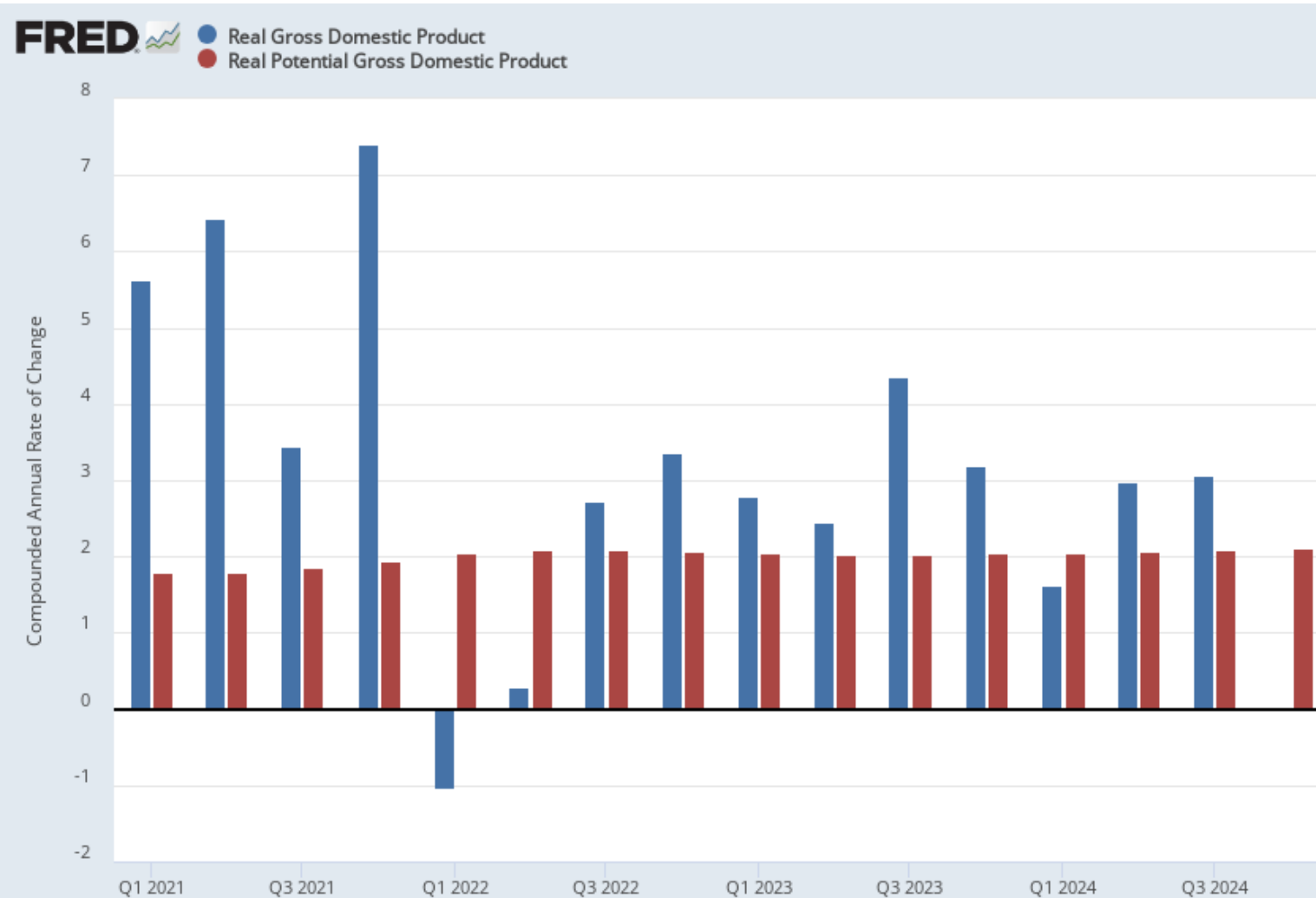


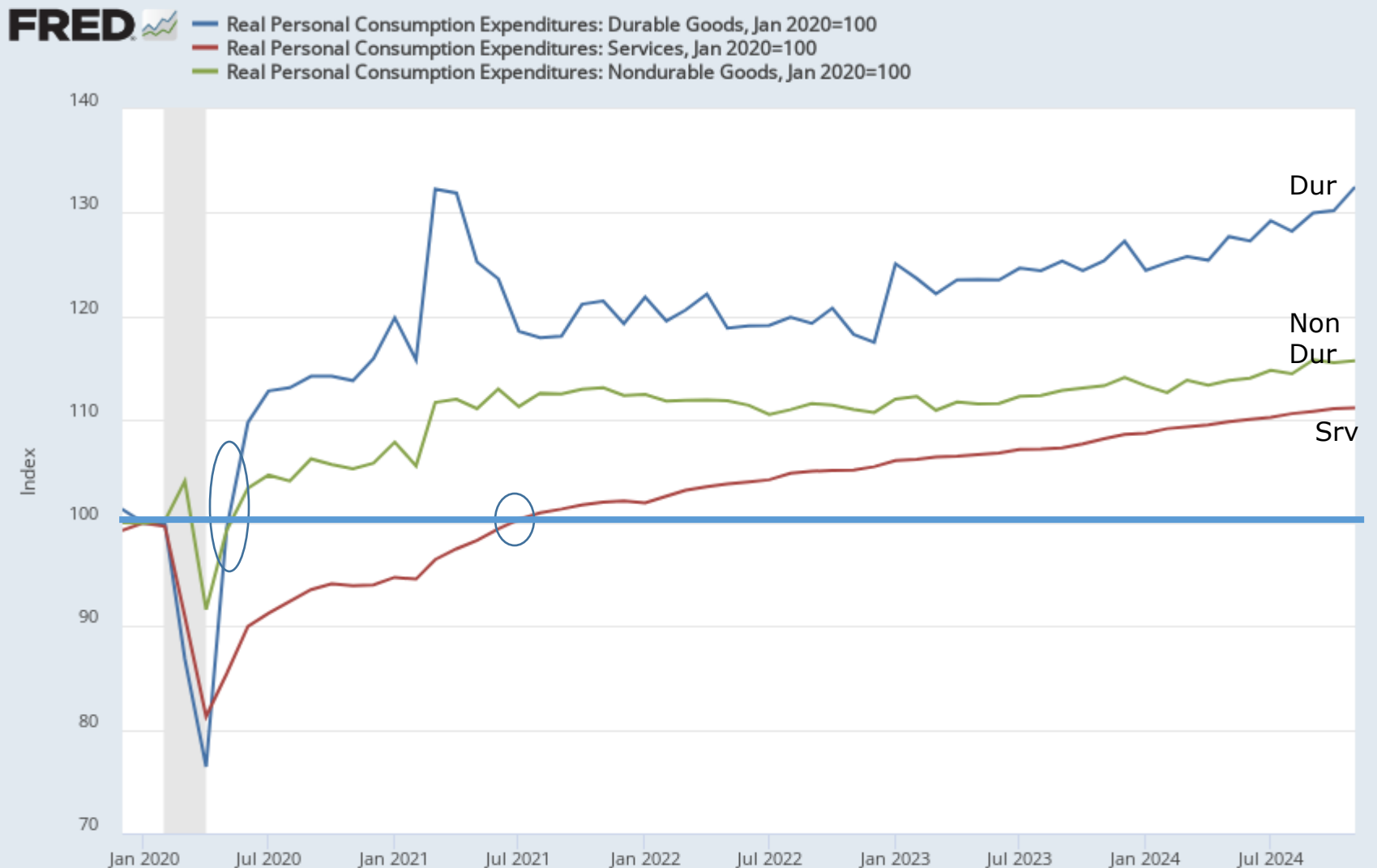
Except for Anemic Growth First Half of 2022,
Growth has mainly been above Potential



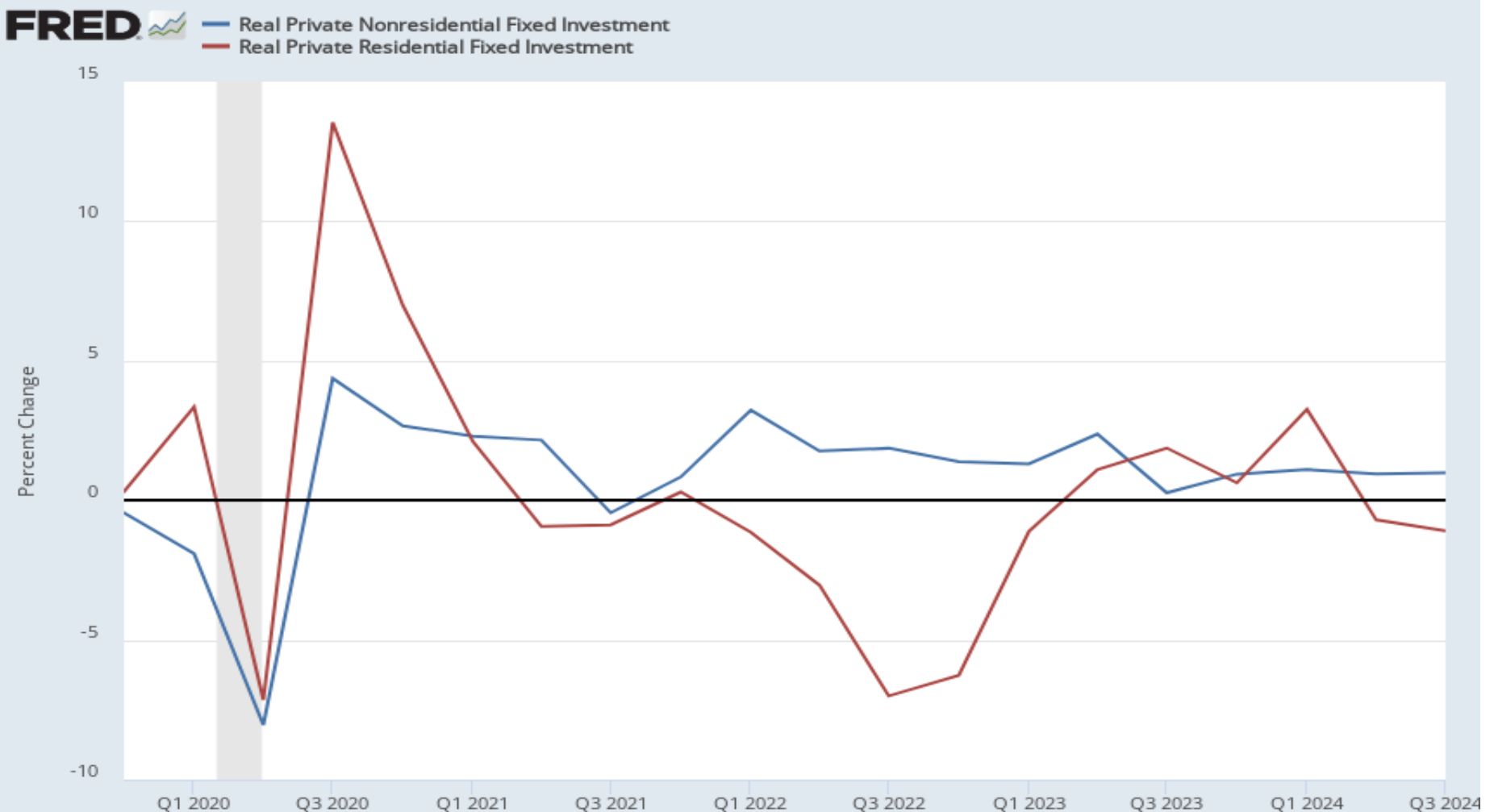
Contributions to
GDP Growth

GDP = 3.1%
Cons = 2.5%
Net I = 0.38%
Invent = -0.22%
Net Exp = -0.43%
Govt = 0.86%

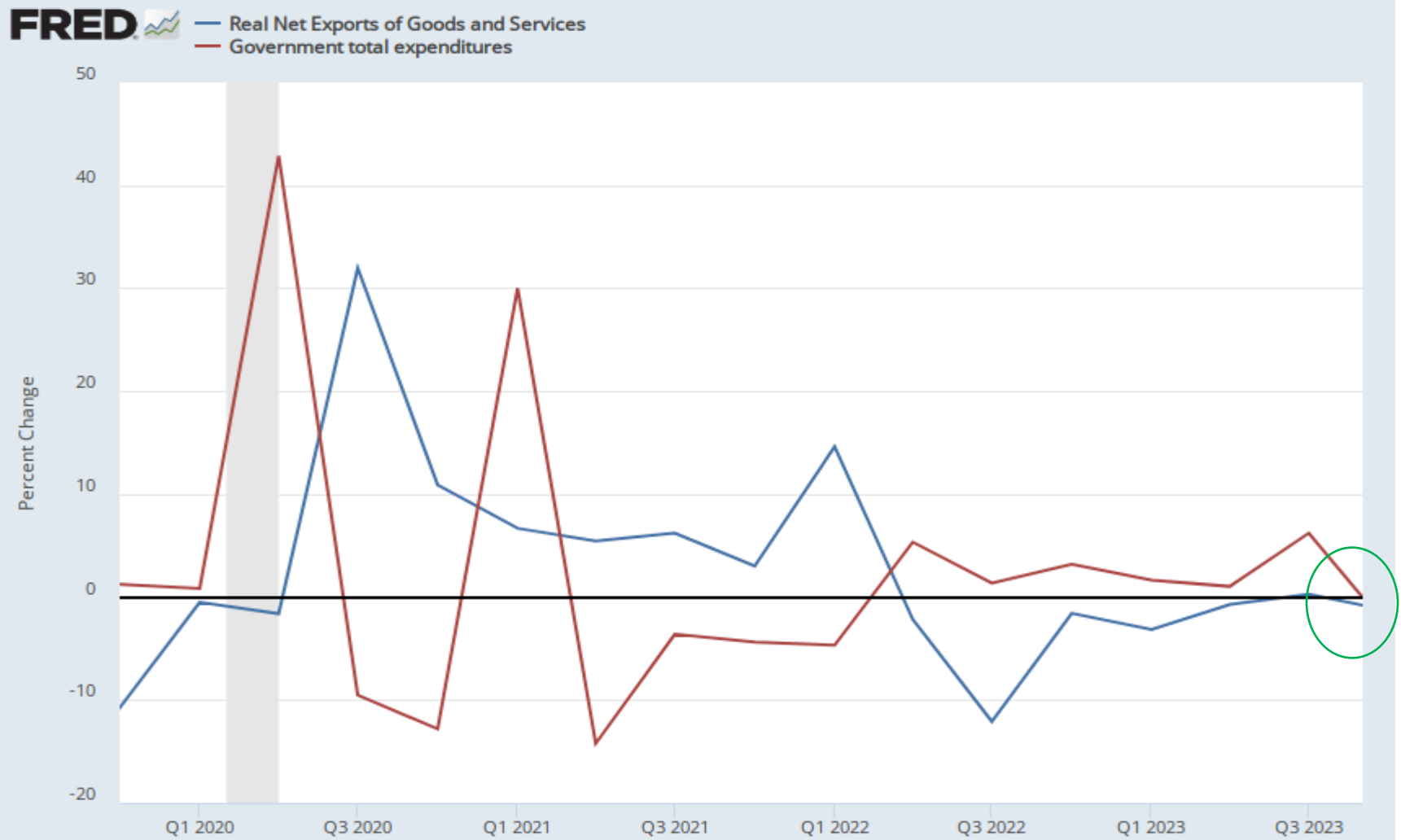
US: Services slow to recover from pandemic, all are steady now



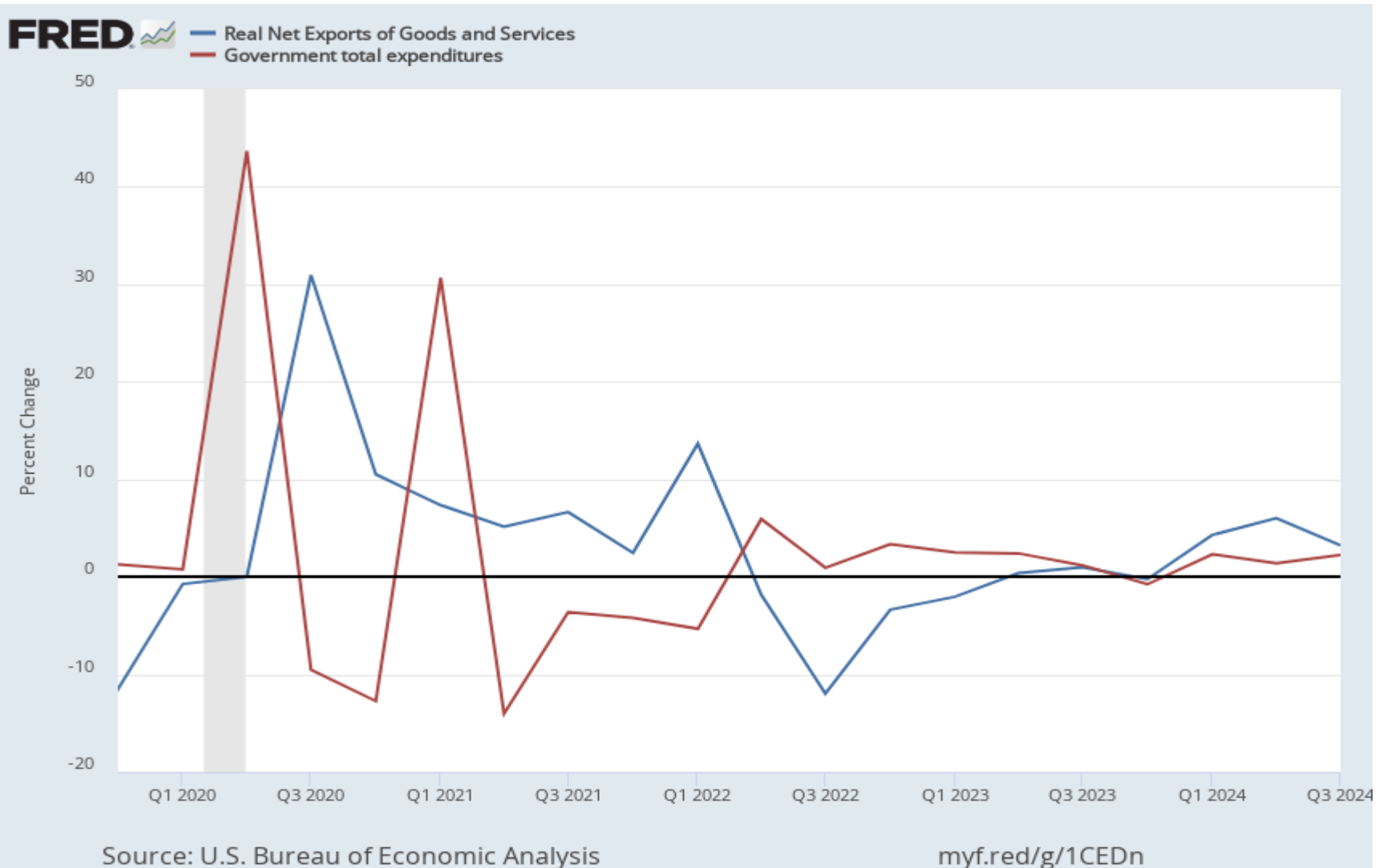
Residential multifamily down since 2023Q and single family down last 2 quarters (though some recent building permits are slightly up). Nonresidential shows some strength in equipment: transportation and computers.



Net Exports basically flat as is Government after huge spending on the pandemic and infrastructure.



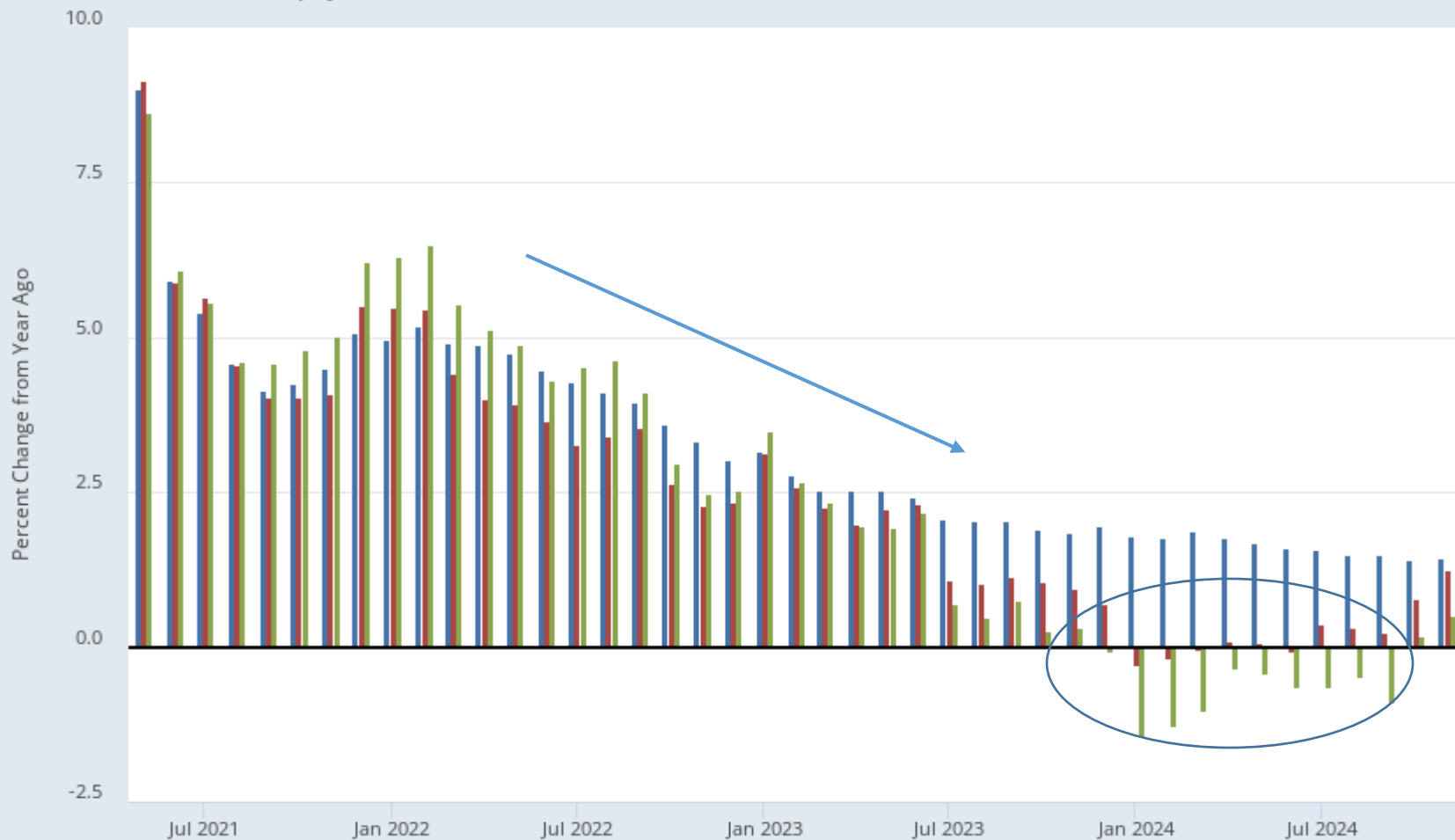
Both Exports and Imports picked up in 2024Q3. Government spending slowed after huge spending on the pandemic and infrastructure.



NonFarm Employment % Chg Year Ago (May 2021 Thru Nov 2024)

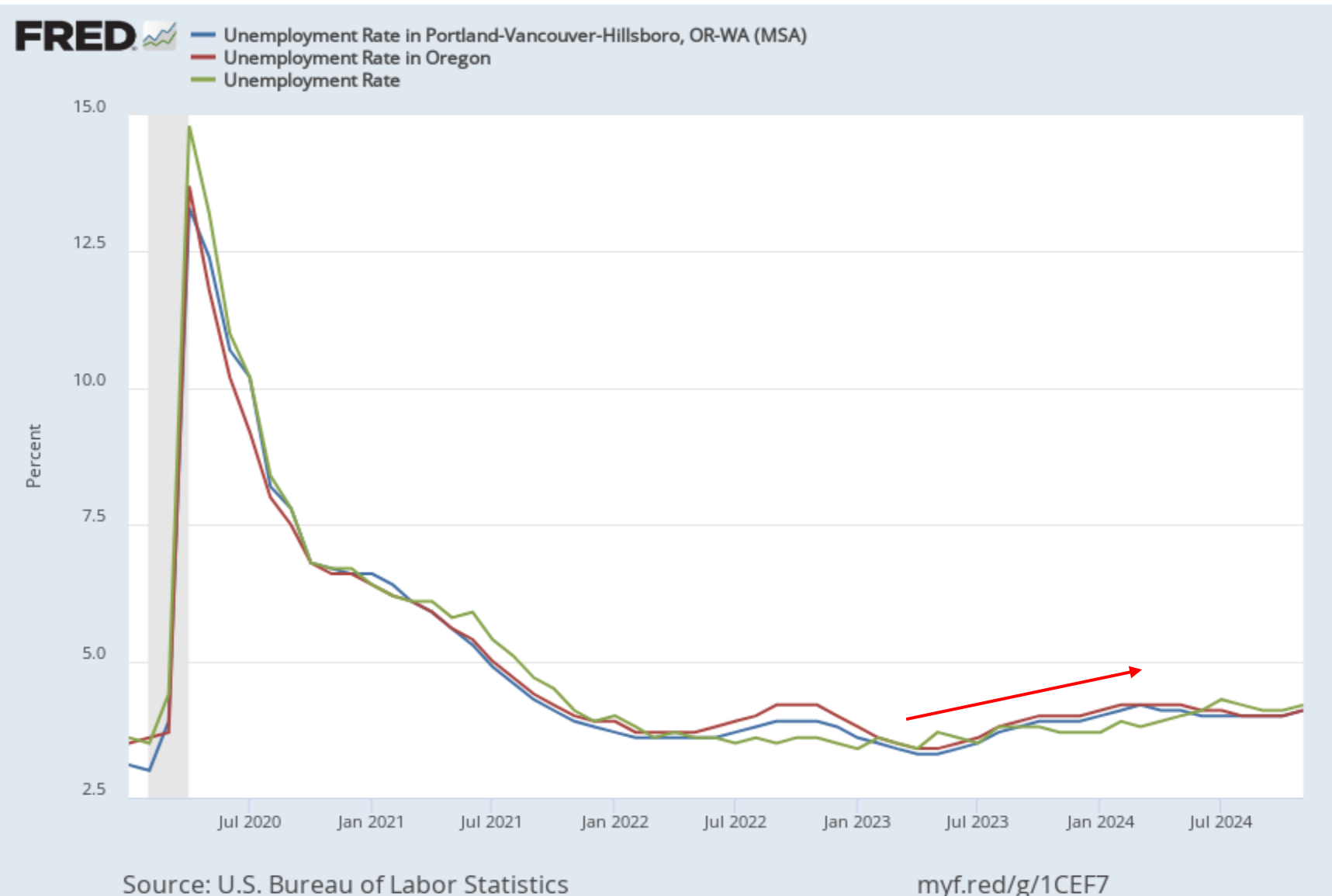
FRED

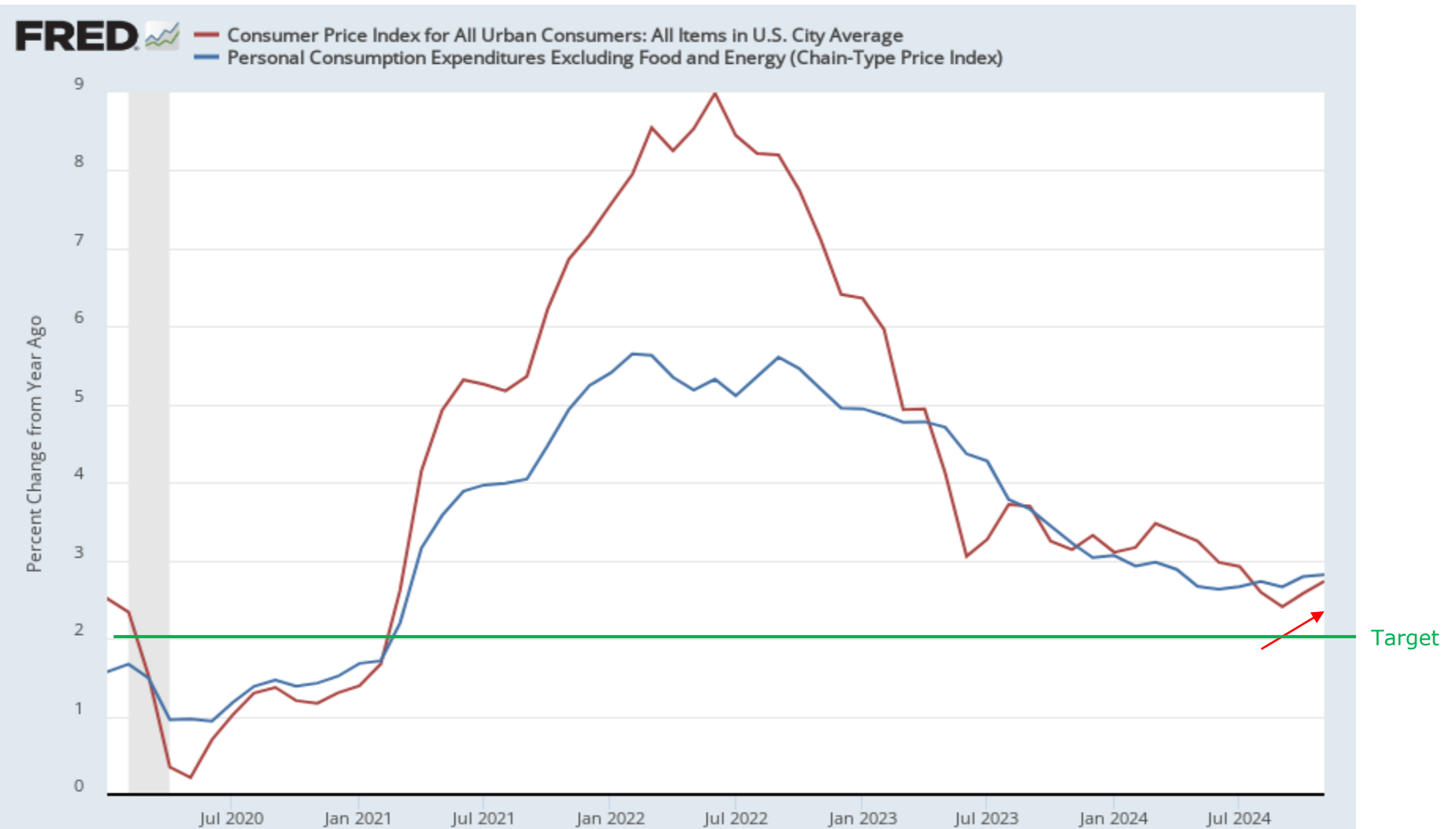
- All Employees, Total Nonfarm
- All Employees: Total Nonfarm in Oregon
- All Employees: Total Nonfarm in Portland-Vancouver-Hillsboro, OR-WA (MSA)



Source: U.S. Bureau of Labor Statistics

myf.red/g/1CEEEx





Exports and Imports

(and we thought trade was
mutually beneficial)

US Top Trading Partners - October 2024

Year-to-Date Total Trade

Rank	Country	Exports	Imports	Total Trade	Percent of Total Trade
---	Total, All Countries	1,724.0	2,708.3	4,432.3	100.0%
---	Total, Top 15 Countries	1,218.4	2,100.1	3,318.4	74.9%
1	Mexico	282.5	424.4	706.9	15.9%
2	Canada	293.3	343.8	637.1	14.4%
3	China	118.2	363.6	481.8	10.9%
4	Germany	64.0	133.8	197.8	4.5%
5	Japan	66.5	123.7	190.2	4.3%

Top3: 41.2%

Year-to-Date Exports

Rank	Country	Exports	Percent of Total Exports
---	Total, All Countries	1,724.0	100.0%
---	Total, Top 15 Countries	1,264.2	73.3%
1	Canada	293.3	17.0%
2	Mexico	282.5	16.4%
3	China	118.2	6.9%
4	Netherlands	74.1	4.3%
5	Japan	66.5	3.9%

Top 3: 29.3%

US Top Trading Partners - October 2024

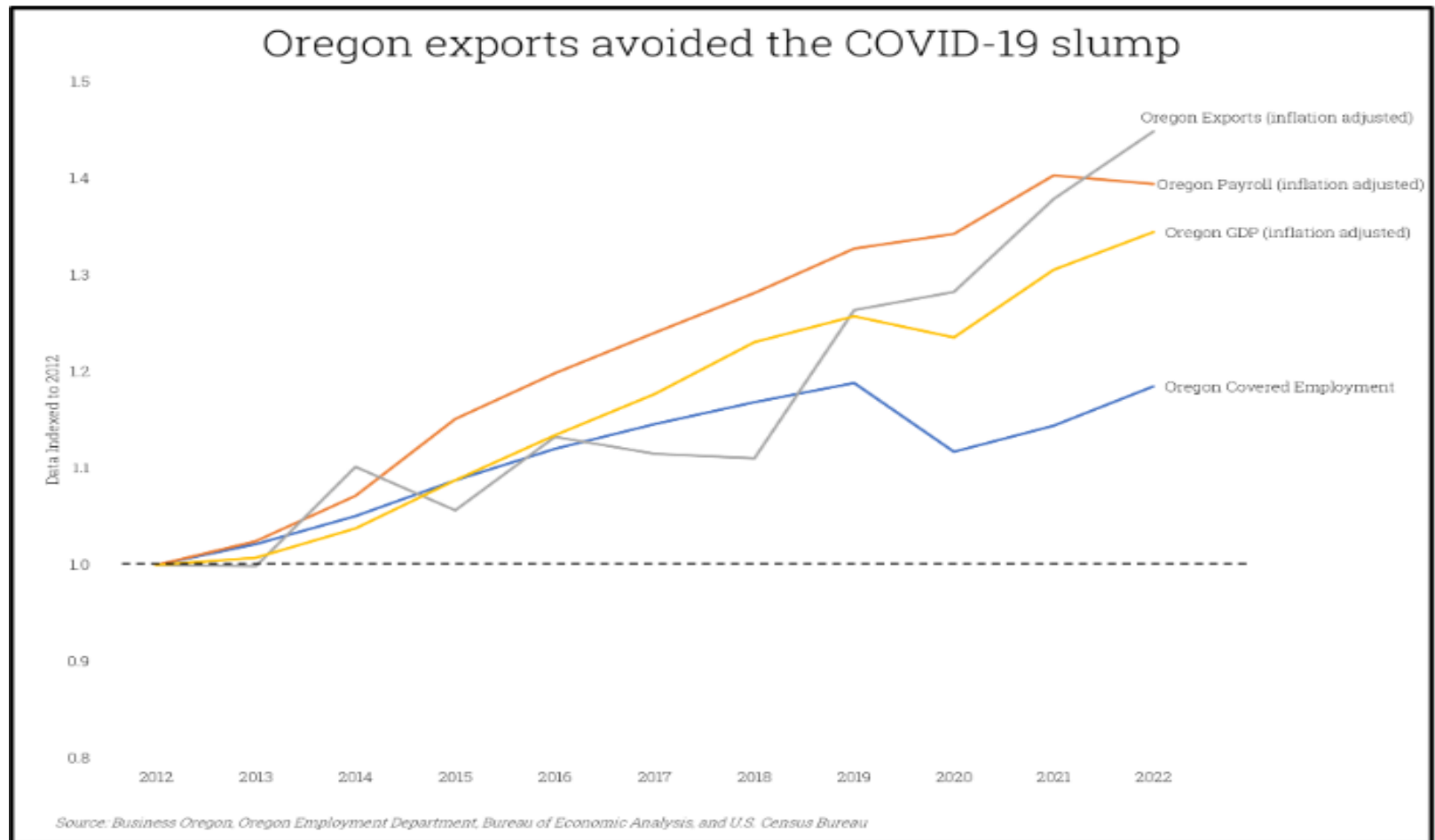
Year-to-Date Imports

Rank	Country	Imports	Percent of Total Imports
---	Total, All Countries	2,708.3	100.0%
---	Total, Top 15 Countries	2,132.5	78.7%
1	Mexico	424.4	15.7%
2	China	363.6	13.4%
3	Canada	343.8	12.7%
4	Germany	133.8	4.9%
5	Japan	123.7	4.6%

Top 3: 41.8%

Year-to-Date Deficits

Rank	Country	Deficit
1	China	-245.4
2	Mexico	-141.9
3	Vietnam	-102.2
4	Ireland	-71.2
5	Germany	-69.9



Oregon Key Trading Partners and Export Facts

- Oregon's top export destinations include **China, Canada, Japan, South Korea, and Malaysia.**
- In 2022, exports were 14.5% of Oregon GDP. Nationally, exports are 10.3% of GDP.
- \$33.9 billion in exports in 2022
- Semi-conductor and other electronic components largest export: \$11.4 billion in 2022.

Major Oregon Exports

- **1. High-Technology Products**

Semiconductors and Electronics: Oregon is home to major tech companies like Intel, and semiconductors are a top export.

- **Computers and Electronic Components:**

These include microprocessors and other computing components.

- **2. Agricultural Products**

- **Wheat:** Oregon exports a significant amount of wheat, especially to Asian markets.
- **Fruits and Nuts:** Cherries, hazelnuts (Oregon is the leading producer in the U.S.), and berries are major exports.
- **Vegetables:** Onions and potatoes are key exports.

- **3. Forestry and Wood Products**

Oregon has extensive forests, making wood, lumber, and paper products significant exports.

- **4. Beverages**

- **Wine:** The state is known for its Pinot Noir and other wines, primarily exported to markets in Europe and Asia.
- **Craft Beer:** Oregon's reputation for craft brewing also contributes to its export profile.

- **5. Machinery and Transportation Equipment**

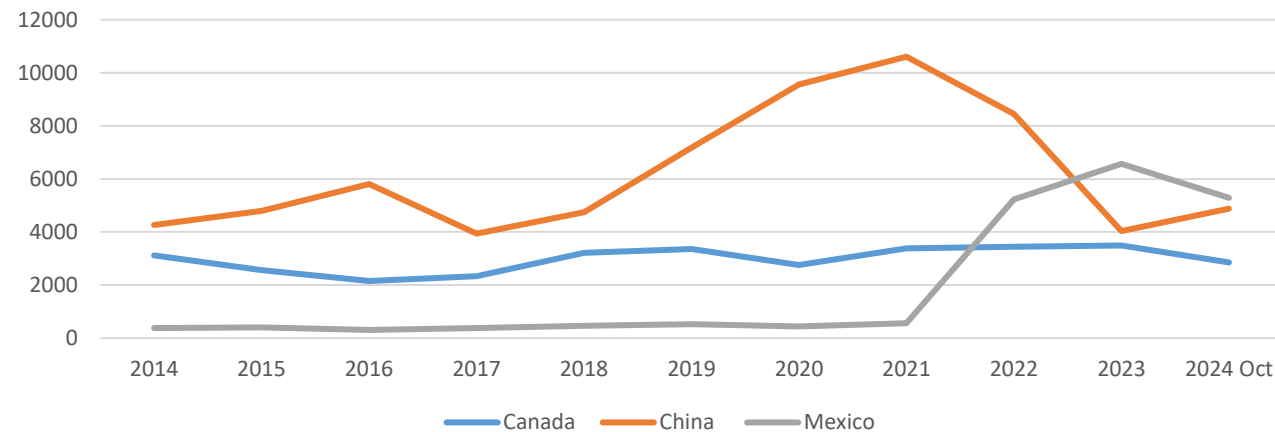
Industrial machinery, heavy equipment, and parts are exported globally.

- **6. Chemical Products**

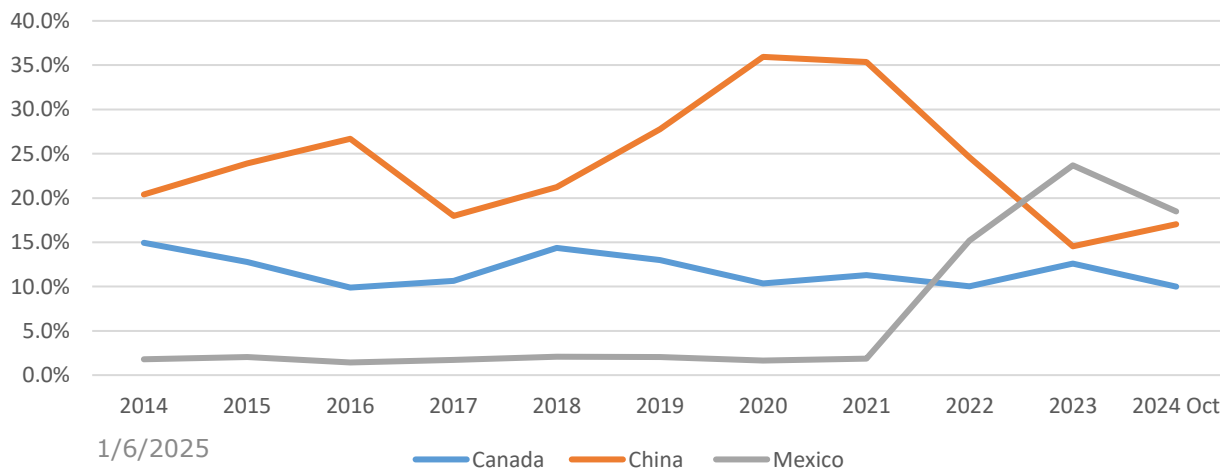
Includes pharmaceuticals, fertilizers, and other chemical products.

Retaliatory Tariffs could blunt Oregon Exports

Oregon Exports
(millions \$)



Percentage of Oregon Total Exports



Canada, China, Mexico make up over one-third of Oregon's total exports in 2024.



U.S. Exports by Metropolitan Area

in millions of U.S. dollars, not seasonally adjusted

	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2024 Jan-Sep	2023 Jan-Sep
Total Exports	520,692	519,157	507,328	510,931	503,647	1,547,177	1,507,129
All Metropolitan (1)	452,792	453,835	444,808	448,390	440,512	1,351,435	1,316,641
Selected Northeast Total	51,990	53,821	56,579	50,800	54,943	162,390	168,159
✓ New York-Newark-Jersey City, NY-NJ-PA	24,484	24,085	28,661	23,959	26,862	77,230	81,968
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD (2)	7,371	7,976	7,298	6,849	7,416	22,644	21,895
Boston-Cambridge-Newton, MA-NH	7,316	8,269	7,510	7,515	8,224	23,095	27,045
Hartford-East Hartford-Middletown, CT	2,751	2,848	3,127	2,921	3,017	8,725	8,096
Bridgeport-Stamford-Norwalk, CT	1,412	1,547	1,587	1,585	1,427	4,547	4,532
Pittsburgh, PA	2,543	2,506	2,711	2,719	2,780	7,760	8,717
Providence-Warwick, RI-MA	2,328	2,917	1,854	1,688	1,618	7,099	4,817
Buffalo-Cheektowaga, NY	1,287	1,339	1,402	1,362	1,396	4,028	4,205
Rochester, NY	1,131	1,121	1,038	1,081	1,098	3,290	3,405
Allentown-Bethlehem-Easton, PA-NJ	1,367	1,213	1,391	1,122	1,106	3,971	3,479
Selected Midwest Total	51,011	53,713	51,077	51,070	52,214	155,800	153,921
✓ Chicago-Naperville-Elgin, IL-IN-WI	14,753	14,695	14,501	14,825	14,297	43,948	44,179
Detroit-Warren-Dearborn, MI	10,762	11,210	9,708	10,440	12,633	31,680	35,474
Minneapolis-St. Paul-Bloomington, MN-WI	5,421	5,823	5,582	5,498	5,524	16,826	16,677
Indianapolis-Carmel-Anderson, IN	5,514	6,876	6,655	5,947	5,579	19,046	14,711
Cleveland-Elyria, OH	2,366	2,484	2,500	2,392	2,441	7,350	7,507
St. Louis, MO-IL	3,581	3,828	3,919	3,581	3,354	11,328	10,238
Peoria, IL	1,509	1,456	1,345	1,235	1,316	4,311	3,684
Milwaukee-Waukesha, WI	2,215	2,284	2,257	2,347	2,346	6,756	7,026
Kansas City, MO-KS	2,927	3,039	2,506	2,569	2,731	8,472	8,074
Columbus, OH	1,963	2,017	2,103	2,236	1,992	6,082	6,351
Selected South Total	118,814	116,898	117,774	121,585	116,700	353,486	341,247
✓ Houston-The Woodlands-Sugar Land, TX	44,970	45,067	45,317	46,763	45,398	135,354	128,706
Miami-Fort Lauderdale-Pompano Beach, FL	11,617	11,030	11,972	11,949	10,861	34,620	32,315
New Orleans-Metairie, LA	9,410	9,589	11,630	13,581	11,360	30,628	36,139
Dallas-Fort Worth-Arlington, TX	12,880	12,887	12,566	13,046	13,086	38,333	38,842
El Paso, TX	10,784	10,607	9,418	9,253	8,707	30,809	26,179
Cincinnati, OH-KY-IN (2)	10,112	9,526	9,064	8,287	8,212	28,702	22,967
Atlanta-Sandy Springs-Alpharetta, GA	9,087	7,977	7,598	8,250	8,009	24,662	24,066
Greenville-Anderson, SC	3,873	3,947	3,865	3,676	4,336	11,684	11,713
Washington-Arlington-Alexandria, DC-VA-MD-WV	3,464	3,695	3,555	4,058	3,949	10,714	11,513
Charlotte-Concord-Gastonia, NC-SC	2,618	2,573	2,788	2,721	2,782	7,980	8,808
Selected West Total	66,898	63,340	58,361	62,116	58,973	188,599	179,993
Seattle-Tacoma-Bellevue, WA	9,016	8,894	7,854	10,291	8,255	25,763	26,032
✓ Los Angeles-Long Beach-Anaheim, CA	14,711	15,187	14,392	14,353	14,462	44,291	44,767
San Francisco-Oakland-Berkeley, CA	6,051	5,879	5,516	5,980	5,732	17,446	18,236
San Jose-Sunnyvale-Santa Clara, CA	6,680	5,798	5,433	6,079	5,661	17,912	16,912
Portland-Vancouver-Hillsboro, OR-WA	10,017	7,920	7,412	7,190	6,500	25,398	19,794
San Diego-Chula Vista-Carlsbad, CA	6,636	6,448	5,387	5,567	5,868	18,471	17,442
Phoenix-Mesa-Chandler, AZ	6,160	5,635	4,813	4,318	4,576	16,608	13,358
Riverside-San Bernardino-Ontario, CA	2,659	2,621	2,642	3,292	2,819	7,921	8,033
Salt Lake City, UT	3,235	3,189	3,317	3,188	3,422	9,741	9,545
Sacramento-Roseville-Folsom, CA	1,732	1,720	1,595	1,857	1,678	5,048	5,873
Other (3)	67,900	65,322	62,520	62,540	63,135	195,742	190,488

Source:
International Trade,
US Census

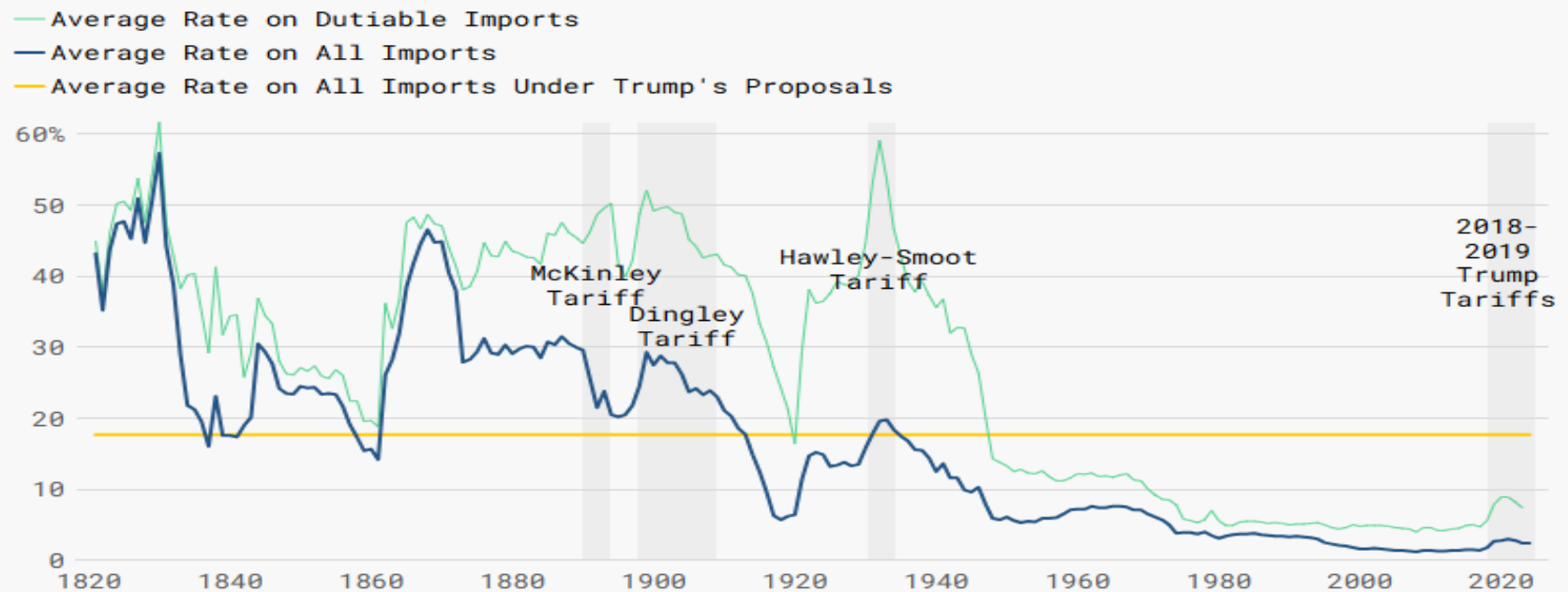
(1) Metropolitan Statistical Area is a geographic entity delineated by the Office of Management and Budget for use by federal statistical agencies. Metropolitan statistical areas consist of the county or counties (or equivalent entities) associated with at least one urbanized area of at least 50,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties.

(2) Metropolitan Areas that overlap multiple regions were assigned one region based on majority export value in 2016.

(3) Contains micropolitan areas and ZIP codes that do not match to metropolitan or micropolitan areas. "Other" equals "Total Exports"

Trump's Tariffs Would Take the Average Tariff Rate on All Imports to Highs Not Seen Since the Great Depression

Average Tariff Rate on All Imports and Dutiable Imports, Historical Rates from 1821-2023, Projected Rates for 2024, Estimated Rate for 2025 Under Trump's Proposals



Note: Tariff revenue estimate uses an elasticity of -0.997, tax-inclusive rates, and a noncompliance rate of 15%

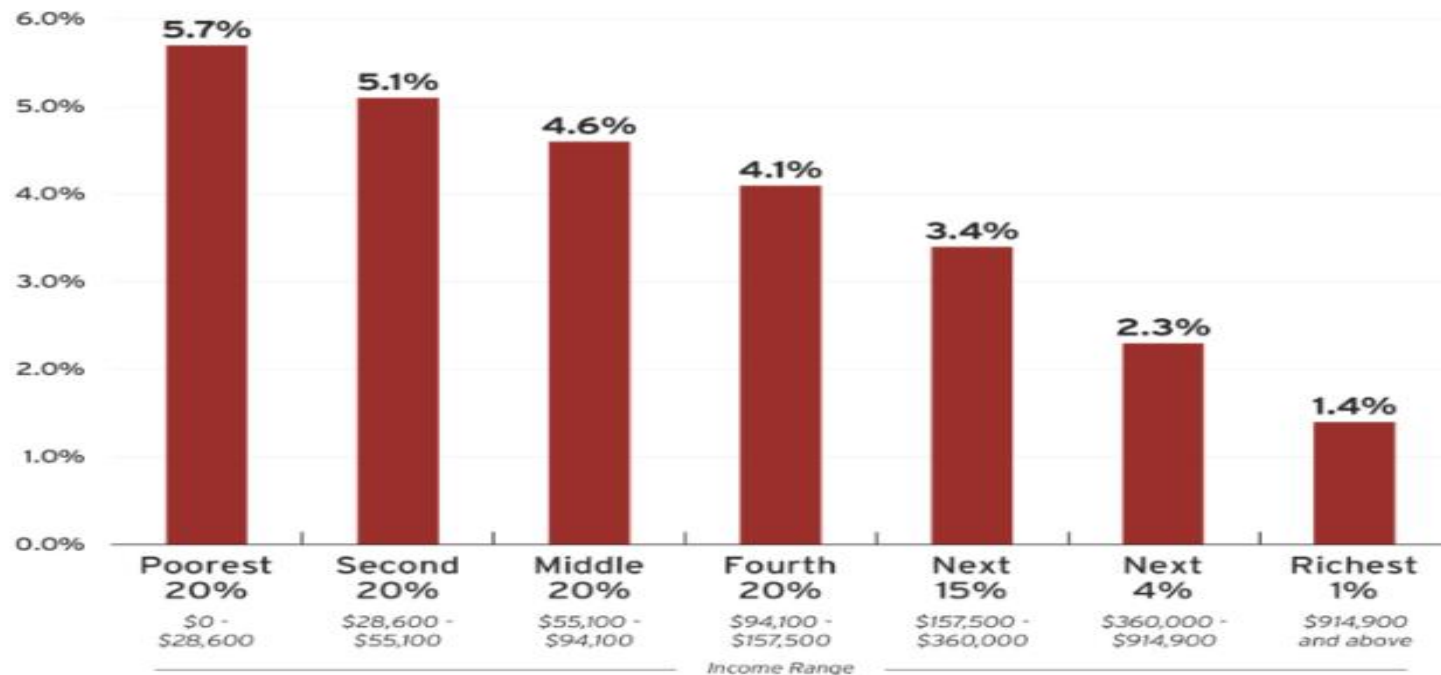
Source: US Census Bureau, Historical Statistics of the United States: Colonial Times to 1970, Part II; US International Trade Commission, "U.S. imports for consumption, duties collected, and ratio of duties to values, 1891-2023, (Table 1)"; Tax Foundation calculations.

[Embed](#) • [Download image](#) • [Get the data](#)

Proposed Tariffs Assume 60% on Imports from China and 20% on Imports from other Countries

Trump's Proposed Tariffs Raise Taxes for All Income Groups, With Biggest Hike on the Poorest Americans

Average tax change as a share of income in 2026



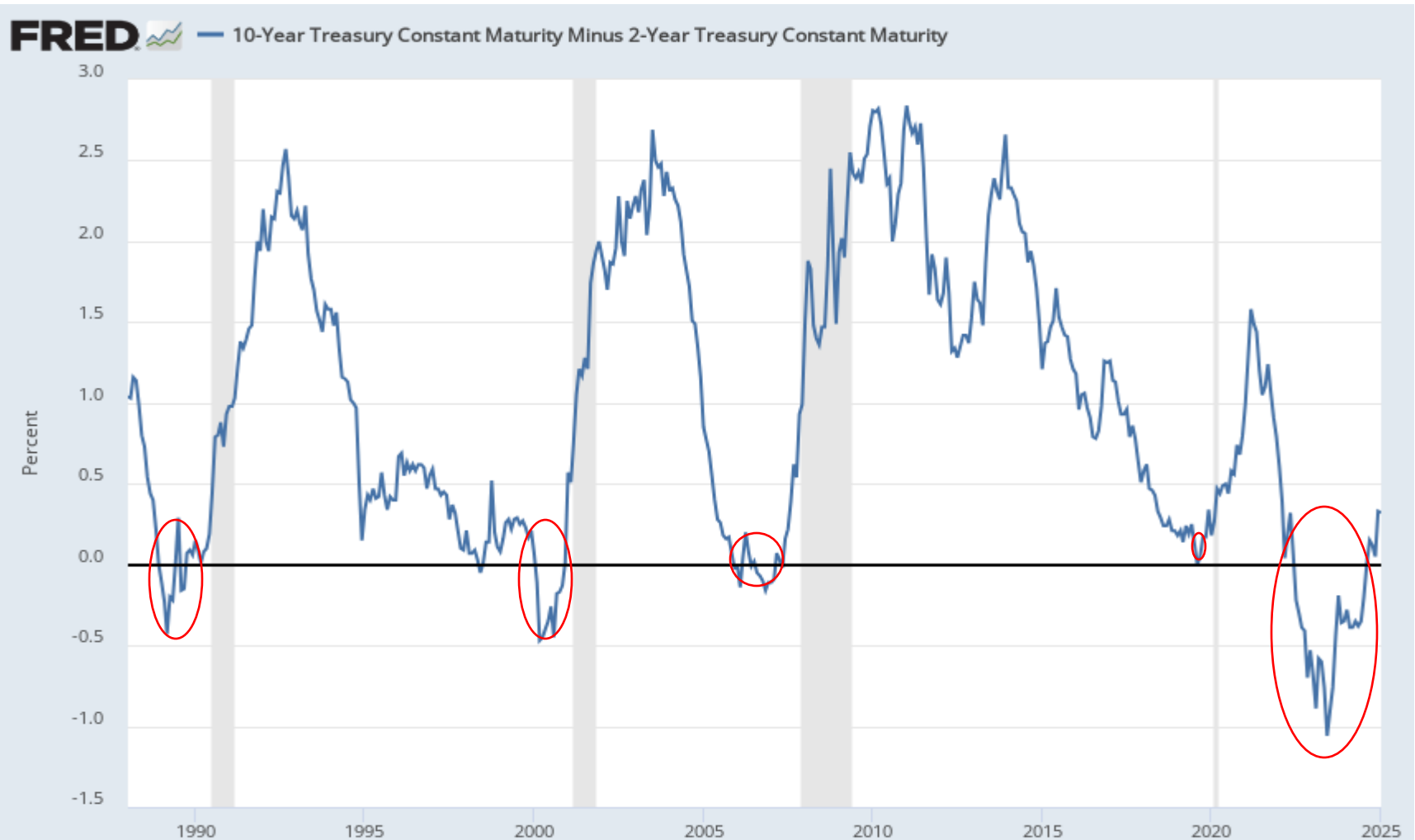
Summary of Economic Outlooks

The LEI increased in November 2024 for the first time
in over two years

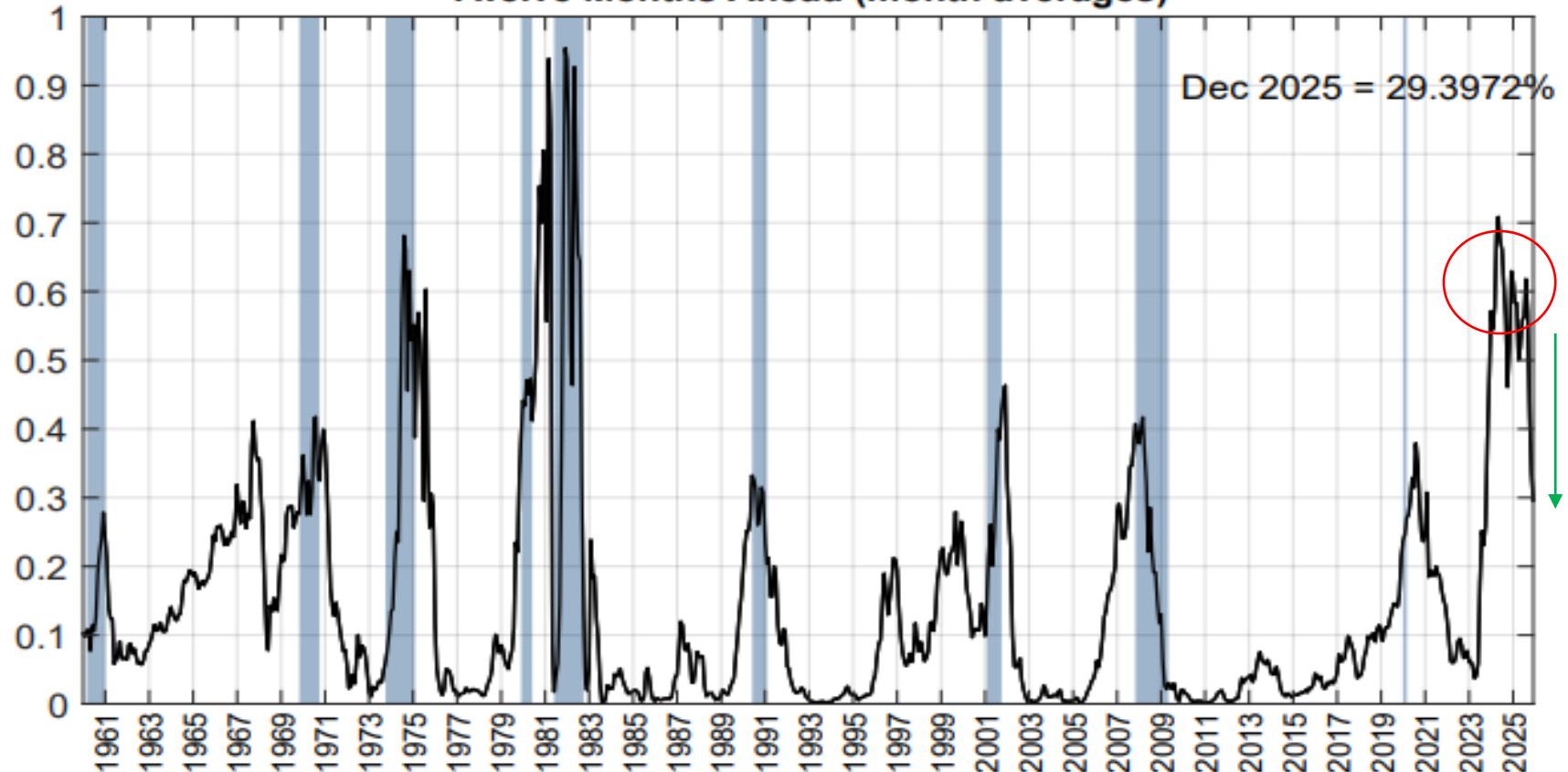
**With November's gain, the LEI no
longer signals an impending recession**



Yield Curve Inverted July 6, 2022 (low point Mar 8 and Jul 3 at -1.07;
2024 Sept 24 return to positive)



Probability of US Recession Predicted by Treasury Spread* Twelve Months Ahead (month averages)



*Parameters estimated using data from January 1959 to December 2009, recession probabilities predicted using data through Dec 2024. The parameter estimates are $\alpha = -0.5333$, $\beta = -0.6330$.

Updated 03-Jan-2025

National Outlook: Federal Reserve Bank of Philadelphia Survey of Professional Forecasters (Nov 15, 2024)

- Fourth Quarter 2024: Predict Higher Near-Term Growth
 - Forecast period: 2024-2027
 - GDP growth predictions are somewhat better from 3 months ago - expanding to 2.2% in 2025 from 1.9%. Continued gradual slowing to 2.1% in 2027.
 - Unemployment predicted to slightly rise to 4.3% moving into 2025 then gradually moving down to 4.1% in 2027.
 - Employment estimates have been revised slightly lower for 2024 then marginally higher for 2025.
 - The forecasters have revised down the chance for GDP to contract in 1 of the next 4 quarters. Relative to 3 months ago, forecasters predict a 15.0% chance of negative growth in 2025:Q1 which rises to a 23.3% chance of negative growth in 2025:Q4.

Source: Federal Reserve Bank of Philadelphia

Wall Street Journal Forecast Consensus

October 2024 Forecast

WSJ Forecast	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
GDP Growth (Annual Rates)	2.98	3.07	1.47	1.73	1.90	NA	NA	NA

Recession
Probability in the
Next 12 Months:
28%

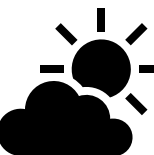
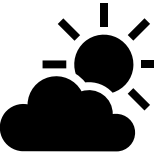
WSJ Forecast	Jun-24	Dec-24	Jun-25	Dec-25	Jun-26	Dec-26	Jun-27	Dec-27
CPI Growth	3.3%	2.8%	2.4%	2.3%	2.3%	2.2%	NA	NA
Unemployment	3.9%	4.2%	4.2%	4.2%	4.1%	4.1%	NA	NA
10 Year Note	4.36%	4.58%	3.98%	3.87%	3.79%	3.76%	NA	NA
Fed. Funds Rate	5.33%	4.48%	4.27%	3.82%	3.38%	3.20%	NA	NA

Actual

Forecast

A Sampling of US Economic Outlooks for 2025

- We believe US GDP growth will end 2024 at 2.8%. We see real GDP growth at 2.3% in 2025, mostly in line with consensus estimates as of this writing. **(Apollo Global Management)**
- BofA forecasts "soft landing" in both the US (2.5% GDP growth) and China (4.5%), modest acceleration in Europe and Japan (GDP growth 1-1.5%); global inflation rates are forecast to fall, though US core CPI expected to rise above 3%.
- We now expect lower US GDP growth and higher inflation and interest rates next year as a result of Trump's policies. However, with private sector balance sheets still strong, a soft landing remains the most likely scenario. **(Capital Economics)**
- US growth is supported by deregulation and improved business confidence, more than offsetting the impact of selective tariffs on Chinese and key European imports. **(UBS)**
- The growth of real gross domestic product (GDP, adjusted to remove the effects of changes in prices) is estimated to be 2.3 percent in 2024. Such growth is 1.9 percent in 2025...Higher tax rates following the expiration of some of the provisions of the 2017 tax act at the end of 2025 contribute to the slowdown in consumer spending. **(Congressional Budget Office)**



Headwinds and Tailwinds

Short Term and a Few Long Term + and – Risks

An Incomplete List: Dimmer Prospects or Rosier Outlook?

■ International

- Geopolitical Risks (Ukraine, Gaza, and name your part of the world...
- Wildfires and Climate Change

■ Closer to Home

- Portland's reputation
- Climate Change policies
- Housing (costs, homeless, rent arears,...)
- Three Big Question Marks: Intel, Nike, Boeing
- Downtown Office Space

■ US Domestic

- Fiscal and Monetary Policies
 - Outstanding Debt Issues
- Inflation Expectations
- Energy Prices
- Proposed Tariff Hikes:
slower growth higher prices?
- Immigration Policies
- Income Disparity, Cyber Attacks, Wildfires and Climate Change

Major Areas of Concern (Good and Bad) for the Next Four Years

- Tariffs: Good for industries that face foreign competition, Bad for those who depend on exporting. Oregon: dairy and vegies may benefit while nuts and wine may be hurt.
- Deportations: Domestic construction and service sector workers may see higher wages. Labor intensive sectors costs rise passing costs onto consumers. High Tech – talk to Musk. Oregon: pretty much these impacts and Scott Burns picks grapes in the wine sector.
- Tax Cuts: Likely extend tax cuts from previous Trump term that are set to expire at the end of 2025. Possible further cuts to taxes on tips, Social Security, overtime pay, corporate taxes. Short term boost to economy that counters some of the other negative effects. Long term boosts to government outstanding debt.
- Inflation: Presently some stalling on lowering inflation. Policies projected to push inflation up towards 4%. Fed could reverse course and raise rates. Reduced consumer spending, slower growth.
- Stocks: Will the market be Psychic or Psysco? If the market goes down, negative wealth effect, consumer spending down, slower growth.

Oregon Office of Economic Analysis

December 2024 Forecast

Alternative Outcomes Possible

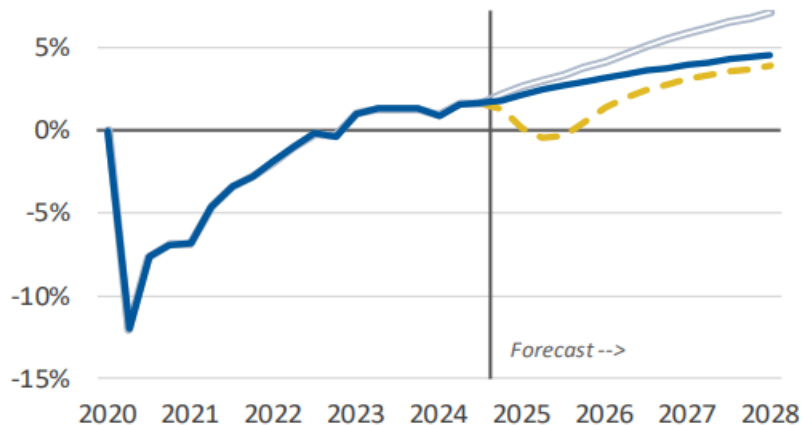


Alternative Scenarios

December 2024

Oregon Employment

Percent change from pre-COVID peak in the **Baseline Soft Landing**, the **Pessimistic**, and **Optimistic Solid Growth/Population Rebound**



Employment

	2023	2024	2025	2026	2027	2028
Opt: Solid Growth	2.1%	0.3%	1.6%	1.6%	1.4%	1.1%
Base: Soft Landing	2.1%	0.2%	1.0%	0.9%	0.7%	0.6%
Pes: Recession	2.1%	0.1%	-1.4%	2.2%	1.3%	0.7%

Unemployment Rate

	2023	2024	2025	2026	2027	2028
Opt: Solid Growth	3.7%	4.2%	3.9%	3.8%	3.9%	3.9%
Base: Soft Landing	3.7%	4.2%	4.2%	4.3%	4.4%	4.4%
Pes: Recession	3.7%	4.7%	6.7%	6.5%	6.1%	4.8%

Personal Income

	2023	2024	2025	2026	2027	2028
Opt: Solid Growth	5.7%	5.3%	5.4%	6.1%	6.0%	5.8%
Base: Soft Landing	5.7%	5.3%	5.3%	5.6%	5.4%	5.0%
Pes: Recession	5.7%	5.2%	2.4%	6.0%	5.9%	5.2%

13

Summary

- For US and Oregon
 - Avoid a recession in 2025.
 - Federal Reserve cutting of rates will assist in growth, but cuts may be less than expected.
 - Although no recession, a slowing but better than a Soft Landing. There will be sectors that will struggle more, export sector if other countries retaliate..
 - Proposed Government Policies shore up the short term but may heighten risks of inflation and a recession in a few years.

Contact – Follow NERC

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