State of Oregon Economic Indicators ™

April 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.

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Review

This is what a "sudden stop" looks like in the data. The Oregon Measure of Economic Activity plummeted to -14.7 in April while the moving average measure, which smooths out the volatility, fell to -5.13; both measures indicate below average growth for the Oregon economy. No major sector made a positive contribution to the measure. Widespread and deep layoffs throughout the economy impacted the services sector particularly severely. Many of those layoffs will be temporary; employees are already returning to work with much of the state in the initial stages of reopening.

The University of Oregon Index of Economic Indicators fell 3.9 percent, extending the steep decline of the previous month. The details are interesting. Factors driving the decline were as might be expect, with initial unemployment claims, employment services (temporary help) payrolls, hours working in manufacturing, core capital goods orders, and consumer sentiment all driving the index down. The Oregon weight-distance tax collected and Oregon home building permits, however, remain resilient; these indicators typically decline in a recession. We should carefully watch what happens in the housing markets in the coming months. Housing tends to be a leading indicator and if it remains a strong sector we would expect the recession to be fairly short-lived.

Economic activity came to a sudden stop in an effort to slow the spread of Covid-19. We should expect a sharp short-term bounce in the data in the coming months as the economy reopens. Longer-term, however, the recovery to the past peak of activity will be slow and choppy as the economy adapts to the virus.

Contributions to Oregon Measure of Economic Activity–April 2020

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.13			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	-1.06			
Hours, Manufacturing Employees, Oregon	-0.26			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.02		
Construction Employment in Oregon		-1.15		
Natural Resources and Mining Employment, Oregon		-0.21		
Employment Services Employment, Oregon			-0.61	
Initial Unemployment Claims, Oregon			-0.67	
Civilian Labor Force, Oregon			0.00	
Unemployment Rate, Oregon			-0.32	
Interest Rate Spread			0.02	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan–Reuters			-0.08	
Educational and Health Services Employment, Oregon				-1.56
Financial Activities Employment, Oregon				-1.20
Government Employment, Oregon				-0.40
Leisure and Hospitality Employment, Oregon				-2.18
Professional and Business Services Employment, Oregon				-0.94
Other Services Employment, Oregon				-2.04
Trade, Transportation and Utilities Employment, Oregon				-1.96
Total by Sector	**-1.45**	**-1.34**	**-1.66**	**-10.27**

	Feb '20	Mar '20	Apr '20
Oregon Measure of Economic Activity	0.33	-1.00	-14.72
Three-Month Moving Average	0.13	-0.23	-5.13

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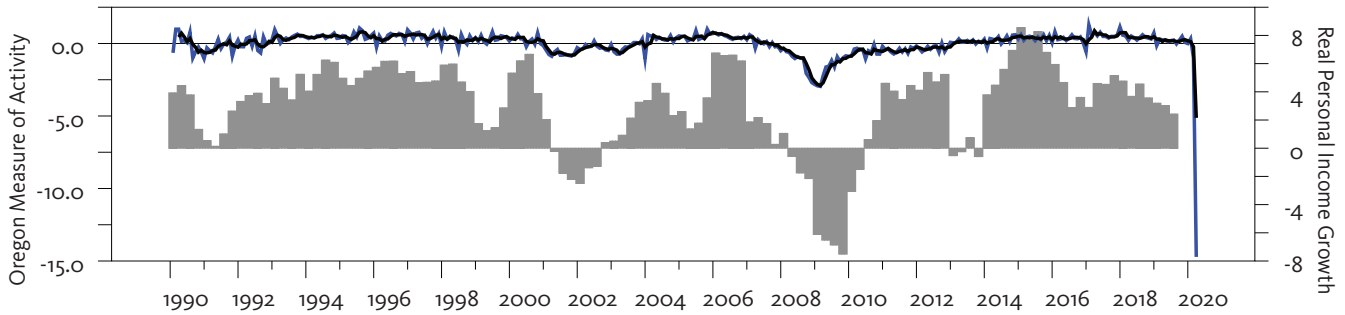
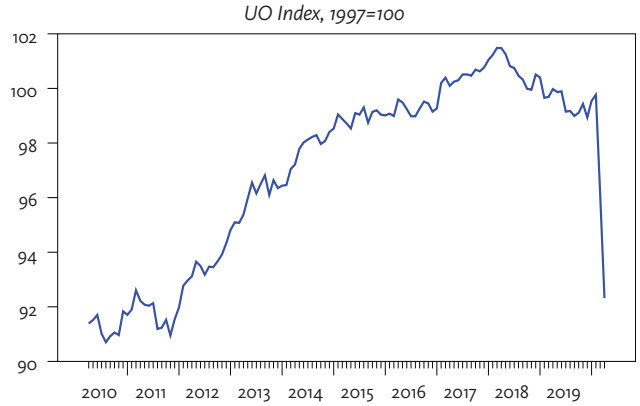
Oregon Measure of Economic Activity

Real Oregon personal income less transfer payments in gray, % change y-o-y, right scale



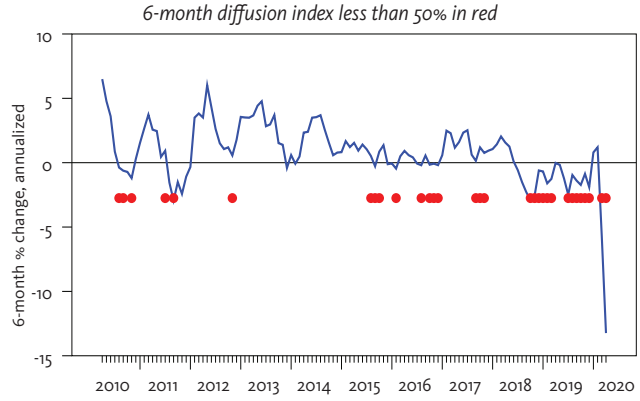
UO Index of Economic Indicators

UO Index, 1997=100



UO Index of Economic Indicators, % Change

6-month diffusion index less than 50% in red



University of Oregon Index of Economic Indicators–Summary and Components

	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20
UO Index of Economic Indicators™, 1997 = 100	99.4	98.9	99.5	99.8	96.1	92.3
Percentage Change	0.3	-0.5	0.6	0.2	-3.7	-3.9
Oregon Initial Unemployment Claims, SA*	3,947	4,768	3,983	3,715	22,975	48,531
Oregon Employment Services Payrolls, SA	40,689	39,463	38,754	39,944	39,341	33,358
Oregon Residential Building Permits, SA, 5 MMA*	1,702	1,757	1,694	1,511	1,465	1,583
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	115.61	114.94	122.55	124.65	124.99	124.22
Oregon Manufacturing Average Weekly Hours, SA	38.69	39.19	38.85	39.19	39.31	37.07
US Consumer Sentiment, SA, 5 MMA	94.7	94.9	96.9	98.5	97.2	92.2
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, $ Millions, SA	37,385	37,213	37,457	37,249	36,653	34,475
Interest Rate Spread	0.26	0.31	0.21	-0.08	0.22	0.61

SA = Seasonally Adjusted, MMA = Months Moving Average

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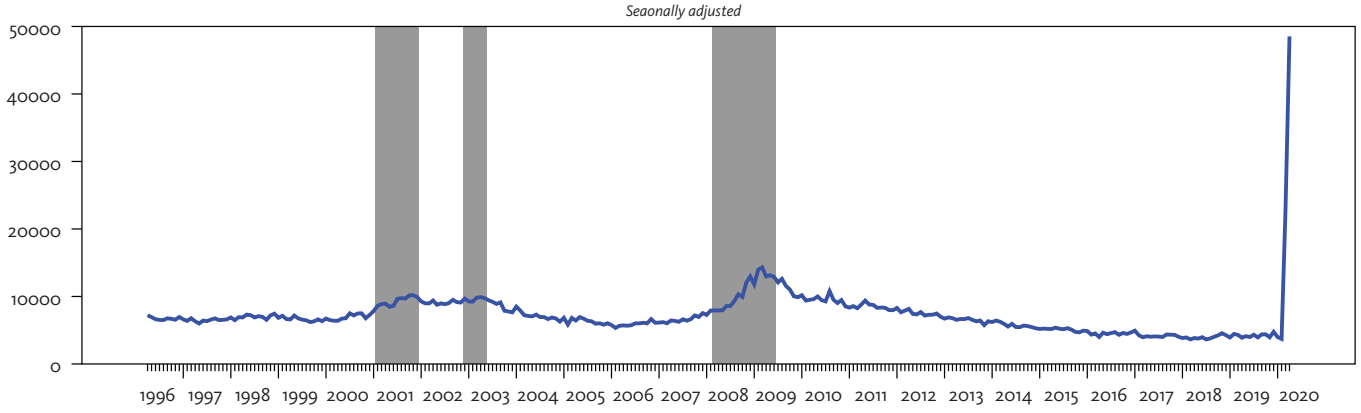
Oregon Initial Unemployment Claims

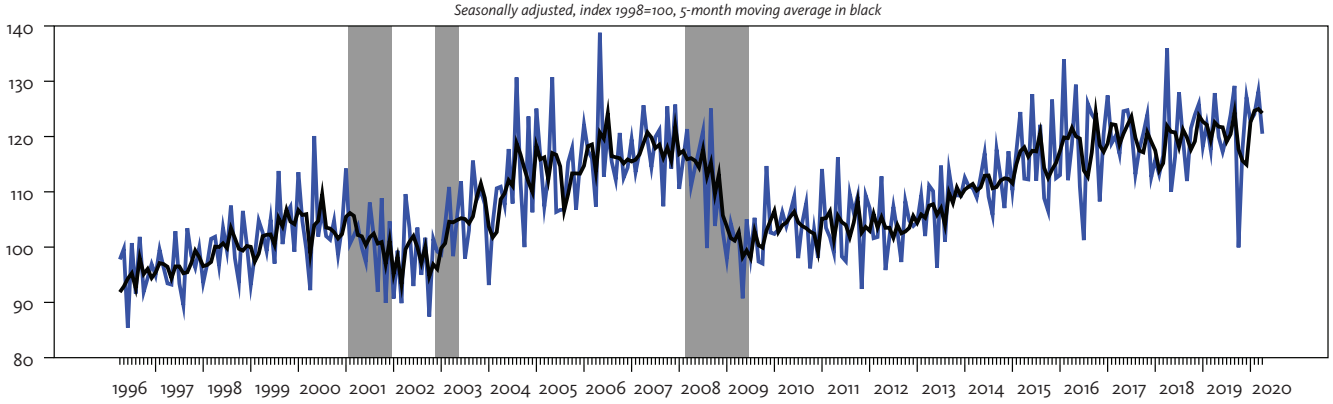
Seaonally adjusted



Gray bars are periods where probability of Oregon recession > 50%

Oregon Weight-Distance Tax

Seasonally adjusted, index 1998=100, 5-month moving average in black



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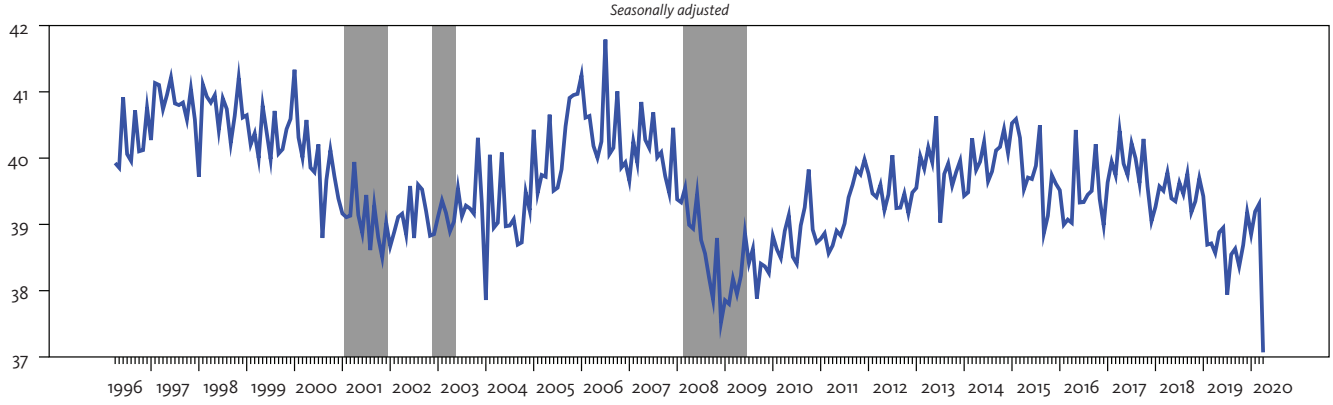
Oregon Manufacturing Average Weekly Hours

Seasonally adjusted



Gray bars are periods where probability of Oregon recession > 50%; Production employees prior to Feb. 2007, all employees after Feb. 2007

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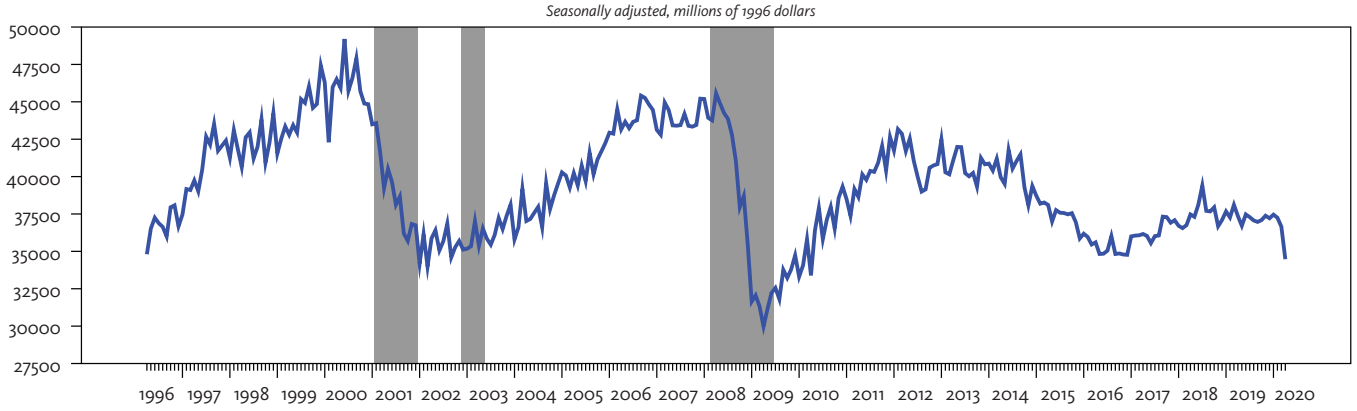
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods

Seasonally adjusted, millions of 1996 dollars



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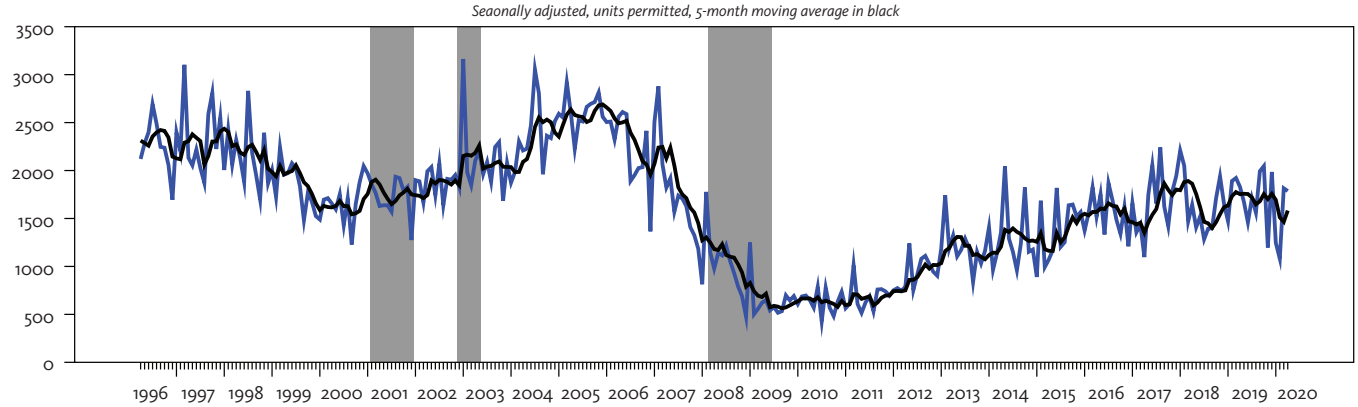
Oregon Residential Building Permits

Seaonally adjusted, units permitted, 5-month moving average in black



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Oregon Residential Building Permits

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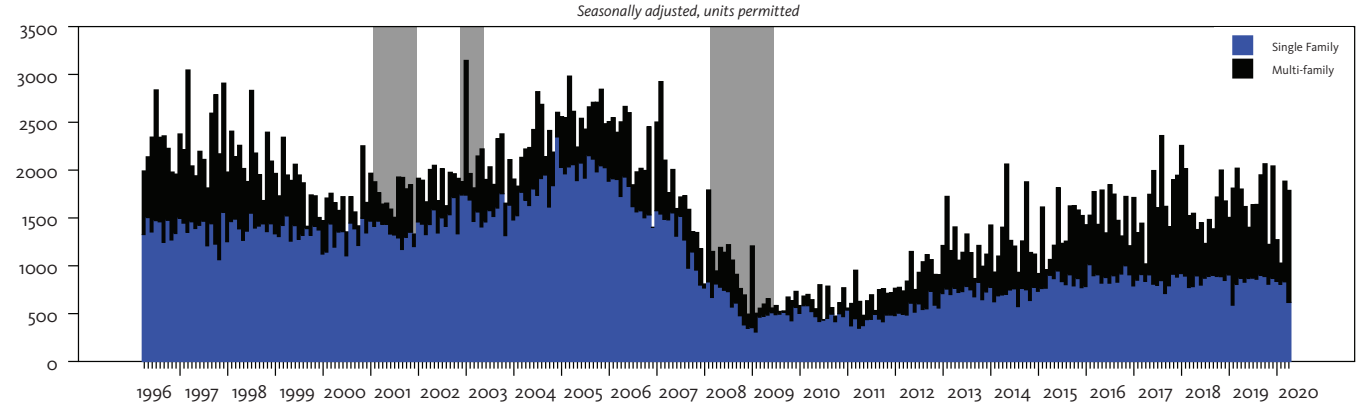

Gray bars are periods where probability of Oregon recession > 50%

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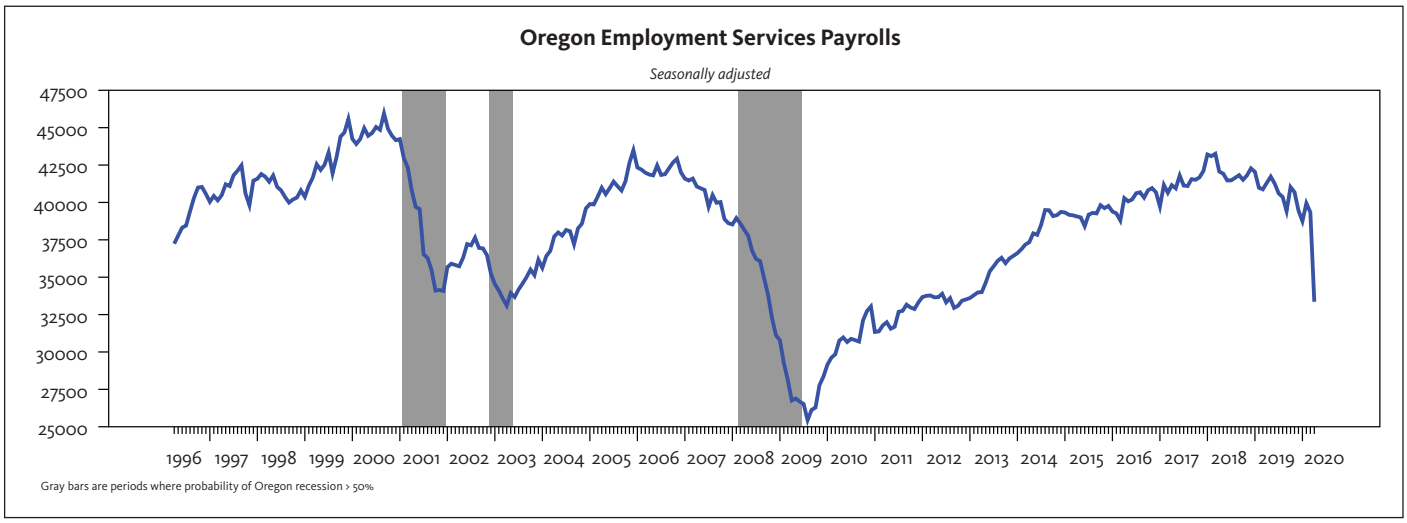

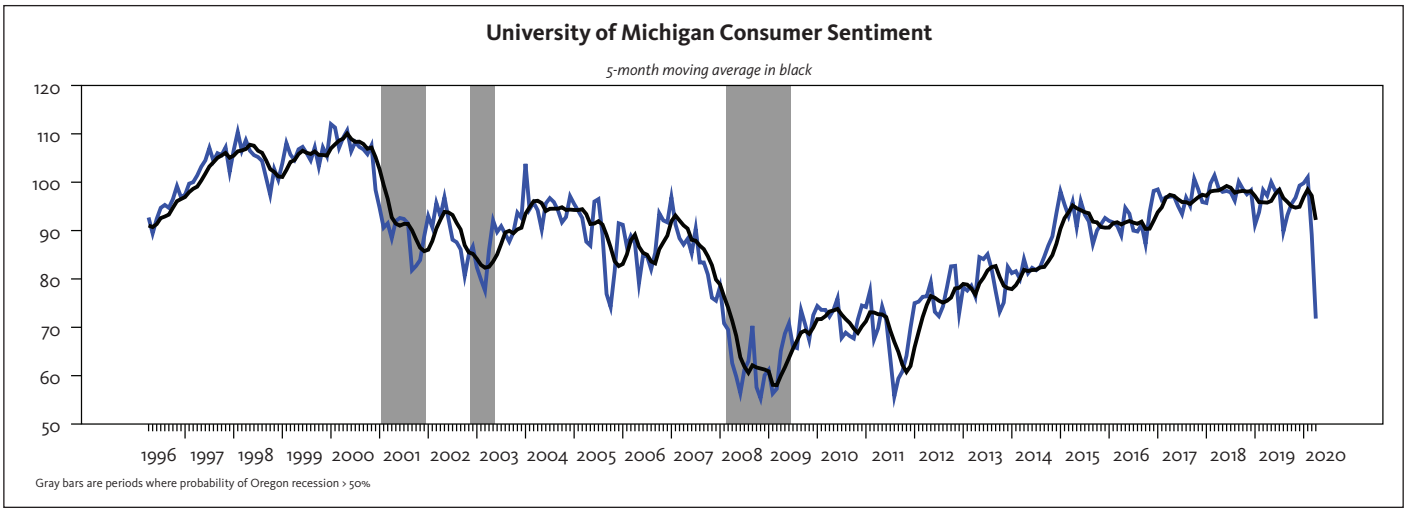

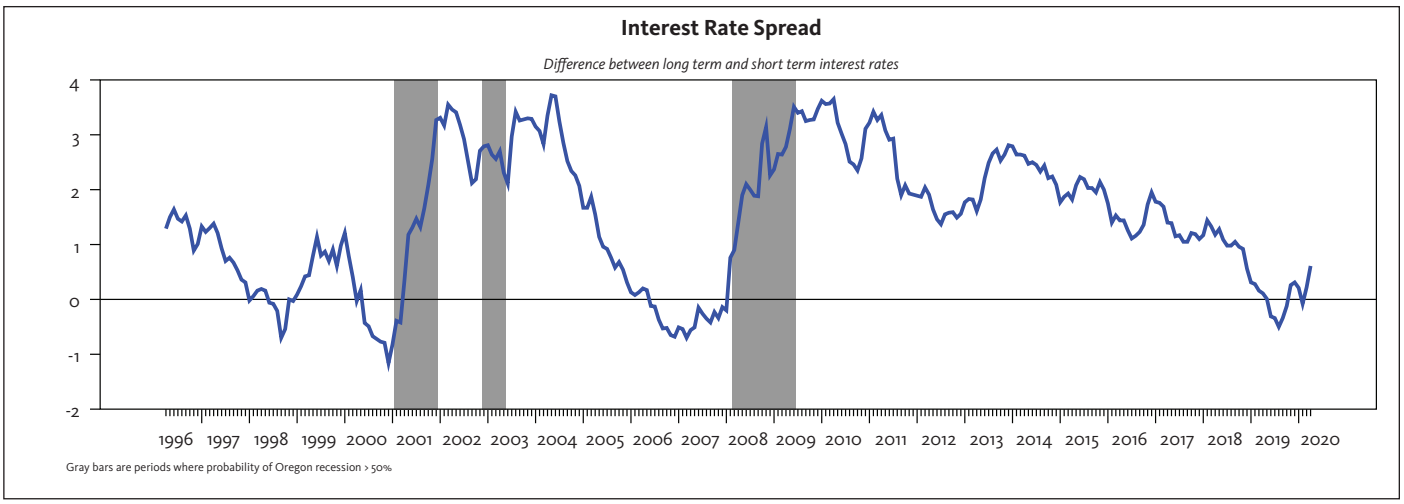

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