

▲ DOW 34,393.98 +186.14	▲ NASDAQ 13,661.17 +190.18	▲ S&P 500 4,197.05 +41.19	▼ 30-YR T-BOND 2.31% -.02	▲ CRUDE OIL \$66.03 +2.45	▲ GOLD \$1,884.60 +7.90	▲ SILVER \$27.89 +.42	▲ EURO \$1.2213 +.0032
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BRIEFING

Amtrak restores service on routes

Amtrak says it will restore daily service on 12 long-distance routes across the country, including two that run through the Northwest. The Empire Builder — Chicago to Seattle/Portland — and Coast Starlight — Seattle to Los Angeles — routes resumed daily service Monday, giving passengers on the West Coast more travel options. The routes had only been operating three times a week due to low ridership during the pandemic. The Amtrak Cascades route also added a second round trip between Seattle and Eugene and a third round trip on the Seattle-Portland segment. Service to stations north of Seattle remains suspended. Trips to British Columbia on the Cascade line have also not been restored due to the border closure. Following COVID-19 health protocols set by Washington state as part of its reopening plan, capacity for train cars has been set to 50%. The service restoration will also bring back 1,200 furloughed employees.

Peloton plans first U.S. factory in Ohio

Peloton plans to spend about \$400 million to build its first U.S. factory in Ohio. The exercise equipment maker said Monday the Peloton Output Park will make the Peloton Bike, Bike+ and Peloton Tread starting in 2023. It will have more than 200 acres and more than 1 million square feet of manufacturing, office and amenities space. The company anticipates adding more than 2,000 jobs in Ohio over the next few years. Positions will span corporate, manufacturing, assembly and quality assurance functions. The New York-based company has factories in Asia and employs about 3,700 people, according to FactSet. Peloton has faced surging demand during the pandemic. It reported that revenue in the first three months of the year more than doubled on strong subscription growth. Last December, the company spent \$420 million to acquire Precor, a company whose fitness machines populate hundreds of commercial and hotel gyms. That deal gave Peloton its first manufacturing capacity in the U.S.

State sets deadline to begin job search

Oregonians receiving regular unemployment benefits must start looking for jobs by July 31 to keep receiving their weekly payments, the state said Monday, reinstating a requirement that had been on hold during the pandemic. On Monday, the Oregon Employment Department laid out the timetable for people to resume their work search. An initial batch of 35,000 workers are receiving notices indicating they must register with the state's iMatchSkills program, which matches their qualifications with current job openings on file with the state. The employment department says 220,000 claimants will have to register, so the state is breaking that total into groups and phasing in the registration period over five weeks.

— Bulletin wire reports

Biden bets on wage growth for recovery

BY JOSH BOAK
Associated Press

The Biden administration recently gave a bit of simple advice to businesses that are unable to find workers: Offer them more money.

This recommendation, included in a White House memo about the state of the economy, gets at a fundamental tension in an economy that is returning to full health after the coronavirus pandemic. Businesses are coping with spiking prices for goods such as steel, plywood, plastics and asphalt. Yet workers, after enduring a year of job losses, business closures and social distancing, are no longer interested in accepting low wages.

Administration officials say the White House is not trying to target a

specific wage level for workers. But officials say higher wages are a goal of President Joe Biden and a byproduct of his \$1.9 trillion relief package and at least \$3.5 trillion in additional spending being proposed for infrastructure and education.

Boosting wages gets at the central promise of the Biden presidency to improve the lives of everyday Americans and restore the country's competitive edge in the world. Republicans say that Biden's policies have already let loose a torrent of inflation that will hurt the economy. The outcome of these competing forces could decide the trajectory of the U.S. economy as well as the factors weighing on voters in next year's elections.

The New York Federal Reserve reported this month that there has been a 26% increase over the past year in wage expectations by noncollege graduates. The lowest average salary they expect for a new job is \$61,483, up more than \$12,700 from a year ago.

The wage pressures feeds into some anxiety about inflation. The Biden team sees the 0.8% month-over-month jump in consumer prices in April as temporary, a sign of consumer demand and the bottlenecks that naturally occur when an economy restarts. But newly released minutes from the Fed's April meeting suggest the U.S. central bank could possibly raise interest rates earlier than previously indicated to stamp down inflation and potentially limit

economic growth.

The monthly jobs and inflation data can be volatile as the economy restarts, such that a single month could be an outlier instead of an underlying trend.

What makes the current situation unique is that wage pressures generally build when the unemployment rate is low. But the rate is 6.1% and the country is 8.2 million jobs below its pre-pandemic levels, historically the kind of numbers that might lead workers to settle for lower earnings.

The difference this time is that the government spent a combined \$6 trillion over the past year, including relief packages passed under former President Donald Trump, to minimize the economic damage from the pandemic.



OREGON

NO SIGN OF RECOVERY IN MANUFACTURING

A Precision Castparts welder works on an aircraft engine component in the Portland headquarters.

Rob Finch/The Oregonian file

BY MIKE ROGOWAY

The Oregonian

Oregon hotels are reopening, restaurants are serving meals again and workers are beginning to return to the office as vaccines proliferate and the COVID-19 pandemic begins to fade.

The state's factories, though, may have suffered permanent damage.

Overall, Oregon has recovered 59% of jobs lost during the pandemic, and the state's jobless rate has receded from 13.2% in April 2020 — the highest point on record — to 6% last month. That progress reflects the easing of health restrictions and billions of dollars in federal money that helped prop up the private sector during the pandemic.

The manufacturing sector isn't showing a similar bounce. Oregon has recouped just a fifth of the factory jobs it lost a year ago, and recent numbers point in the wrong direction.

As Oregon Employment Department economist David Cooke noted this month, the number of hours Oregon manufacturing workers spend on

the job had been in decline even ahead of the pandemic. Before anyone ever uttered the words "COVID-19," economists were warning the state faced a "manufacturing recession" as former President Donald Trump's trade war disrupted global supply chains and economies slowed in Europe and China.

And while Oregon never shut down private factories with coronavirus health directives, some of the markets those factories serve were severely affected by the pandemic.

Metal components manufacturer Precision Castparts laid off 40% of its workers worldwide last year as demand for airplanes dried up and Boeing shut down production of its troubled 737 MAX. Railcar maker Gunderson cut jobs the month before the pandemic hit, then more in the ensuing months. Steelmaker Evraz cut its Portland workforce by about half.

Even as many other sectors have expanded this spring, Oregon's manufacturing sector shed 700 more workers in April, according to the latest state data.

Factory workers average about 38 hours a week on the job — an hour fewer than before the pandemic. Economists look to those hourly figures as a key indicator of the manufacturing sector's health.

A shortage of computer chips has hobbled manufacturing across the country, holding up everything from gadgets to automobiles while factories wait for key components to become available. And factories in Oregon and across the country are facing a tight labor market as businesses rush to reopen and rehire.

Oregon remains among the most manufacturing-dependent states in the nation. And the state's factory jobs pay relatively well, with average earnings of around \$75,000 annually, compared to \$59,000 across all industries.

Manufacturing is a notoriously cyclical industry, with big swings amid changing economic conditions. But Oregon factories have been in steady decline for decades, and recent recessions have produced only partial recoveries — and lasting damage.

Western water shortages change what farmers plant; rice down 20%

BY SIERRA DAWN MCCLAIN

Capital Press

Widespread drought and water shortages in 2021 are affecting what farmers in the Western U.S. are planting. Farmers across Oregon and California are making difficult decisions: tearing out acreage, replacing water-dependent crops with crops that can thrive on dryland and leaving land fallow.

Rice, a water-dependent crop, has been affected. According to the California Farm Bureau Federation, rice farmers are planting fewer acres this year. Analysts say the state's rice acreage will likely be down 20% from average because of water restrictions, driving up the price.

The U.S. Department of Agriculture estimated California will produce 471,000 rice acres this year, down 9% from 2020.

Industry leaders predict farmers will leave about 100,000 acres of rice ground idle this year.

Cranberries, like rice, need wet conditions to thrive, and experts say this year's water shortages will impact cranberry producers' planting and harvesting decisions. According to the U.S. Drought Monitor, Oregon's southern coast — a major cranberry-growing region — is already experiencing severe to exceptional drought.

Over the past 10 years, as water shortages have become more common, experts say the shrinkage in alfalfa acreage has been "dramatic."

According to USDA's National Agricultural Statistics Service, California farmers in 2020 harvested just 515,000 acres of alfalfa, down from more than 1 million acres in 2010. Oregon's alfalfa acreage also shrank during that timeframe — by nearly 14%.

"Drought has been a huge contributor to the decline in alfalfa acreage," said Daniel Putnam, Extension agronomist and forage specialist at the University of California, Davis. "Water uncertainty, labor and economics, I think, have driven the shift to different crops."

Although the West exports hay, Putnam said it's actually a "hay deficient region." With shrinking alfalfa acreage, Putnam said he expects higher hay prices this year — good for hay growers, bad for livestock producers.

In the best almond-growing regions, most growers are continuing as-is or even scaling up production. In contrast, some growers across drier areas are pulling out hundreds of almond acres and either planting other crops, like pistachios, or finding other uses for land, like leasing to solar facilities.

Overall, however, the almond industry continues to grow by acreage and production, said Richard Waycott, the Almond Board's CEO and president.

Farmers growing other crops, including vegetables and fruits, are also suffering.

Industry leaders across commodities are pushing legislators to have more conversations about groundwater recharge, stormwater and recycling of municipal wastewater.

Bitcoin bounces after weekend drop

BY HAMZA SHABAN

The Washington Post

Bitcoin investors were strapped into another roller coaster ride of sudden drops this weekend, as the price dove below \$32,000 before recovering somewhat on Monday.

Leveling at about \$37,000 during Monday morning trading, the most valuable cryptocurrency is still up about 30% for the year. But the most recent sell-off highlights the staggering volatility of the crypto market and the huge losses that investors can suffer in the span of just days or hours. Bitcoin holders have seen their investments slide more than 40 percent since the high of \$65,000 set in April.

Overall, the crypto market has battered investors over the past week as world governments signal increasing scrutiny and traders liquidate their holdings, halting the frenzy that pushed prices skyward. The total value of all cryptocurrencies tumbled by more than \$400 billion over the past

seven days, according to CoinMarketCap, the cryptocurrency price tracker.

The plunge in prices comes as U.S. Treasury officials announced a new tax compliance plan to raise an additional \$700 billion, including a measure to enhance reporting requirements on cryptocurrency. Under the initiative, unveiled Thursday, companies that receive cryptocurrency with a fair market value of more than \$10,000 would be required to provide the Internal Revenue Service with more financial information.

The report described digital currency as a "significant concern." "Cryptocurrency already poses a significant detection problem by facilitating illegal activity broadly including tax evasion," the report said.

Potentially rattling investors further, government proposals put forward on Friday would limit cryptocurrency exchanges based in Hong Kong to serve only those users who are professional investors — those who already have

a significant investment portfolio — knocking retail investors out of the regulated market.

Dogecoin, the popular cryptocurrency that began as a joke, was also down significantly from its all-time high. The token was trading at about 32 cents Monday morning, down from a record 74 cents reached during the run up to billionaire executive Elon Musk's appearance on "Saturday Night Live."

Wall Street strategists face an almost impossible task in trying to analyze the outlook for tokens. Even so, they are still trying.

Mathew McDermott, global head of digital assets at Goldman Sachs, wrote that the company is looking at crypto-related offerings, such as "fund or structured note-like products."

Bitcoin, Ether and Dogecoin are still sitting on major gains over longer timeframes, such as the past year — about 12,000%, in the case of Dogecoin.

■ Bloomberg News contributed to this report.