

State of Oregon Economic Indicators™



March 2020

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How can I interpret the Oregon Measure of Economic Activity?

A reading of “zero” corresponds to the average growth rate for that particular region. In other words, the measures identify periods of fast or slow growth relative to trend.

What is the significance of the moving-average measures?

The monthly measures can be very volatile. To reduce the noise, it is helpful to focus on the average of the most recent data.

Is this approach used elsewhere?

Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

What is the difference between the two measures?

The Oregon Measure of Economic Activity uses a methodology that allows for the incorporation of a larger number of variables. The University of Oregon Index of Economic Indicators focuses on a narrower set of variables using a different methodology used by the Conference Board to compute leading indicators for the United States. Using different indicators allows for a more complete picture of the Oregon economy.

Review

The Oregon Measure of Economic Activity fell from 0.41 in February to -1.05 in March. The moving average measure, which smooths out the volatility, recorded a less-precipitous decline but also fell below zero, indicating below average growth for the Oregon economy. Only the construction-related indicators made a positive contribution to the measure. Initial unemployment claims and stock prices made substantial negative contributions to the household sector. Job losses triggered a negative contribution from the services sector component.

The University of Oregon Index of Economic Indicators plunged 3.6% in March. A historic rise of initial unemployment claims in the wake of business shutdowns to contain the spread of Covid-19 drove the decline. Falling employment services payrolls (temporary help) also contributed to the decline; both are leading indicators suggesting weaker

economic conditions in the months ahead. Declining consumer sentiment also weighed on the UO index. Remaining components have yet to see much impact from the economic shutdown. Building permits, trucking activity, hours worked in manufacturing, and core durable goods orders were all modestly better to little changed in March. The resiliency of these indicators, however, will likely be short-lived.

The economy has slipped into a deep contraction. The current environment is unprecedented as it reflects the impact of deliberately shutting down portions of the economy and in the process creating a large negative demand shock. The timing and magnitude of the subsequent recovery will be largely determined by the evolution of the pandemic; most likely the economy will firm in the third quarter but recovery will be slow and choppy.

Contributions to Oregon Measure of Economic Activity—March 2020

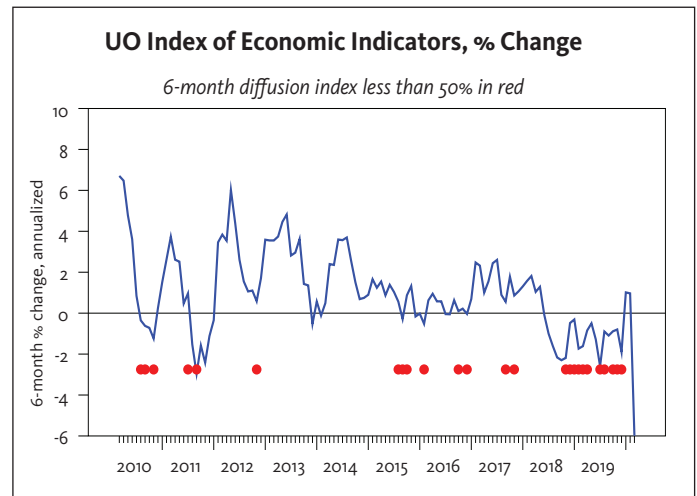
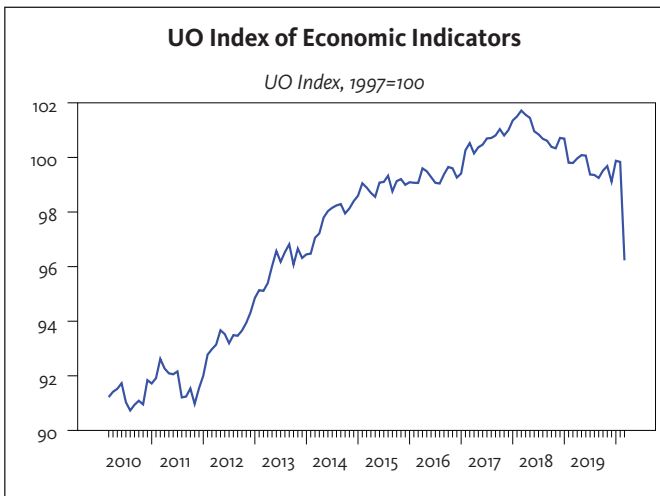
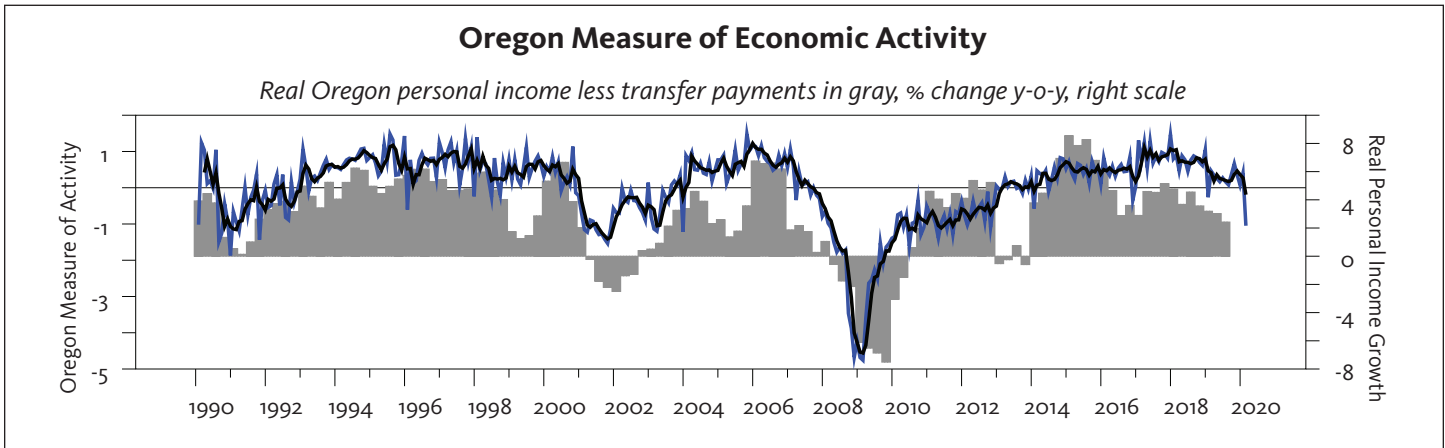
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.24			
ISM Manufacturing: Supplier Deliveries Index	0.15			
Manufacturing Employment, Oregon	-0.04			
Hours, Manufacturing Employees, Oregon	-0.01			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.06		
Construction Employment in Oregon		0.08		
Natural Resources and Mining Employment, Oregon		0.05		
Employment Services Employment, Oregon			-0.07	
Initial Unemployment Claims, Oregon			-0.53	
Civilian Labor Force, Oregon			0.00	
Unemployment Rate, Oregon			0.21	
Interest Rate Spread			0.07	
S & P 500 Stock Index			-0.23	
Consumer Sentiment, University of Michigan—Reuters			0.02	
Educational and Health Services Employment, Oregon				-0.04
Financial Activities Employment, Oregon				0.02
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				-0.29
Professional and Business Services Employment, Oregon				-0.03
Other Services Employment, Oregon				-0.08
Trade, Transportation and Utilities Employment, Oregon				-0.13
Total by Sector	-0.16	0.19	-0.53	-0.55
	Jan '20	Feb '20	Mar '20	
Oregon Measure of Economic Activity	0.07	0.41	-1.05	
Three-Month Moving Average	0.36	0.28	-0.19	

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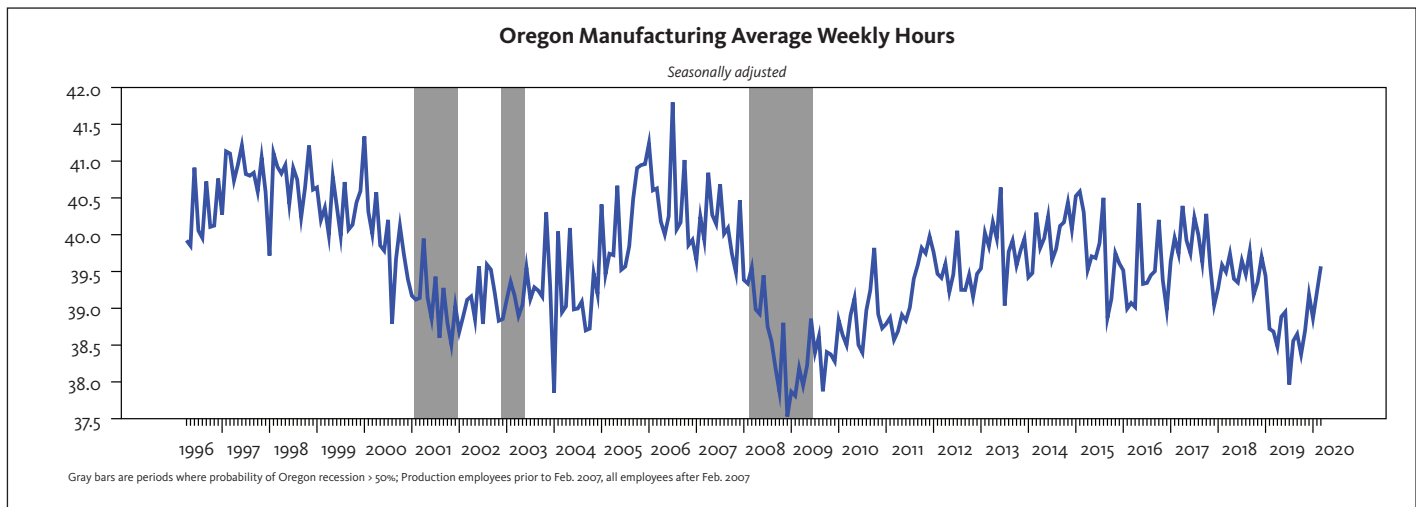
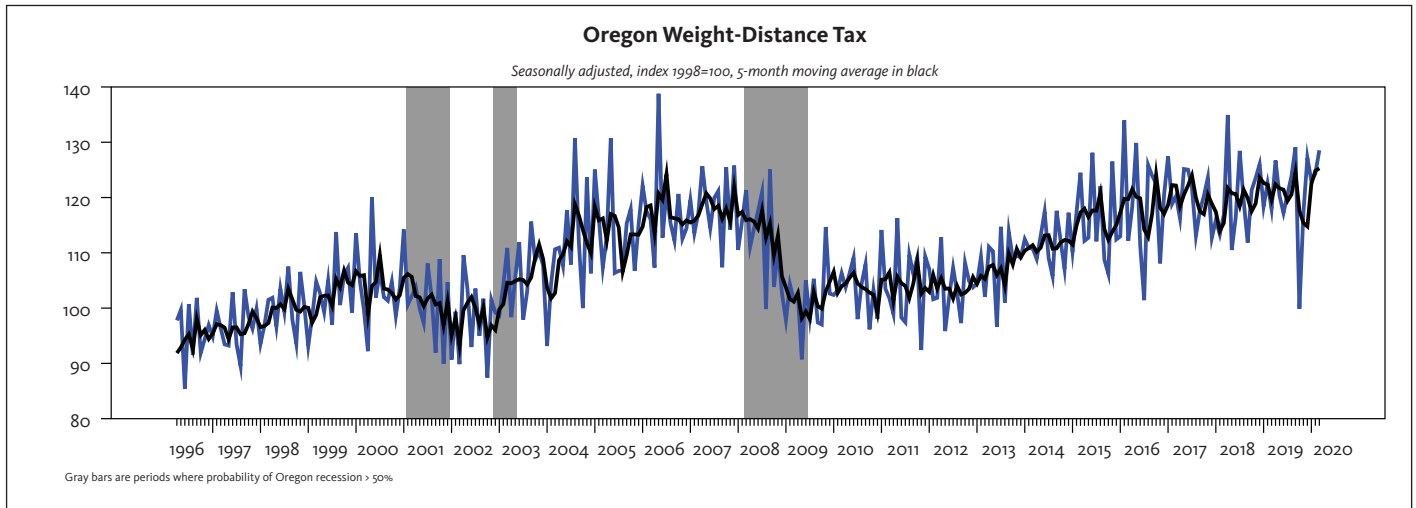


University of Oregon Index of Economic Indicators—Summary and Components

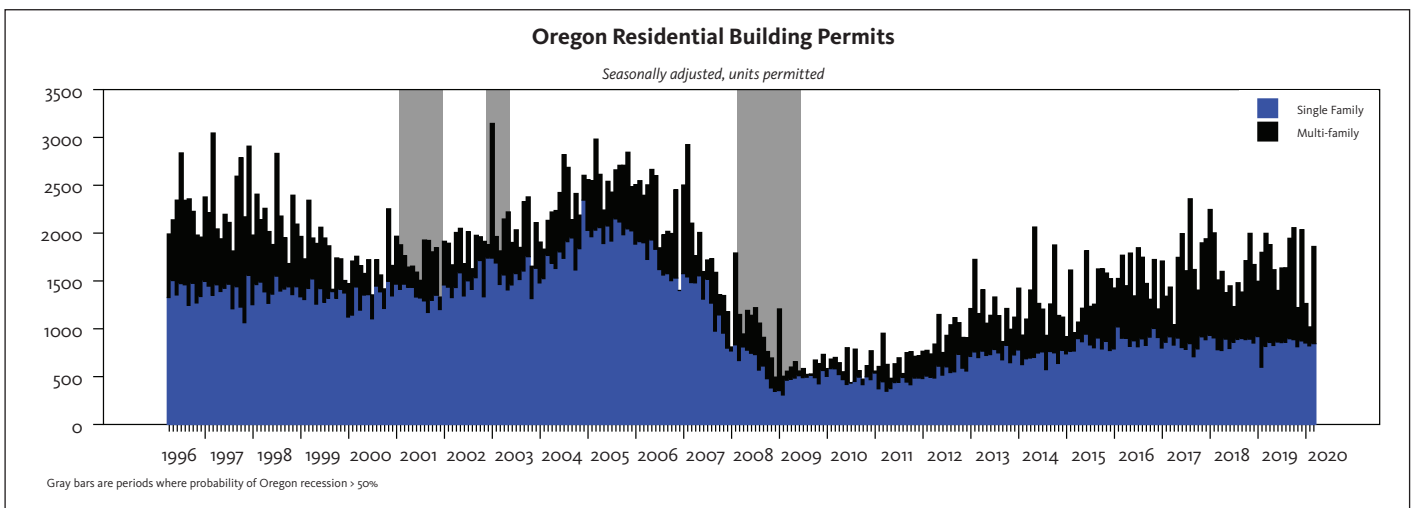
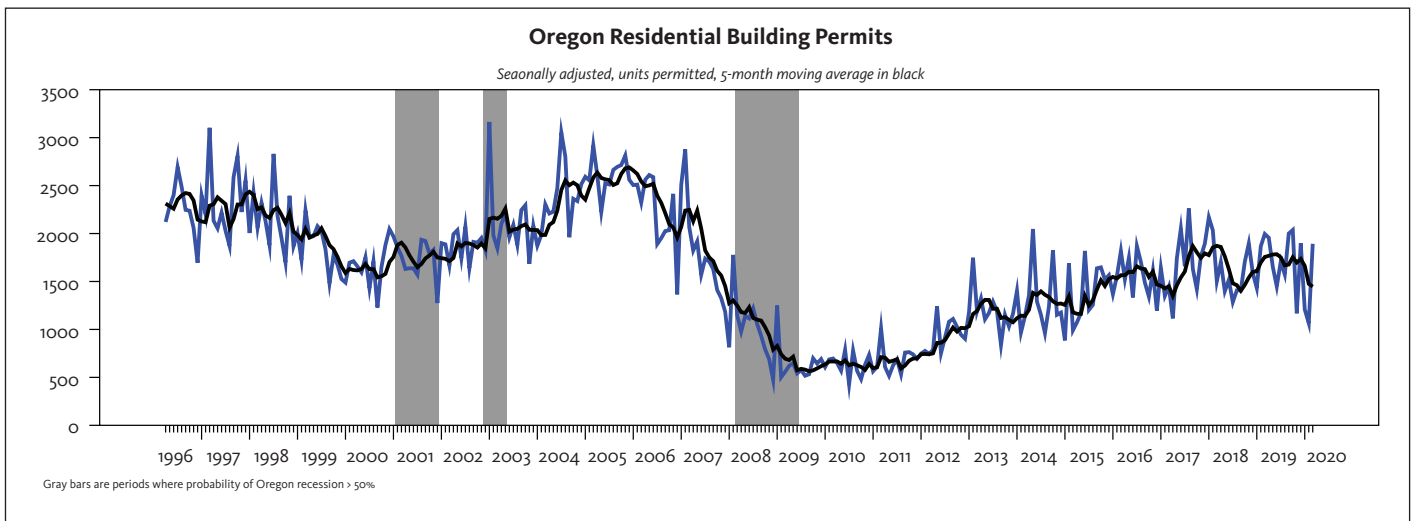
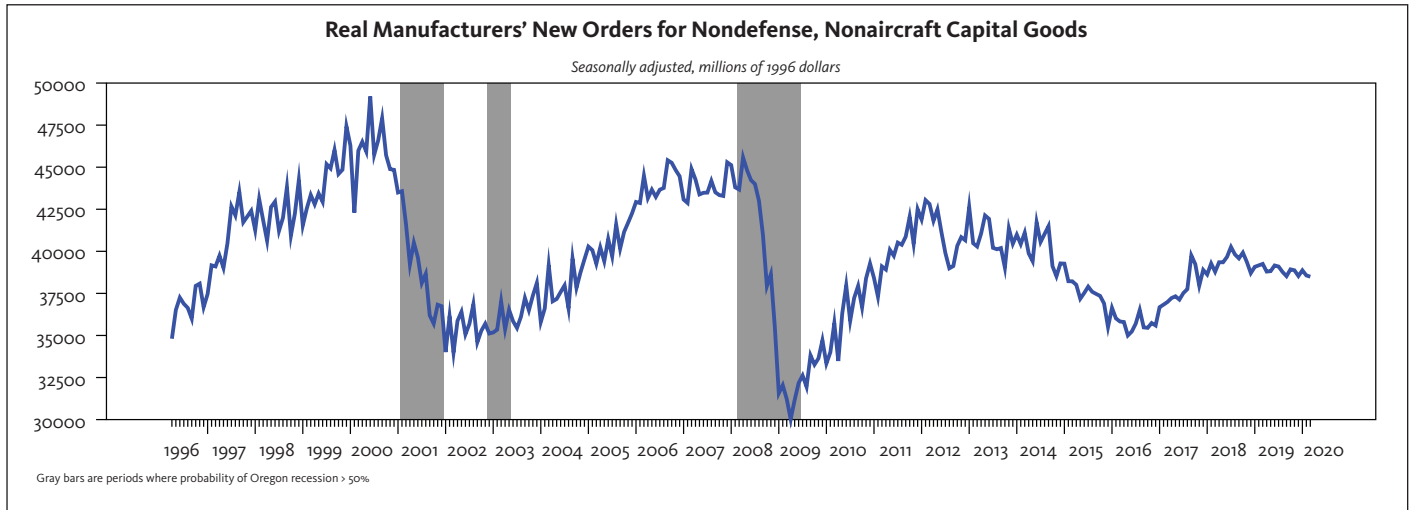
	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20
UO Index of Economic Indicators™, 1997 = 100	99.5	99.7	99.1	99.9	99.8	96.2
Percentage Change	0.3	0.2	-0.6	0.8	0.0	-3.6
Oregon Initial Unemployment Claims, SA*	4,094	3,818	4,657	3,935	3,666	23,834
Oregon Employment Services Payrolls, SA	41,091	40,673	39,415	39,579	39,521	38,827
Oregon Residential Building Permits, SA, 5 MMA*	1,753	1,697	1,735	1,662	1,475	1,447
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	117.60	115.40	114.78	122.47	124.83	125.29
Oregon Manufacturing Average Weekly Hours, SA	38.37	38.70	39.19	38.86	39.22	39.57
US Consumer Sentiment, SA, 5 MMA	95.0	94.7	94.9	96.9	98.5	97.2
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	38,929	38,872	38,532	38,871	38,567	38,493
Interest Rate Spread	-0.12	0.26	0.31	0.21	-0.08	0.22

SA = Seasonally Adjusted, MMA = Months Moving Average

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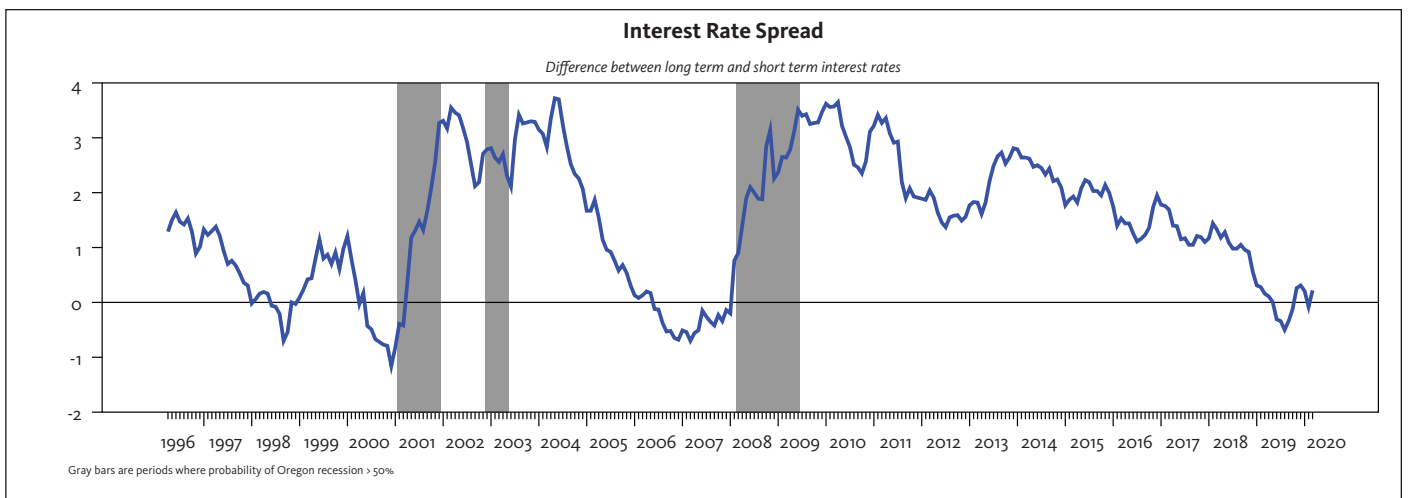
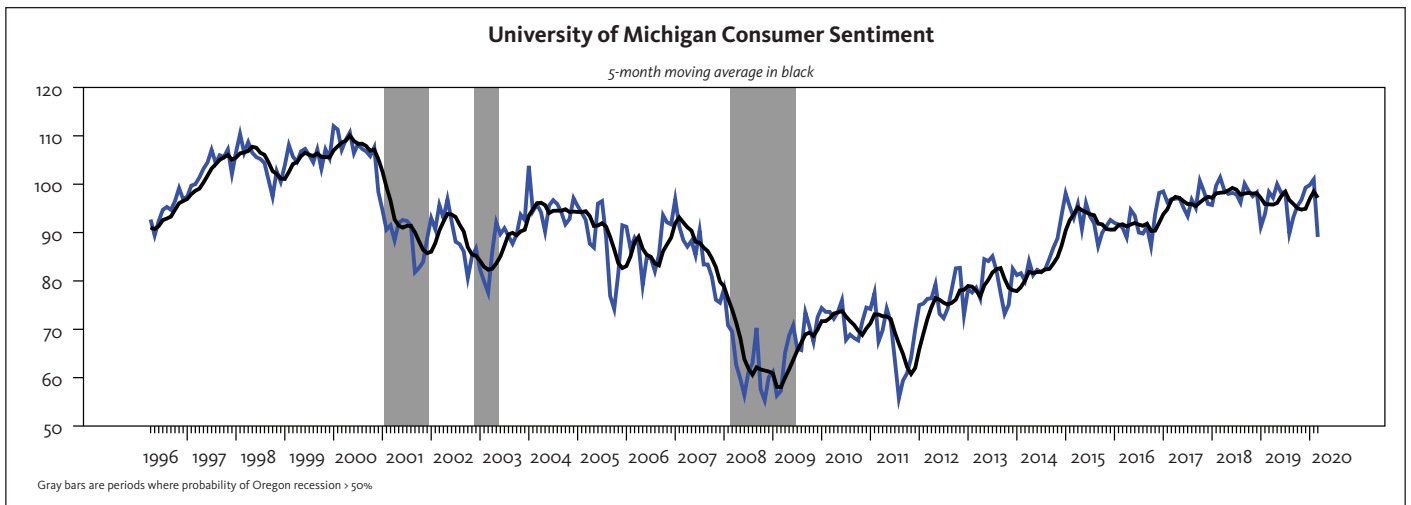
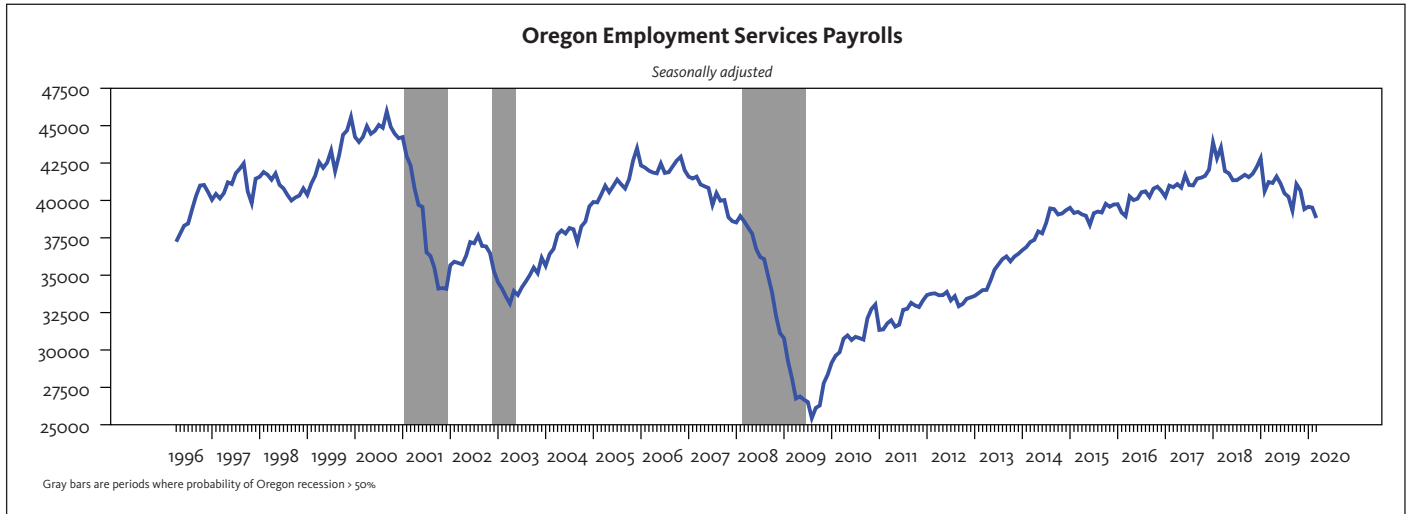


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