

State of Oregon Economic Indicators™



August 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

The Oregon Measure of Economic Activity rose from a revised -0.03 in July to 0.22 in August. The moving average measure, which smooths out the volatility, now stands at 0.73, which equates to above average growth in Oregon. The construction and employment-heavy services sectors both made positive contributions. The manufacturing sector made a negative contribution, weighed down by a low level of hours worked in the sector. Importantly, the household sector now makes a positive contribution due to a falling level of initial unemployment claims and a lower unemployment rate.

The University of Oregon Index of Economic Indicators rose 0.9 percent. A wide range of indicators improved during the month: Initial unemployment claims, employment services payrolls, the Oregon weight-miles tax (a measure of trucking activity), and core manufacturing

orders. New housing permits continues to hold steady. Consumer sentiment and hours worked in manufacturing remain the weaker spots on the data. Consumer sentiment should rise as unemployment rates fall further.

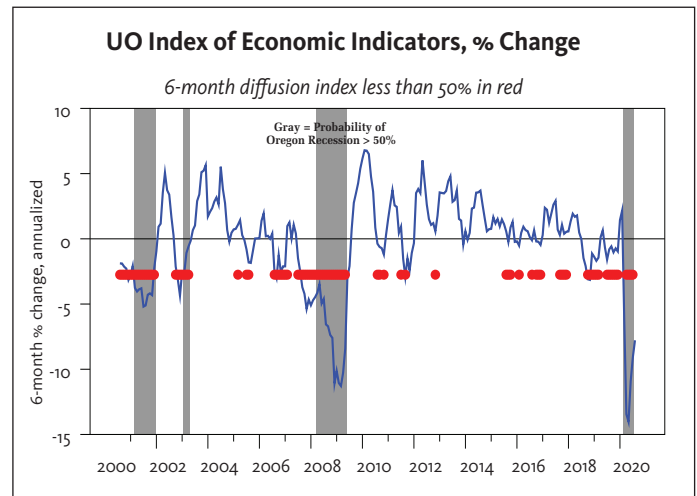
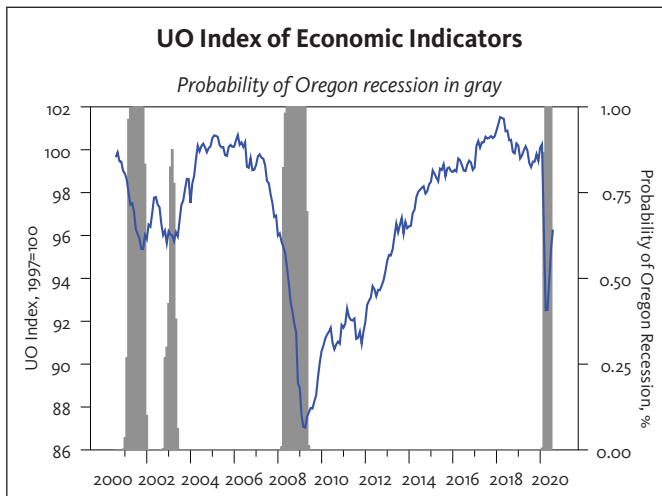
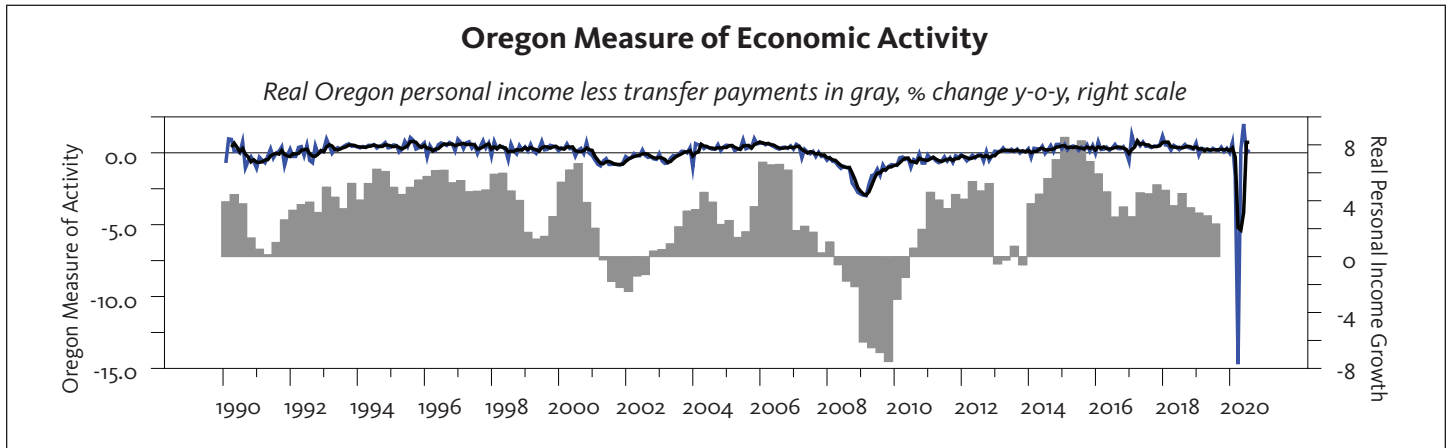
As a technical matter, the recession most likely lasted one quarter. Growth rebounded in the third quarter of this year; forecasters increasingly expect 30 percent or higher growth in the third quarter. While not enough to fully recover the losses from earlier in the year, the recovery is expected to be sustainable but the pace of further gains remains uncertain. Sectors of the economy dependent upon denser crowds, particularly leisure and hospitality, remain constrained by the pandemic and will continue to weigh on overall activity. Otherwise, the economy continues to grow around the virus.

Contributions to Oregon Measure of Economic Activity—August 2020

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	-0.06			
Hours, Manufacturing Employees, Oregon	-0.16			
Manufacturing Exports, Oregon	-0.03			
New Private Housing Units Authorized by Building Permit, Oregon		-0.01		
Construction Employment in Oregon		0.28		
Natural Resources and Mining Employment, Oregon		-0.05		
Employment Services Employment, Oregon			0.10	
Initial Unemployment Claims, Oregon			-0.03	
Civilian Labor Force, Oregon			-0.02	
Unemployment Rate, Oregon			-0.04	
Interest Rate Spread			0.02	
S & P 500 Stock Index			0.02	
Consumer Sentiment, University of Michigan–Reuters			-0.07	
Educational and Health Services Employment, Oregon				-0.09
Financial Activities Employment, Oregon				0.16
Government Employment, Oregon				0.08
Leisure and Hospitality Employment, Oregon				0.07
Professional and Business Services Employment, Oregon				-0.18
Other Services Employment, Oregon				0.01
Trade, Transportation and Utilities Employment, Oregon				0.16
Total by Sector	-0.20	0.23	-0.02	0.21
	Jun '20	Jul '20	Aug '20	
Oregon Measure of Economic Activity	2.01	-0.03	0.22	
Three-Month Moving Average	-4.16	0.73	0.73	

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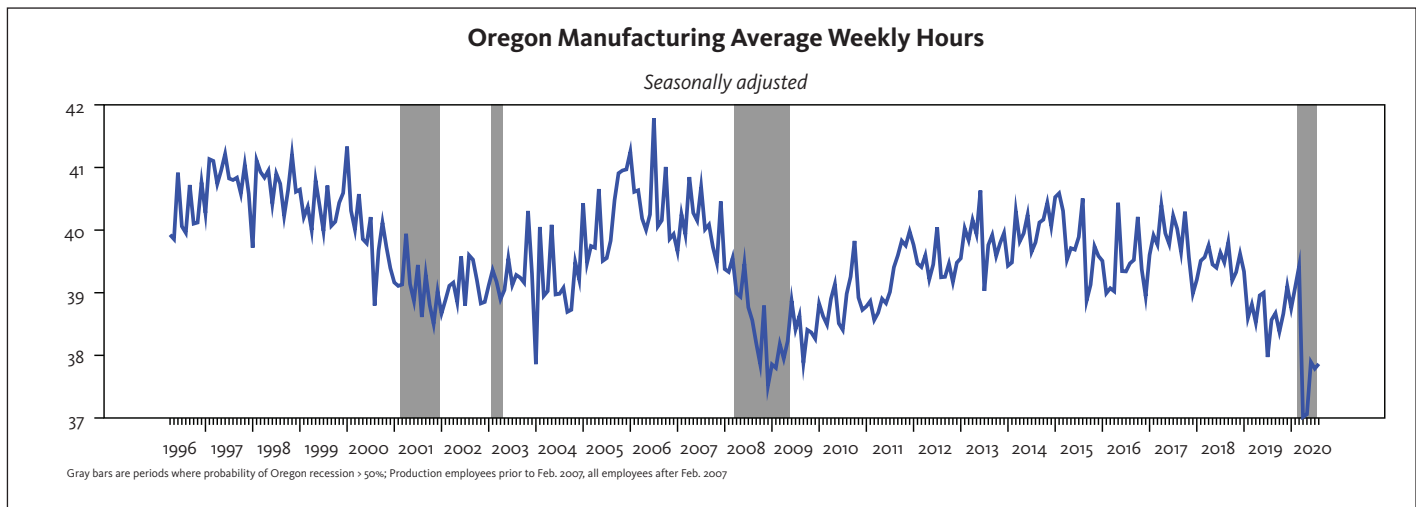
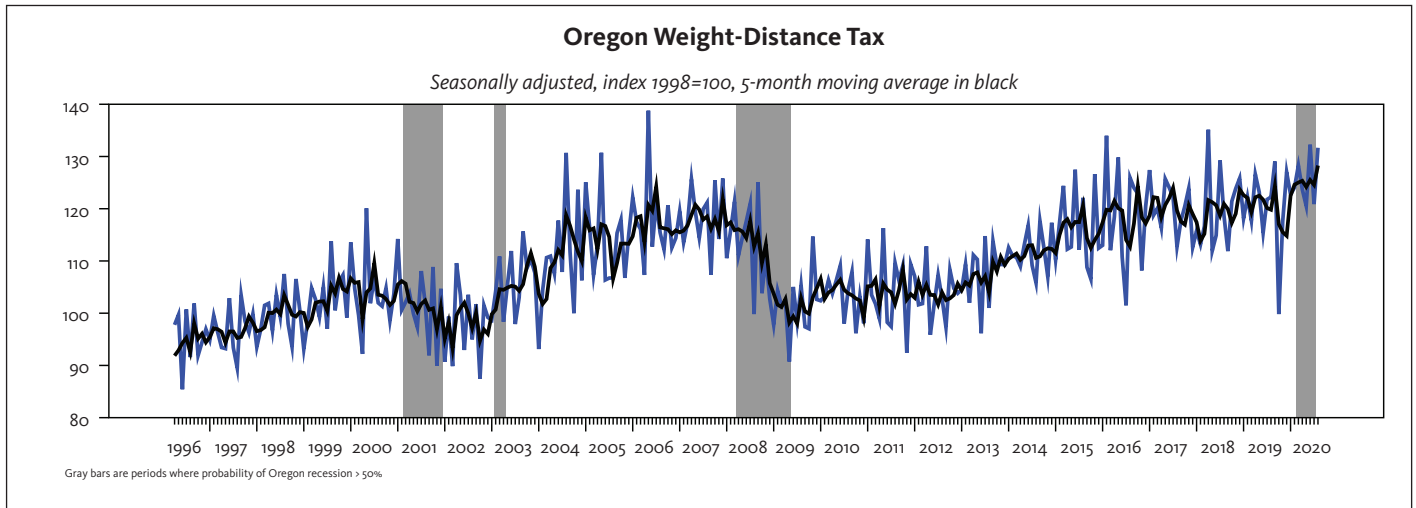
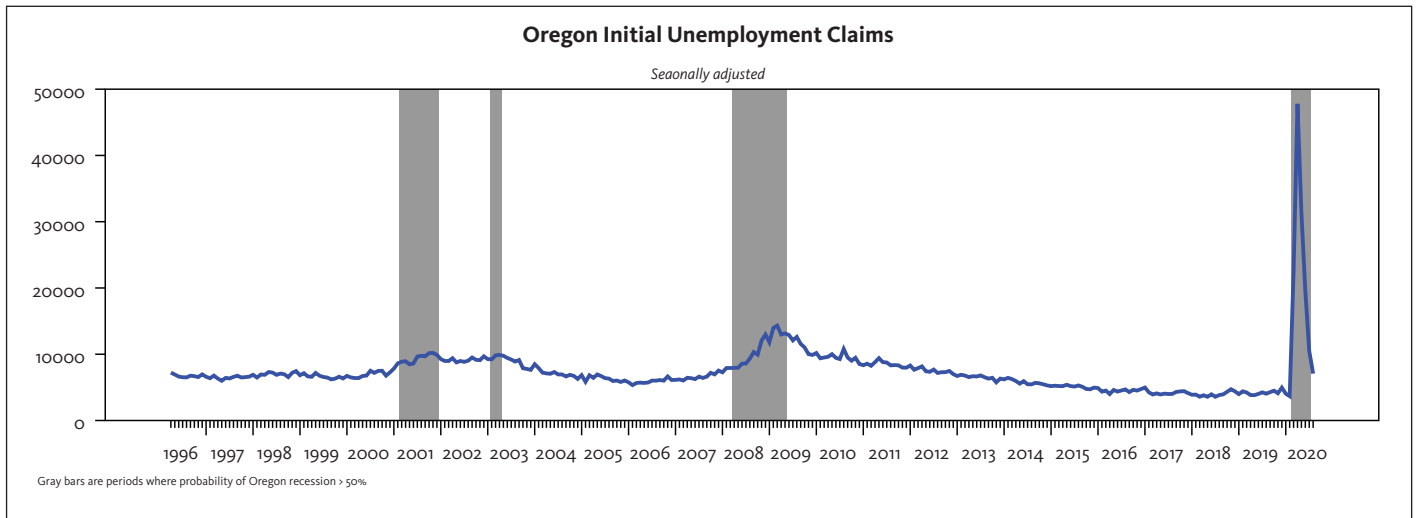


University of Oregon Index of Economic Indicators—Summary and Components

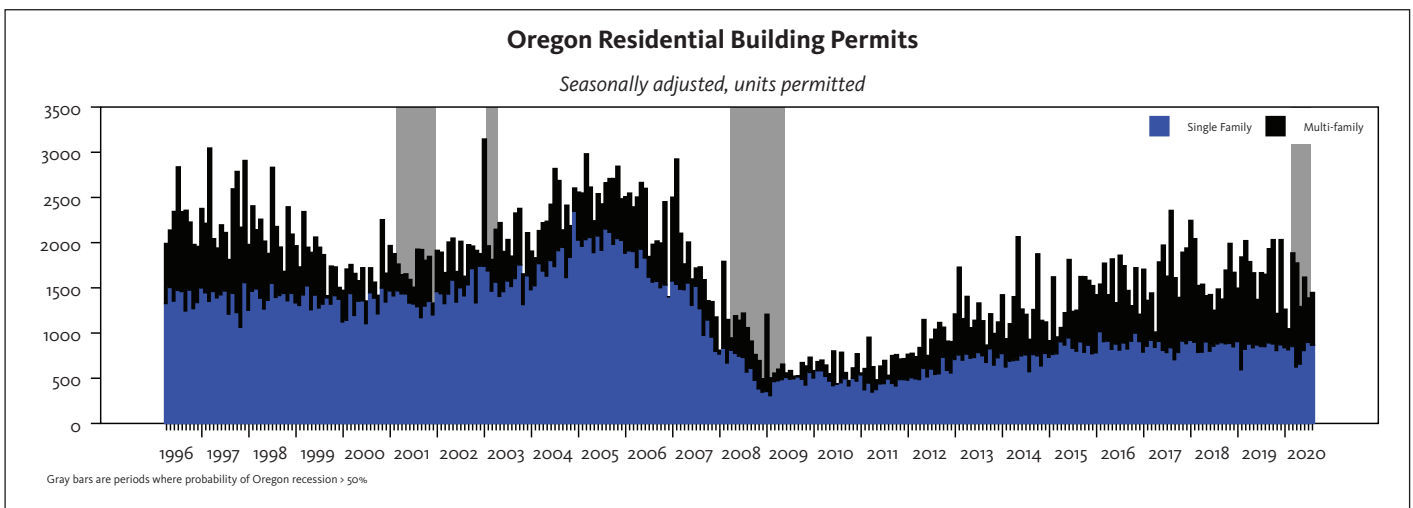
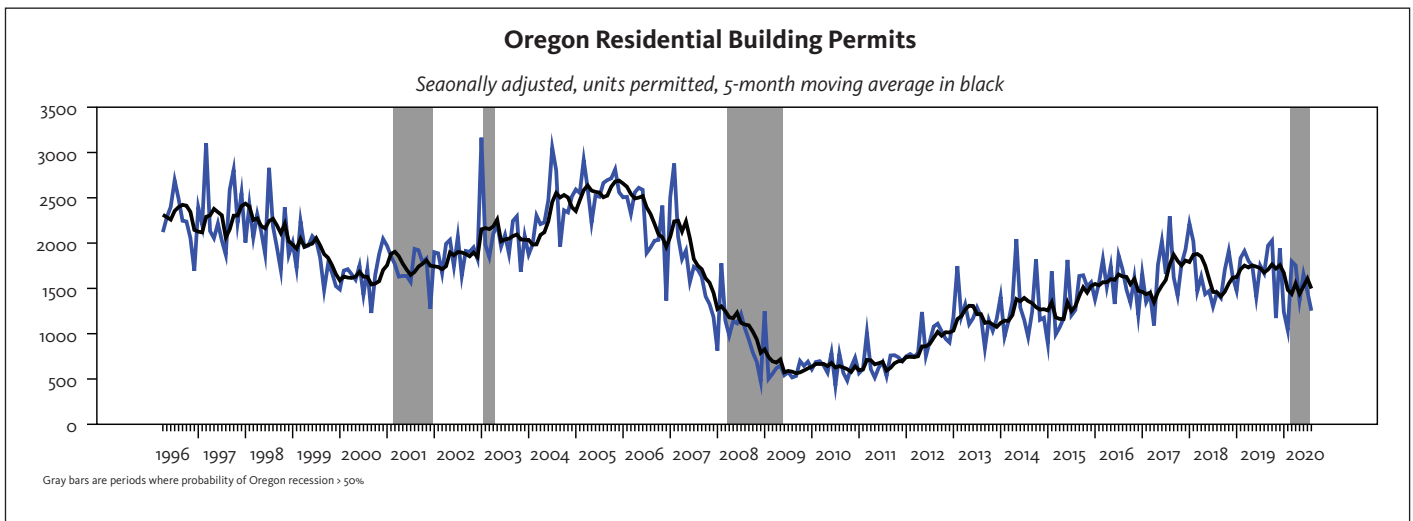
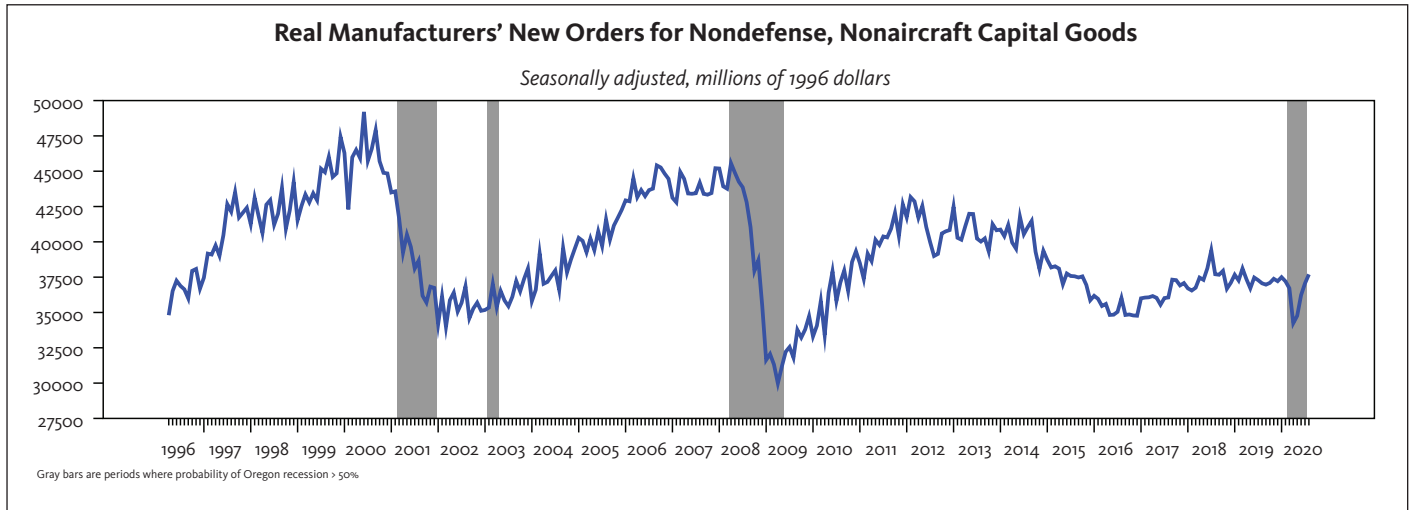
	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20
UO Index of Economic Indicators™, 1997 = 100	96.3	92.5	92.5	93.9	95.4	96.3
Percentage Change	-3.9	-3.9	0.0	1.5	1.6	0.9
Oregon Initial Unemployment Claims, SA*	22,502	47,789	31,351	19,545	10,486	7,075
Oregon Employment Services Payrolls, SA	40,199	34,328	33,061	33,502	36,276	37,112
Oregon Residential Building Permits, SA, 5 MMA*	1,439	1,555	1,440	1,523	1,607	1,498
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	125.02	125.34	124.17	125.50	124.56	128.27
Oregon Manufacturing Average Weekly Hours, SA	39.42	37.02	37.06	37.89	37.79	37.86
US Consumer Sentiment, SA, 5 MMA	97.2	92.2	86.8	82.5	76.8	73.8
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	36,714	34,245	34,763	36,228	37,059	37,697
Interest Rate Spread	0.22	0.61	0.62	0.65	0.53	0.55

SA = Seasonally Adjusted, MMA = Months Moving Average

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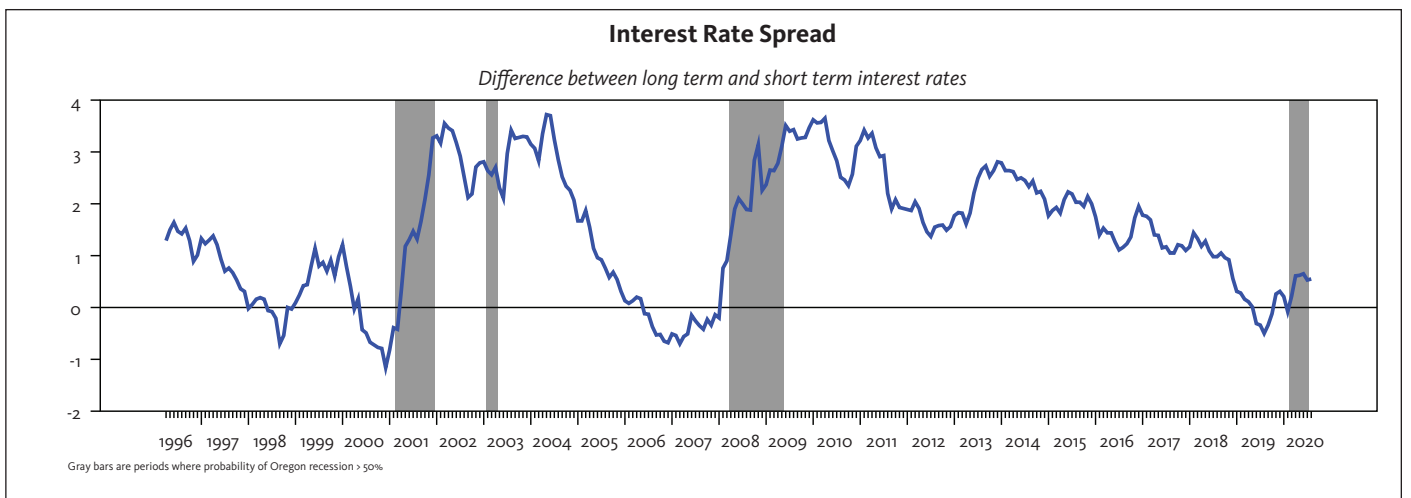
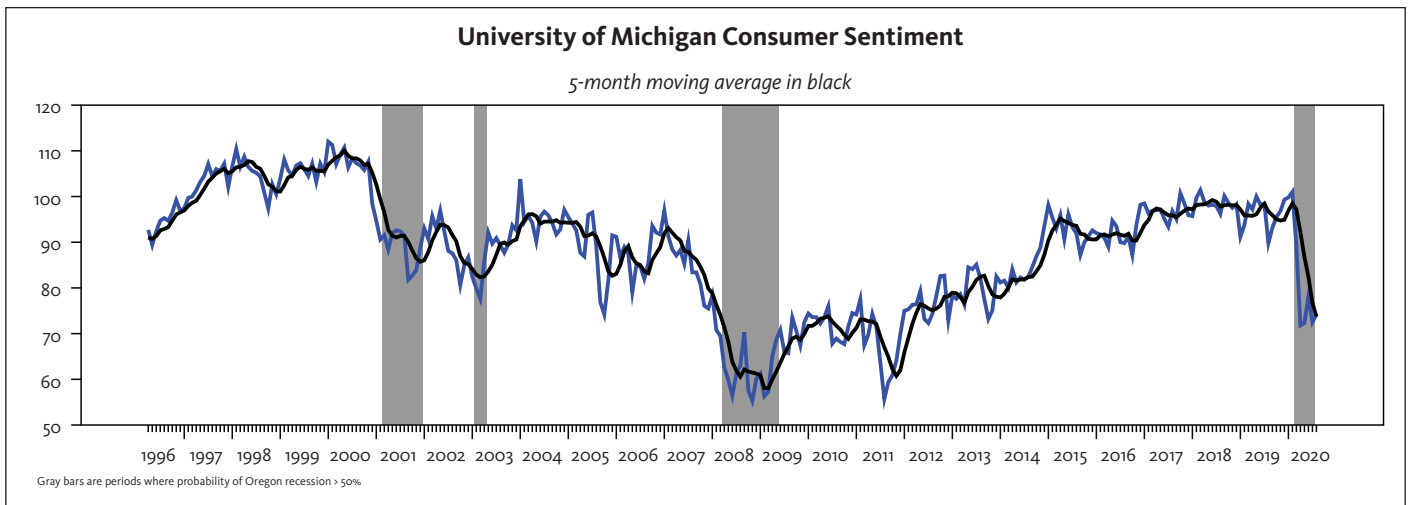
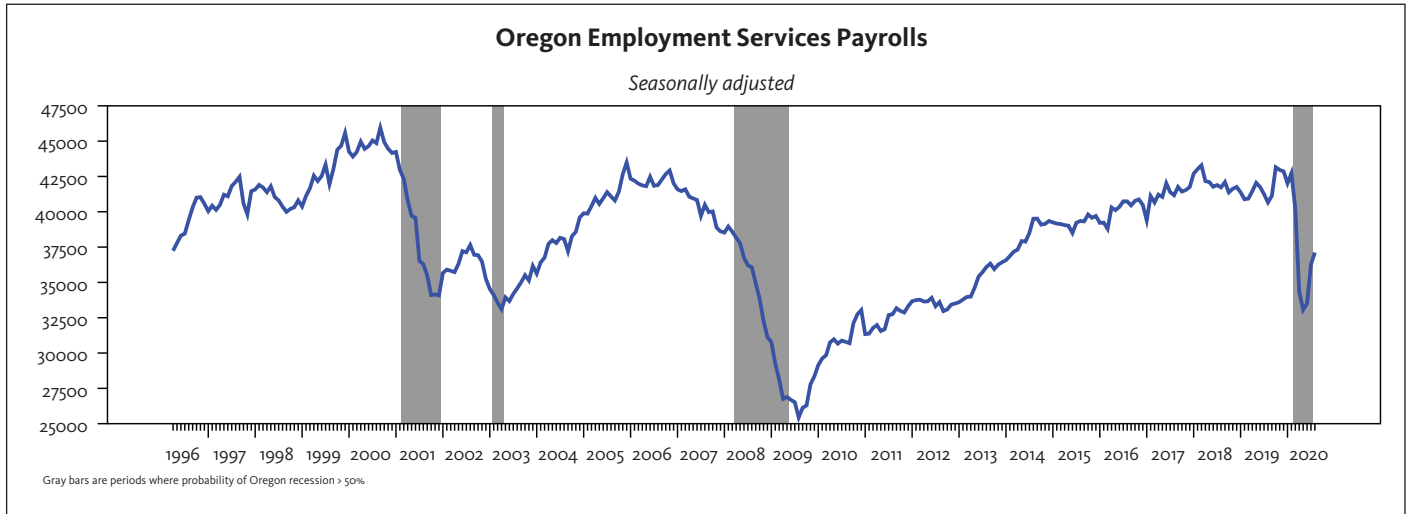


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