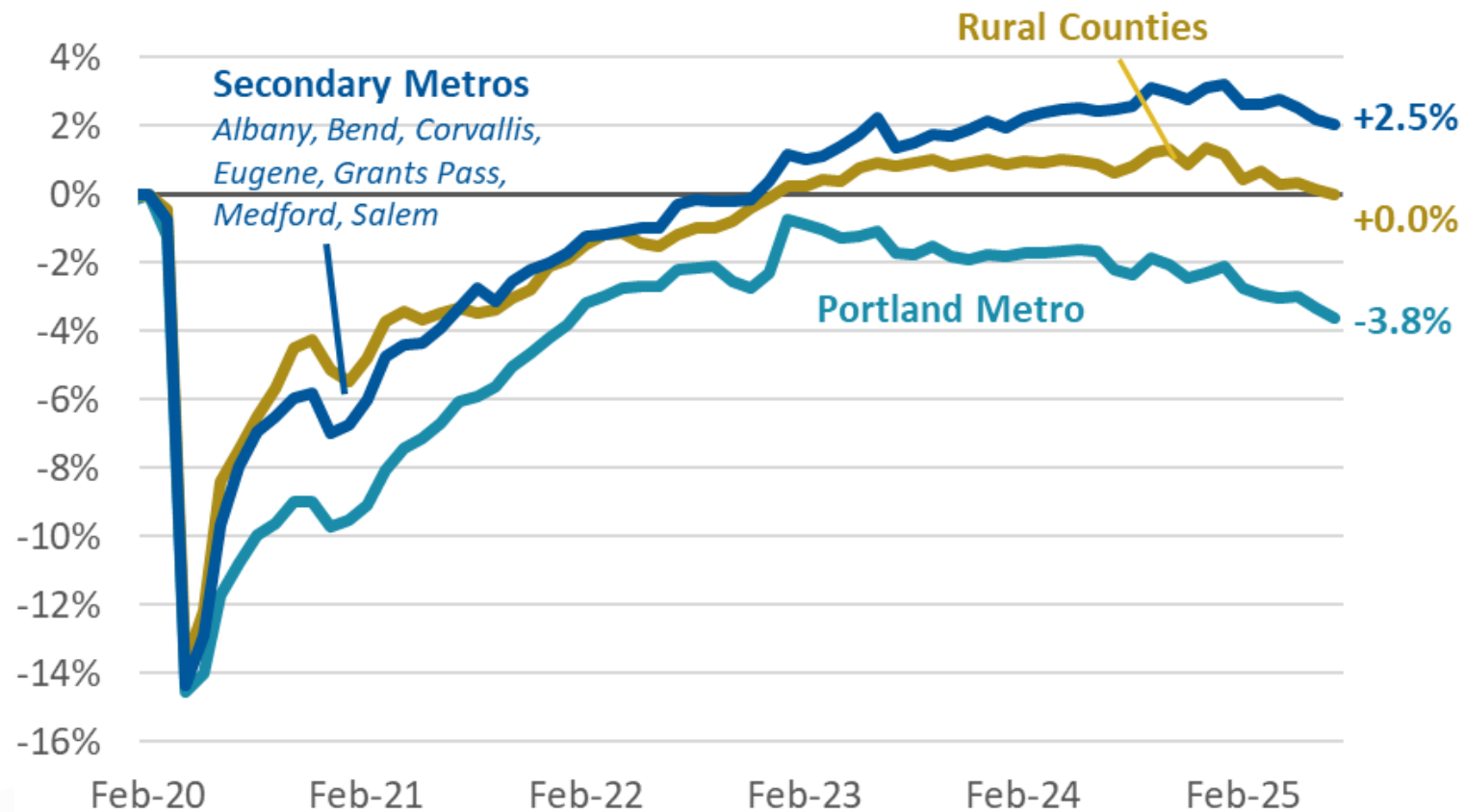
Source: Oregon Employment Department/OEA

Secondary Metros drive job creation

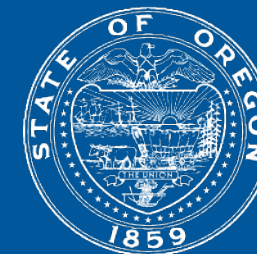


Oregon Employment: Urban and Rural

Percent change from February 2020



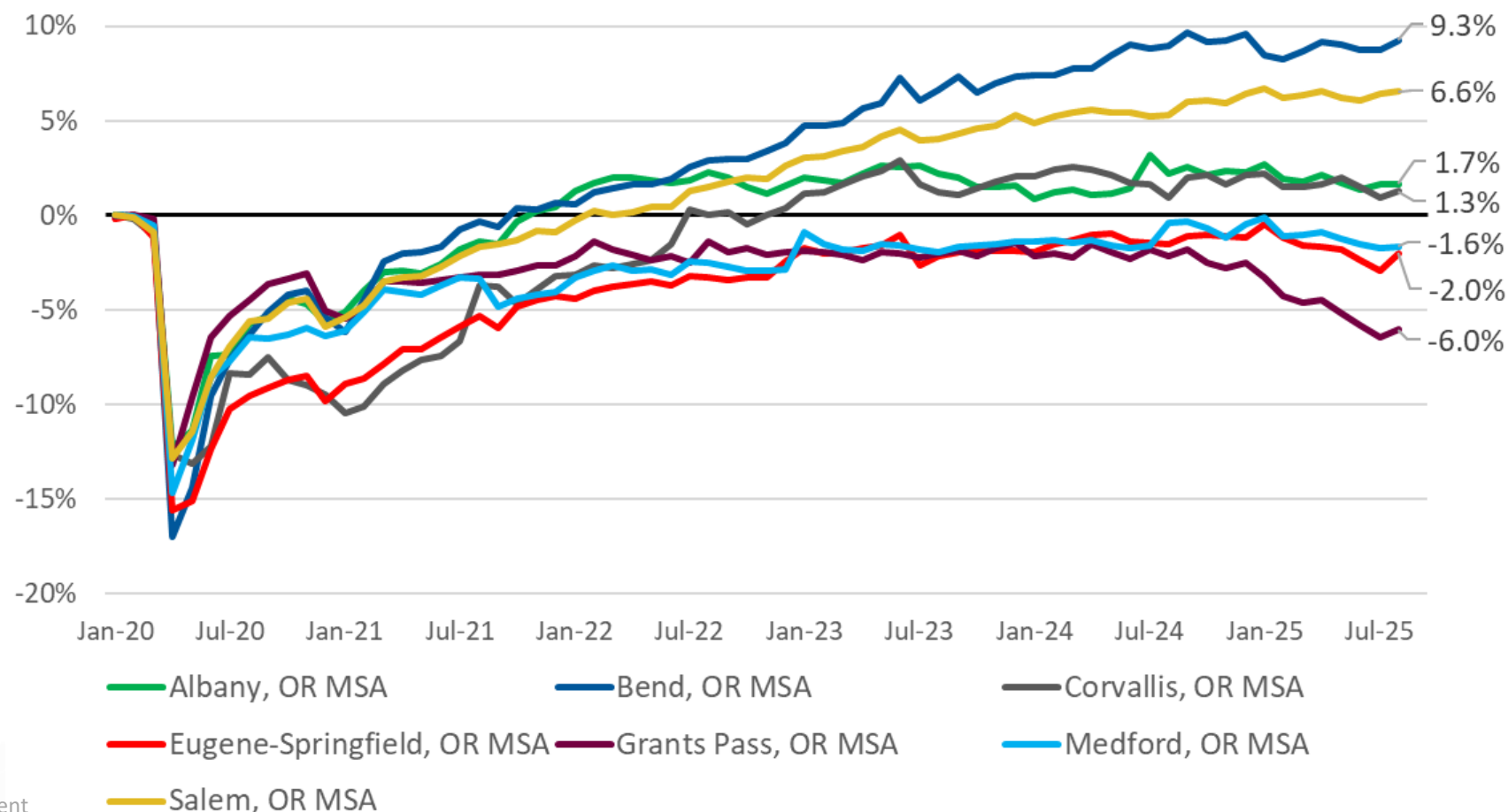
Latest Data: Aug 2025 | Source: Oregon Employment Dept, Oregon Office of Economic Analysis



Bend and Salem leading the pack

Oregon Employment: Secondary Metros

Percent change from February 2020

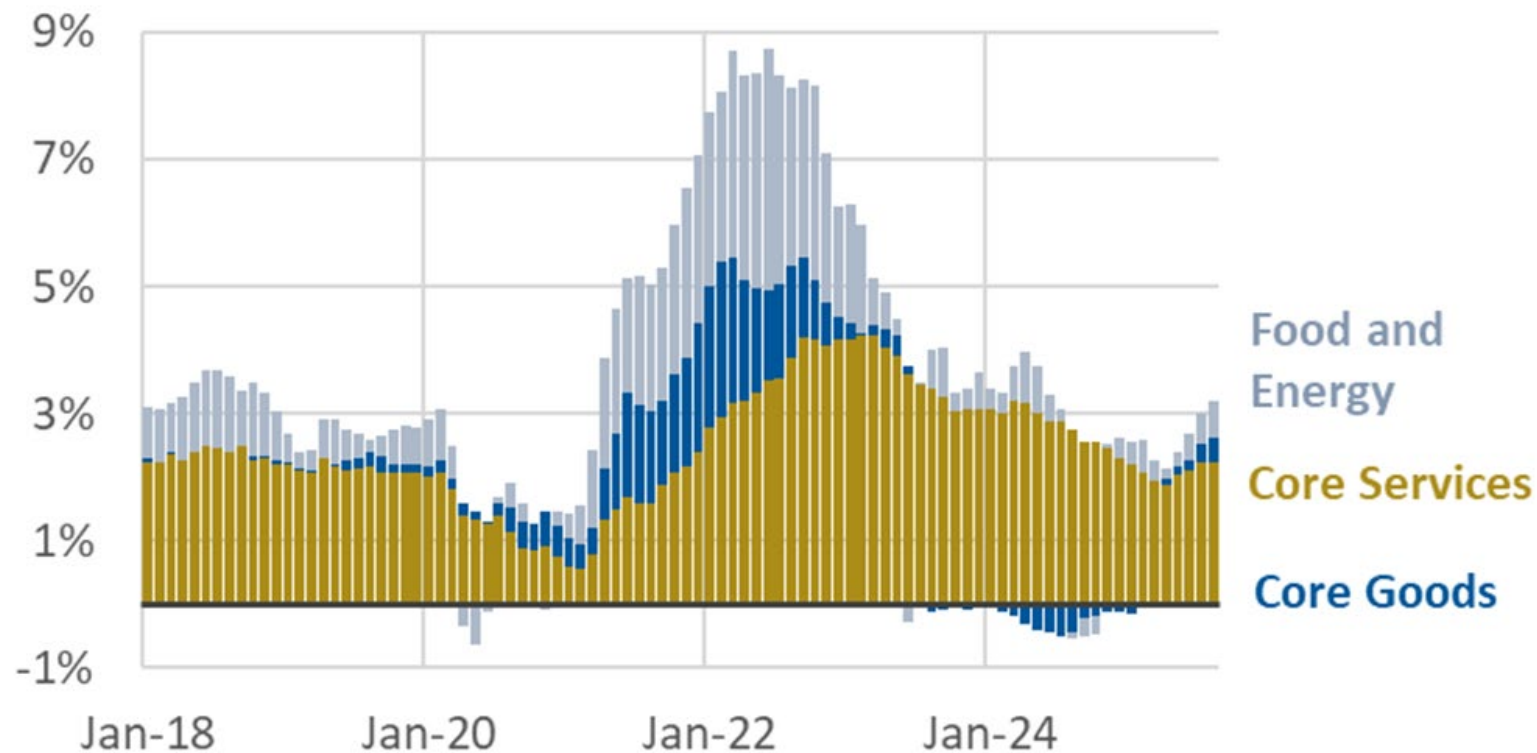


Inflation deviating sharply from Fed's 2% target

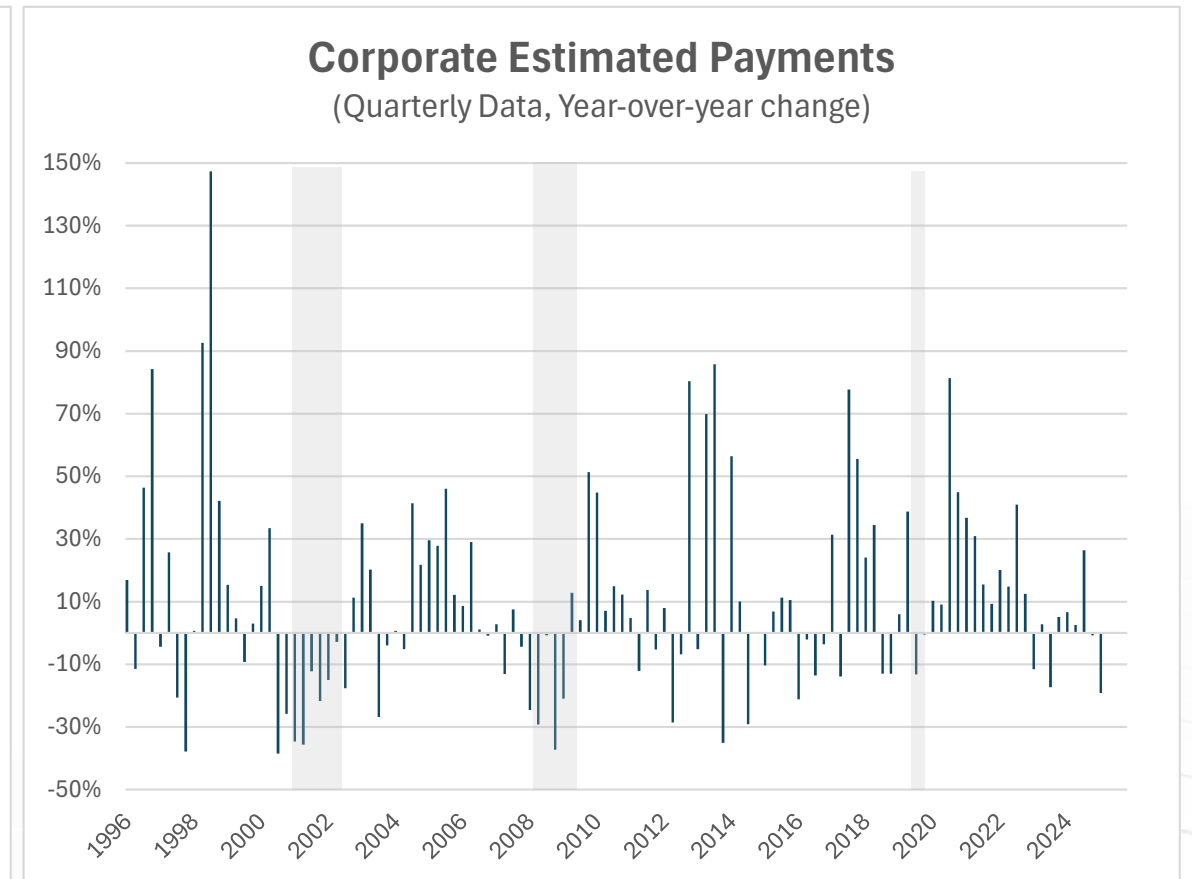
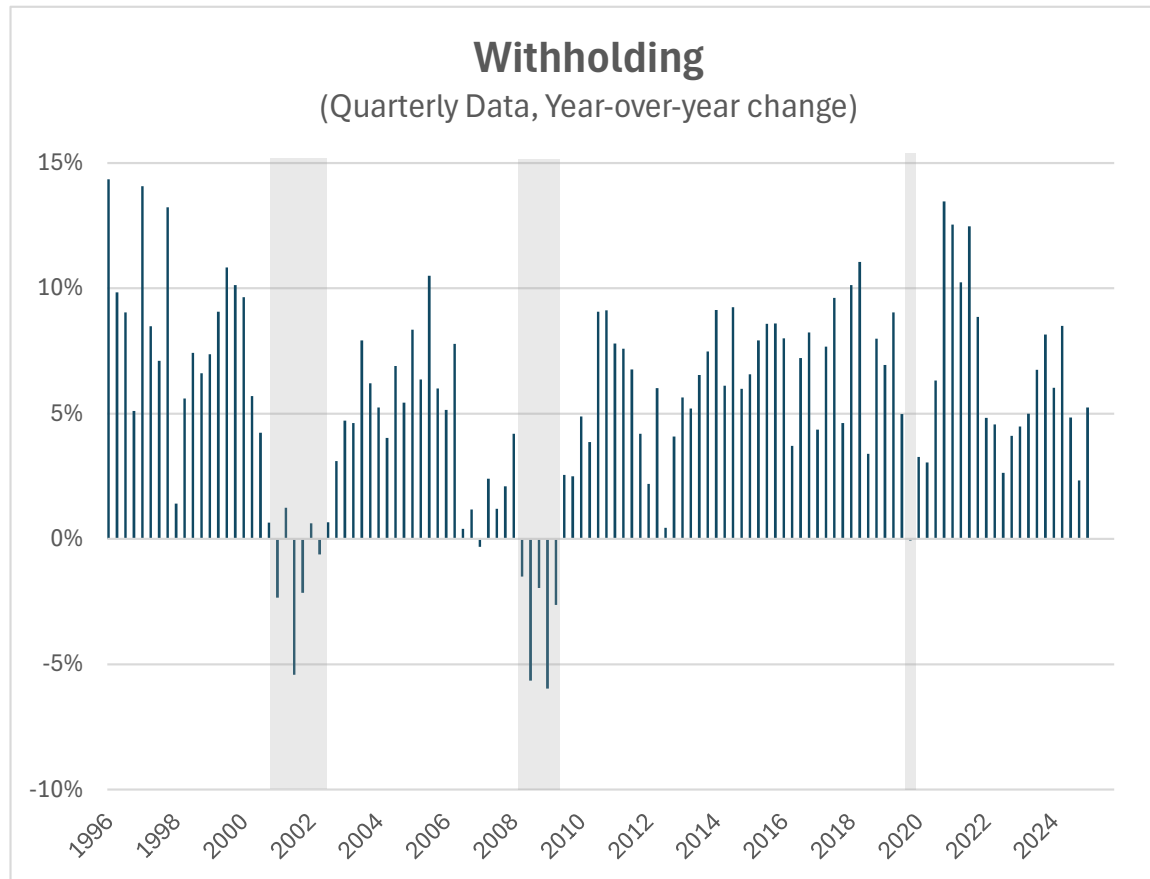


Disinflation Progress Interrupted

Decomposing Year-over-Year Change in the West Region Consumer Price Index



Recession Indicators



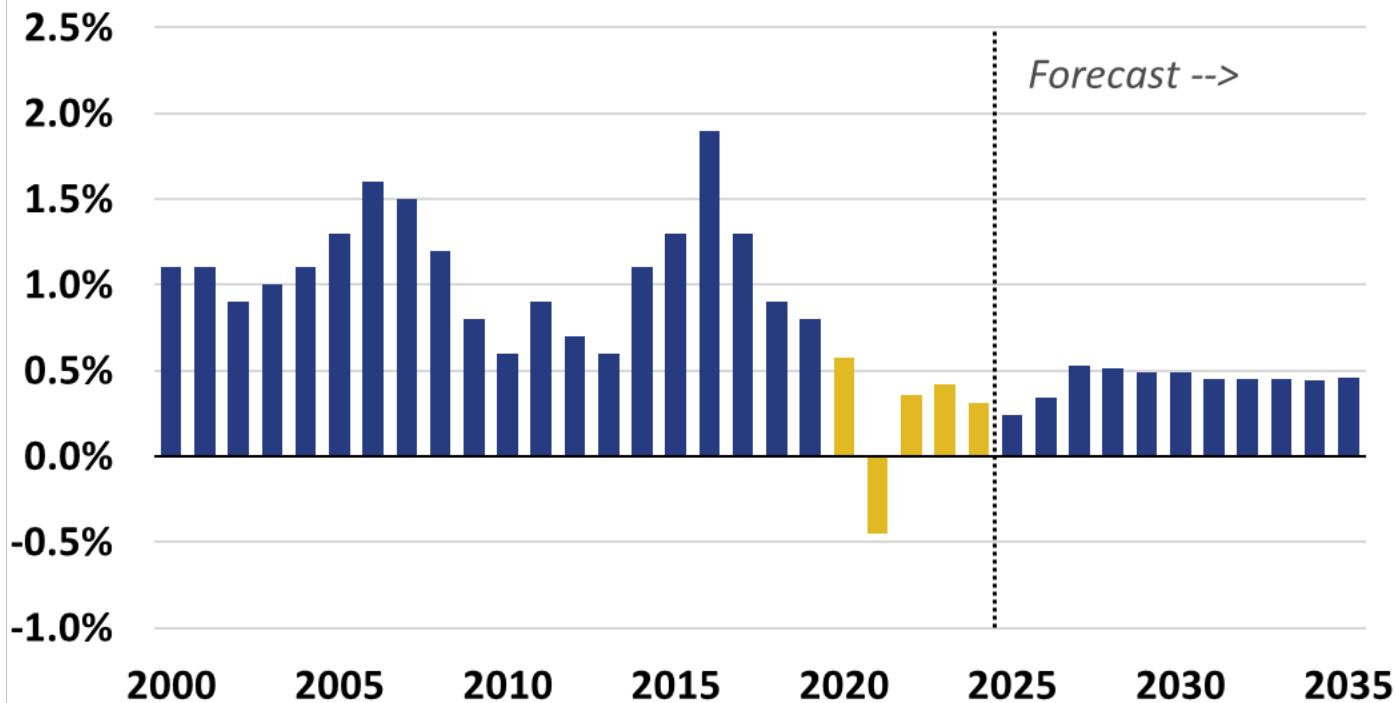
Longer-term outlook depends on demographic trend



Oregon Population Growth

Annual change in total state population

History/Forecast and PSU Estimates



Latest: 2024 | Source: U.S. Census Bureau, Portland State Research Center, Oregon Office of Economic Analysis

Oregon is growing slower than U.S.

- Total growth slower in part due to deaths outnumbering births.
- Oregon's entire population growth will come from net migration.
- Population expected to grow by average of 0.44% through 2035.

Revenue Update



Income Tax Receipts improve balance



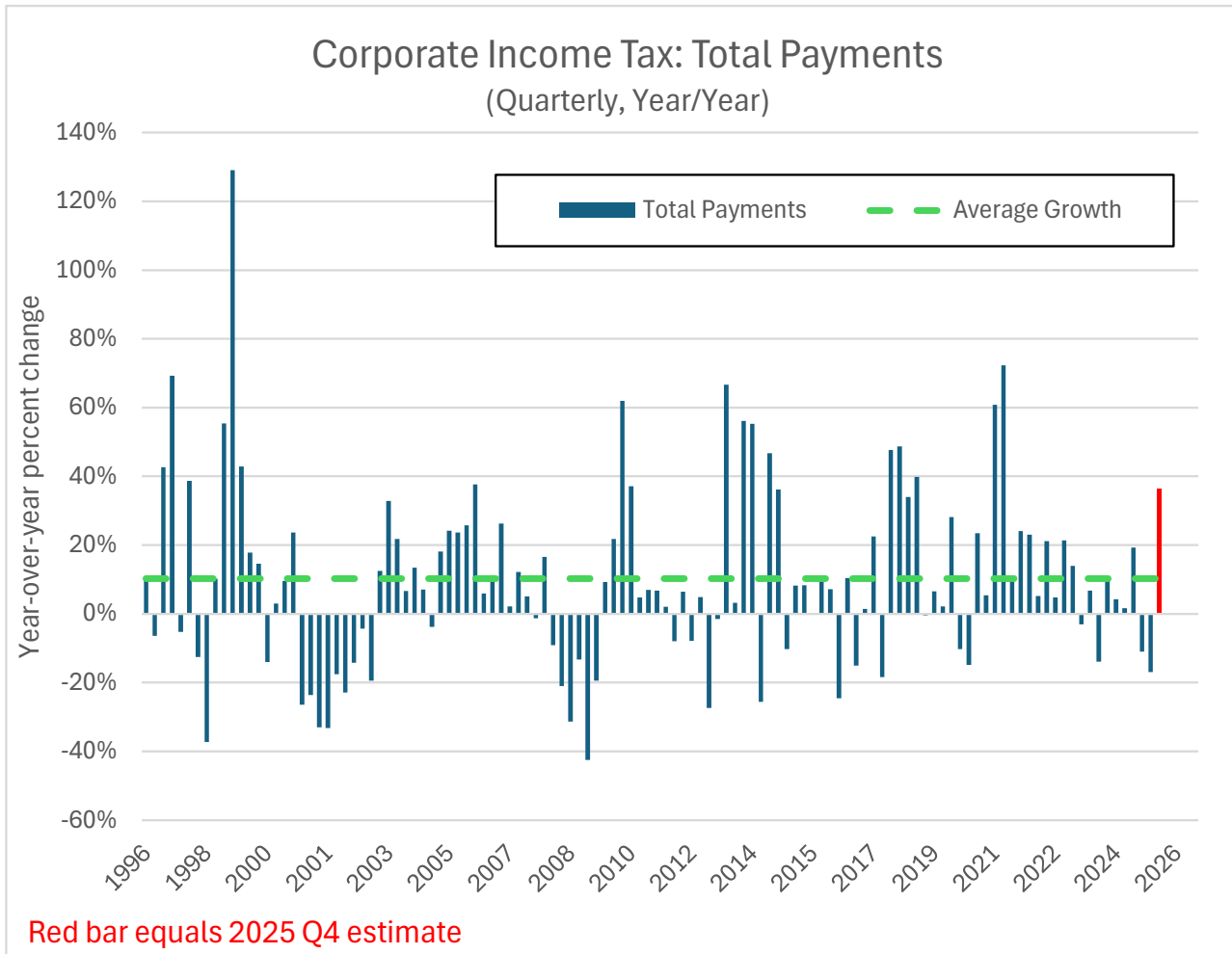
2025-27 General Fund Revenue Statement

	September 2025 Forecast	December 2025 Forecast	Change from Prior Forecast
Revenues (millions)			
Personal Income Tax*	\$29,892.5	\$29,941.0	\$48.5
Corporate Income Tax*	\$2,932.9	\$3,199.8	\$266.9
All Other Revenues	\$2,106.4	\$2,100.5	-\$5.8
Net General Fund	\$34,931.8	\$35,241.3	\$309.5
Beginning Balance	\$2,018.7	\$2,018.7	\$0.0
Appropriations	\$37,323.1	\$37,323.1	\$0.0
Projected Ending Balance*	-\$372.7	-\$63.1	\$309.5

* includes offsets and RDF transfers

- GF Revenues up \$309.5 million.
 - Recent Corporate receipts
 - Mild economic upgrade
- Projected Ending Balance up \$309.5 million to **-\$63.1 million**

Corporate Income Tax: historic volatility



- Corporate payments historically volatile.
- Liability concentrated among relatively small number of payers
- Q4 = estimated **36.4 percent**
- Related to prior tax years

Thank You

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