



Oregon's Economy Ends 2005 on Positive Note

by [Chris Greaves](#)

Published Feb-1-2006

Overview

December marked another very strong month of underlying economic expansion in Oregon. Payroll employment rose by 7,500 on a seasonally adjusted basis, following an upwardly revised gain of 8,600 such jobs in November. Seasonally adjusted job gains were widespread with educational and health services growing rapidly. Several other sectors continued their expansion, including construction, manufacturing, and several of the services sectors. Over the past year, Oregon added 57,100 jobs or 3.5 percent to its nonfarm payroll employment.

Oregon's seasonally adjusted unemployment rate was 5.7 percent in December, unchanged from the revised figure of 5.7 percent in November. Oregon's unemployment rate was down from 7.0 percent in December 2004. In December, 101,639 Oregonians were unemployed, compared with 124,492 in December 2004. The national unemployment rate was essentially unchanged at 4.9 percent in December, about the same as the prior nine months' readings, which were between 4.9 percent and 5.1 percent.

Construction and Manufacturing Continue Growth

Construction employment declined by only 1,500 jobs in December, the time of year when typical seasonal declines number 2,200 jobs. The weather in Portland was unusually cold and dry during the week of December 12, when many firms reported their December employment figures. The dry weather may have helped some construction firms continue work. Construction of buildings was especially strong in December, adding 500 jobs for the month and up 3,600 (17.6%) over the past 12 months. Construction employment has shown strong seasonally adjusted job gains throughout the past year and was up 11,700 jobs or 14.0 percent during that period (Graph 1).

Manufacturing posted a strong showing for December by adding 300 jobs at a time of year when a drop of 2,200 is normal. Durable goods was up 1,800 jobs, with gains in fabricated metals (+300), machinery (+400), and computer and electronic product manufacturing (+1,000). Fabricated metals and machinery expanded their employment substantially over the past year. Rapid increases in capital equipment spending nationally as well as the resurgence of Boeing airplane orders have no doubt lifted demand. Nondurable goods cut 1,500 jobs in December during the normal slow time of the year for food manufacturing.

Trade Weaker Than Usual

Retail trade added only 800 jobs in December, when the average gain over the past five years had been 2,200. A big reason for the poor showing in retail was that motor vehicle and parts dealers cut employment by 500. This decline was partially payback from strong car sales in earlier months, and perhaps higher gasoline prices.

General merchandise stores added only 600 jobs, when their average December gain over the prior five years was 800. National reports indicate that during the 2005 holiday season, sales gains compared with the prior year at department stores were less than gains at other store types such as discount and electronics stores. Nonstore retailers posted a strong gain of 900 jobs in December to reach 10,200 jobs (Graph 2), which was close to its prerecession record level.

Solid Numbers Reported in Several Sectors

Educational and health services added 1,100 jobs during a month in which it typically loses 1,600 jobs. Most of December's gains occurred in health services due to an 800-job increase in ambulatory services. Other health service industries such as hospitals and nursing homes reported flat job growth. Educational services was also flat, due to the holiday break. Overall, educational and health services added 11,100 jobs (5.6%) since December 2004, and has been a consistent job contributor – even through the past recession.

Professional and business services added 200 jobs for the month when it typically loses 900 jobs. However, its component industries showed great contrast in job activity. Professional and technical services added 900 jobs. At the same time, administrative and support services lost 500 jobs due to a 1,500-job loss in employment services. Overall, professional and business services added 4,000 jobs (2.2%) since December 2004.

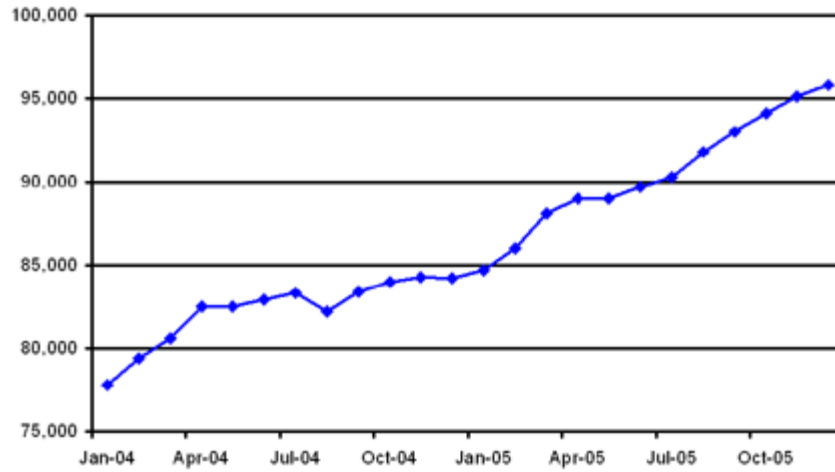
Leisure and hospitality reported flat job growth for the month, instead of a more typical decline of 1,000 jobs. Arts, entertainment, and recreation added 300 jobs. Accommodation and food services registered a loss of 300 jobs, due to a 1,000-job decline in full-service restaurants. This sector is up 1,800 jobs (1.2%) from one year ago.

Conclusion

Oregon's economy ended 2005 on a positive note, continuing its uptrend of the past two years. Many industries reported stronger job growth than typical for the time of year. There were some exceptions, notably within retail trade. The state unemployment rate held steady at 5.7 percent as the economy prepared to enter 2006.

Graph 1

**It's Been a Good Couple of Years for Construction
(seasonally adjusted employment in Oregon)**



Graph 2

**Holiday Employment for Nonstore Retailers
in Oregon has Grown the Past Three Years**

