

# Economics Group

## Special Commentary

**Mark Vitner, Senior Economist**  
[mark.vitner@wellsfargo.com](mailto:mark.vitner@wellsfargo.com) • (704) 410-3277  
**Charlie Dougherty, Economist**  
[charles.dougherty@wellsfargo.com](mailto:charles.dougherty@wellsfargo.com) • (704) 410-6542  
**Matthew Honnold, Economic Analyst**  
[matthew.honnold@wellsfargo.com](mailto:matthew.honnold@wellsfargo.com) • (704) 410-3059

# Oregon and Auburn Collide in Texas

## Rematch of 2010 National Championship Game

The first full weekend of the regular season will bring an intriguing non-conference matchup between the Oregon Ducks and the Auburn Tigers, which are meeting for only the second time in their storied histories. The other meeting, however, was quite consequential, with Auburn winning the 2010 National Championship 22-19 on a late field goal. That Auburn team was led by Heisman Trophy winner and future NFL Most Valuable Player Cam Newton.

This year's game will be played at AT&T Stadium in Arlington—a neutral site sandwiched between Dallas and Fort Worth—and will be the 11<sup>th</sup> iteration of the Advocare Classic, one of a handful of annual kickoff weekend games. Since 2010, Dallas-Fort Worth has been the fastest growing major metro area in the country, both in terms of new residents and corporate relocations. The region also hosts some of the most passionate football fans in the country, and the massive Cowboys Stadium—completed in 2009—has become a choice location for marquee sports matchups.

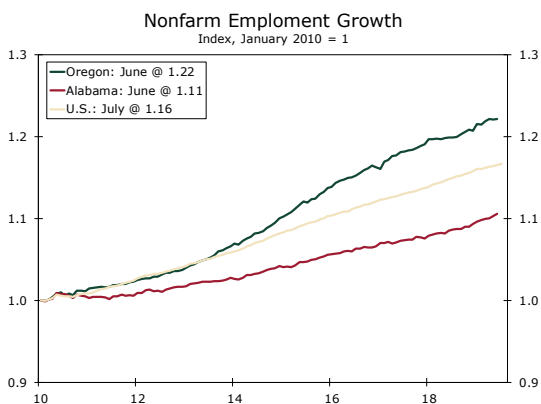
Despite consistent high rankings since their 2010 game, Oregon and Auburn have 'underwhelmed' in recent years. Expectations are high at both schools every year. Auburn returned to the National Championship game in the 2013 season but lost a close game to Florida State. The Tigers also contended for the SEC Championship in 2017 but lost to Georgia and then to Central Florida in the Peach Bowl. Oregon finished in the top-10 in 2011 (#4), 2012 (#2), 2013 (#9) and 2014 (#2) but lost momentum after that, finishing the 2015 season ranked #19, and going just 4-8 in 2016, 7-6 in 2017 and 9-4 this past year.

Expectations are running high for both programs this year, with the preseason AP poll ranking Oregon #11 and Auburn #16. Oregon is widely expected to compete with Washington for the Pac-12 North Division, while Auburn is a bit of a dark horse pick to finish atop the SEC West. Auburn would have to beat out divisional rivals Alabama, LSU and Texas A&M—all which are ranked ahead of them in the AP preseason poll. Auburn is a slight favorite on Saturday.

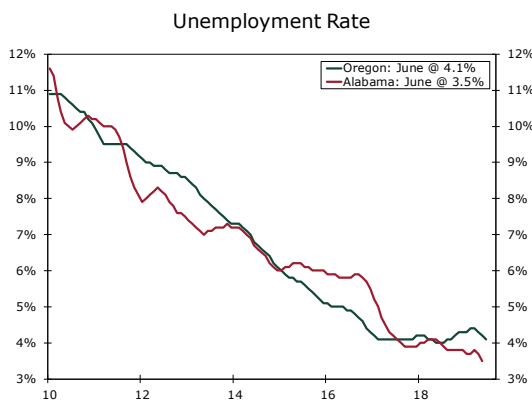
***Oregon and Auburn have only played once—for a national title.***

***This year's game will be played at AT&T Stadium in Arlington—a neutral site between Dallas and Fort Worth.***

**Figure 1**



**Figure 2**



Source: U.S. Department of Labor and Wells Fargo Securities

This report is available on [wellsfargo.com/economics](http://wellsfargo.com/economics) and on Bloomberg WFRE.

Together we'll go far



***The Oregon and Alabama economies are both battling slower global growth and the rising trade uncertainty.***

**Trade Tensions Are Holding Back Growth in Both States**

The Oregon and Alabama economies are both battling slower global growth and the rising uncertainty surrounding trade relations with China. Both rank near the top of all states in terms of exports to China as a percentage of state GDP. Oregon is tied with Alaska for second, while Alabama is ranked sixth, at 21.4% and 14.3%, respectively.

Oregon has become quite the tech behemoth. Intel operates several factories there and is one of the state’s largest employers. Other marque companies calling Oregon home include Columbia Sportswear, Daimler Trucks North America, Tektronix, Lattice Semiconductor and Precision Castparts. Oregon’s largest export in 2018 was computer and electronic parts, which have come under pressure from the realignment of electronics supply chains in the wake of the trade war.

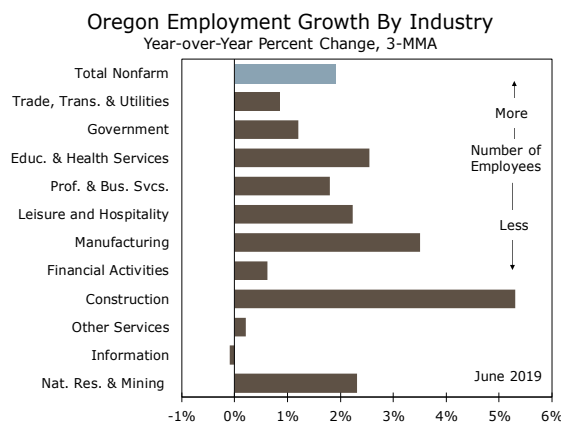
The University of Oregon is located in Eugene, the third largest metro area in the state behind Portland and Salem. Eugene is located 111 miles south of Portland and is the birthplace of Nike. The region is increasingly known for its food, craft brewery scene and wineries, as well as the emergence of a substantial tech and entrepreneurial ecosystem that earned it the moniker “Silicon Shire.” The region is set to receive considerable international attention when it hosts the 2021 track & field World Championships, a first for the United States.

Oregon began playing football in 1894, with the team first known as the “Webfoots.” Their mascot used to be a live duck named “Puddles”, until a gentleman’s agreement in 1947 between Oregon athletic director Leo Harris and Walt Disney—later formalized by corporate lawyers—allowed the mascot to be in the likeness of Donald Duck. The university also has a longstanding special relationship with Nike, whose founder Phil Knight ran track & field while a student in Eugene. The Duck is known for doing push-ups after the opening score and is rather protective of this game day tradition. In 2007, he caught some national attention and a one-game suspension after getting into a fist fight with the opposing team’s mascot after the latter mimicked the workout celebration. Auburn, on the other hand, is outfitted by Under Armour and rallies around its “War Eagle” cry.

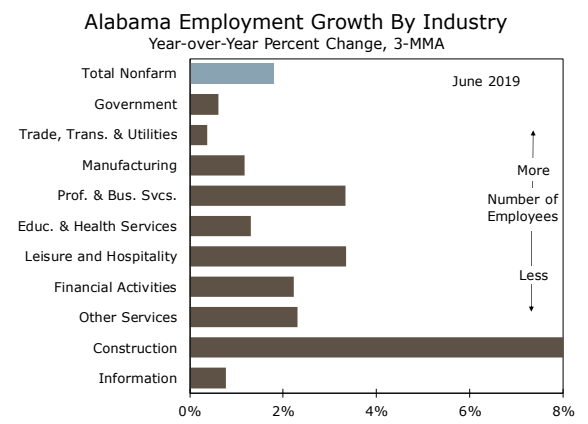
Alabama is home to sizable auto and aerospace sectors. Mercedes-Benz opened its first U.S. plant in 1993, launching an industry that now produces over one million cars and light trucks a year. Construction is now underway on the \$1.6 billion Mazda-Toyota joint venture assembly plant in Huntsville, which will employ up to 4,000 workers by 2021. Exports of vehicles and parts totaled over \$7.5 billion, making Alabama the third largest exporter of these products in 2018. Canada, China and Germany were the top purchasers. Aerospace and defense account for over 61,000 jobs. Airbus is adding 400 jobs at its Mobile production facility to assemble the new A220, which should produce close to 50 aircraft per year when production fully ramps up in 2025. The aerospace industry there is also globally exposed, exporting \$2.4 billion of products and parts last year.

***Alabama is home to sizable auto and aerospace sectors.***

**Figure 3**



**Figure 4**



**Source: U.S. Department of Labor and Wells Fargo Securities**

Huntsville is a major node in the aerospace industry and consistently ranks as one of the fastest growing metro areas in the country. The Huntsville area has a rich history of collaboration between the U.S. military, universities and private, innovation-focused businesses, embodied by Cumming Research Park, the second largest research park in the country. The park was originally established to support Redstone Arsenal, a U.S. Army post with a long history of designing, manufacturing and testing weaponry, missiles and spacecraft. The area is home to the U.S. Army Aviation and Missile Command, NASA's Marshall Space Flight Center, the University of Alabama Huntsville, the HudsonAlpha Institute for Biotechnology and a bevy of federal research labs and large defense contractors, including Boeing, Northrop Grumman and Lockheed Martin.

The town of Auburn lies on I-85 about 100 miles southwest of Atlanta and 50 miles northeast of the state capital in Montgomery. It is sandwiched between Kia and Hyundai assembly plants, which both lie on I-85. For the most part Auburn's economy is centered on the more than 30,000 students at the university which shares its name. Originally established in 1856, it became the first land grant university in the South, and today offers over 140 majors, sending graduates across the nation. Auburn's engineering program has been a major asset to Alabama's economic development efforts and has helped pull in a tidal wave of new investment in the automotive and aerospace industries. Life sciences, sports medicine and information technology are also playing a growing role in Alabama, particularly in Birmingham.

Auburn has a number of idiosyncrasies. While the team's mascot is the Tigers, fans frequently yell "War Eagle." The cry is thought to be in reference to an eagle that took flight as Auburn began a drive to take the lead in their inaugural game against the University of Georgia in 1892. The town is also often referred to as "the plains." The reference comes from local folklore that a young woman named the town after the first line of Oliver Goldsmith's poem *The Deserted Village*, which reads "Sweet Auburn, the loveliest village on the plain." While Goldsmith was referring to a village in Ireland, Auburn is located below the fall line and near the start of the coastal plain.

Despite the influx of industrial development, Alabama's economy has grown only modestly in recent years. Real GDP rose 2.0% in 2018, which slightly trailed the nation. The state's major metro areas have fared somewhat better, particularly Huntsville, which is seeing strong growth in the defense sector and space program. Overall job growth this past year has been roughly 1.6%, with gains evident across every key industry. Growth should remain solid this year. We have GDP growth ramping up to a 2.8% pace in 2019. Risks have increased, however, particularly in the automotive sector, where exports have slowed. Population growth remains exceptionally modest, which combined with solid job growth has pulled the unemployment rate down to around 3.3%. The tight labor market is enticing more job seekers back into the labor market, which should allow for job growth to keep pace or even slightly exceed the nation in 2019 and 2020.

Oregon's economy has been one of the nation's strongest the past few years, led by rapid growth in the technology sector. Oregon's ties to high tech go back several decades to the evolution of Tektronix Corporation, which is a major producer of measurement devices, such as oscilloscopes, logic analyzers and video and communications test equipment. The firm has spun off several tech firms over its lifetime. Oregon has attracted a great deal of investment due to its relative abundance of low cost hydroelectric power. In addition to Intel's factories, several firms, including Facebook, Amazon and Google, have located data centers there. Real GDP grew 3.4% this past year, marking the fifth consecutive year of 3% or better real GDP growth. The strong run of growth has taken a toll, however, with soaring housing costs putting the brakes on population and employment growth.

This weekend's matchup between Oregon and Auburn looks on paper to be one of the best games on the docket. Oregon Quarterback Justin Herbert—projected to be among the first players taken in last year's NFL draft—decided to return for his senior year and will be playing behind an experienced offensive line and plenty of talented receivers to throw to. Oregon's defense was among the best in the Pac-12 and returns a number of starters. Auburn will be starting a freshman quarterback, Bo Nix, who is a five star recruit and led his high school team to two state championships. Auburn's defense looks solid as usual and should provide a real test for Herbert.

***Despite the influx of industrial development, Alabama's economy has grown only modestly.***

***Oregon's economy has been one of the strongest in the country the past few years.***

**Alabama Economic Outlook**

	Actual						Forecast		
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real Gross Domestic Product by State, \$ Millions	186,299	188,165	186,335	188,716	189,614	193,053	196,876	202,389	207,246
Annual Rate	0.7%	1.0%	-1.0%	1.3%	0.5%	1.8%	2.0%	2.8%	2.4%
Nominal Personal Income, \$ Millions	172,428	174,119	180,220	187,302	190,991	198,916	206,924	216,856	226,615
Nominal Personal Income, Percent Change	2.8%	1.0%	3.5%	3.9%	2.0%	4.1%	4.0%	4.8%	4.5%
Population, Thousands	4,816	4,830	4,842	4,853	4,865	4,875	4,888	4,904	4,920
Change in thousands	17	15	12	11	12	10	13	16	16
Percent Change	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
Nonfarm Employment, Thousands	1,906	1,924	1,944	1,971	1,997	2,019	2,042	2,075	2,105
Change in thousands	16	18	20	27	26	22	23	33	30
Percent Change	0.8%	1.0%	1.1%	1.4%	1.3%	1.1%	1.2%	1.6%	1.4%
Unemployment Rate, Annual Average	8.0%	7.2%	6.8%	6.1%	5.9%	4.4%	3.9%	3.5%	3.3%
Total Housing Permits	11,385	10,954	12,674	13,597	14,471	14,497	14,323	14,200	14,500
Single-Family Permits	8,033	8,595	8,835	10,166	11,154	11,973	12,919	12,450	12,800
Multi-Family Permits	3,352	2,359	3,839	3,431	3,317	2,524	1,404	1,750	1,700
FHFA Home Price Index, Percent Change	-0.4%	-0.8%	1.3%	3.0%	3.1%	3.4%	4.7%	5.0%	5.2%
Auburn Tigers Record	3-9	12-2	8-5	7-6	8-5	10-4	8-5	7-6	9-4

Sources: National Association of Realtors, Federal Housing Finance Authority, U.S. Department of Commerce, U.S. Department of Labor, Moody's Analytics & Wells Fargo Securities  
Forecast as of: August 28, 2019

**Oregon Economic Outlook**

	Actual						Forecast		
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real Gross Domestic Product by State, \$ Millions	174,493	175,805	181,992	191,595	200,332	206,711	213,708	220,333	226,943
Annual Rate	0.4%	0.8%	3.5%	5.3%	4.6%	3.2%	3.4%	3.1%	3.0%
Nominal Personal Income, \$ Millions	154,067	156,644	167,978	181,022	189,644	199,422	209,148	219,815	231,325
Nominal Personal Income, Percent Change	5.5%	1.7%	7.2%	7.8%	4.8%	5.2%	4.9%	5.1%	5.2%
Population, Thousands	3,899	3,923	3,964	4,017	4,091	4,147	4,191	4,240	4,295
Change in thousands	27	24	41	53	74	55	44	49	55
Percent Change	0.7%	0.6%	1.1%	1.3%	1.9%	1.3%	1.1%	1.2%	1.3%
Nonfarm Employment, Thousands	1,640	1,674	1,722	1,781	1,834	1,875	1,909	1,940	1,968
Change in thousands	20	34	48	59	53	42	34	31	28
Percent Change	1.2%	2.1%	2.9%	3.4%	3.0%	2.3%	1.8%	1.6%	1.4%
Unemployment Rate, Annual Average	8.8%	7.9%	6.8%	5.6%	4.8%	4.1%	4.1%	4.0%	3.8%
Total Housing Permits	11,222	14,969	16,532	16,959	18,969	19,886	19,529	19,600	19,600
Single-Family Permits	6,751	8,850	8,674	10,049	10,600	10,057	10,358	10,500	10,750
Multi-Family Permits	4,471	6,119	7,858	6,910	8,369	9,829	9,171	9,100	8,850
FHFA Home Price Index, Percent Change	-0.6%	6.9%	8.4%	8.9%	11.2%	9.2%	7.2%	5.3%	5.1%
Oregon Ducks Record	12-1	11-2	13-2	9-4	4-8	7-6	9-4	11-2	10-3

Sources: National Association of Realtors, Federal Housing Finance Authority, U.S. Department of Commerce, U.S. Department of Labor, Moody's Analytics & Wells Fargo Securities  
Forecast as of: August 28, 2019

## Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Acting Chief Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Macro Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Erik Nelson	Macro Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	Macro Strategist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economic Analyst	(704) 410-1681	shannon.seery@wellsfargo.com
Matthew Honnold	Economic Analyst	(704) 410-3059	matthew.honnold@wellsfargo.com
Jen Licis	Economic Analyst	(704) 410-1309	jennifer.licis@wellsfargo.com
Hop Mathews	Economic Analyst	(704) 383-5312	hop.mathews@wellsfargo.com
Coren Burton	Administrative Assistant	(704) 410-6010	coren.burton@wellsfargo.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A., Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC. is registered with the Commodities Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. Wells Fargo Bank, N.A. is registered with the Commodities Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC. and Wells Fargo Bank, N.A. are generally engaged in the trading of futures and derivative products, any of which may be discussed within this publication. Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm which includes, but is not limited to investment banking revenue. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2019 Wells Fargo Securities, LLC.

### Important Information for Non-U.S. Recipients

For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE

WELLS  
FARGO

SECURITIES