

State of Oregon Economic Indicators™



April 2019

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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 fell to 0.41 in April, down from an upwardly-revised 0.74 in March. The moving average measure, which smooths out the volatility, slid to 0.55, still above average (“zero” indicates average growth over the 1990-present period). The manufacturing sector contributed negatively; the weakness was largely attributable to the manufacturing hours worked numbers. The hours worked data continues to run counter to the steady gains in manufacturing employment component. Building permits supported a solid positive contribution from the construction sector. Household sector components were generally strong; still, a negative contribution came from soft civilian labor force growth.

The University of Oregon Index of Economic Indicators rose, gaining 0.5 percent in April. The recent rise in initial unemployment claims in February and March reversed in April; overall, claims remain at a low level consistent with

continued job growth. Similarly, employment services firms, largely temporary help agencies, continue to expand employment. Building permits (smoothed) continue to edge higher while consumer confidence (smoothed) held steady. Core manufacturing orders were down a notch; increased trade tensions with China may cause business confidence to decline in the months ahead. If so, we would expect this number to soften. The interest rate spread has fallen to just 0.11 percentage points; in the past, a negative value has been a good recession indicator.

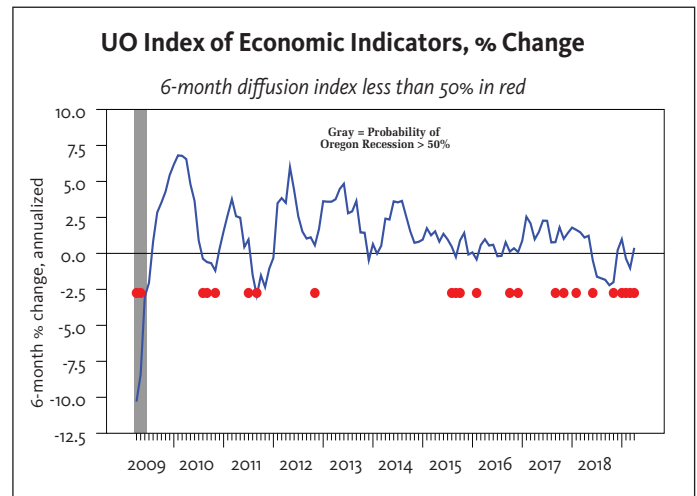
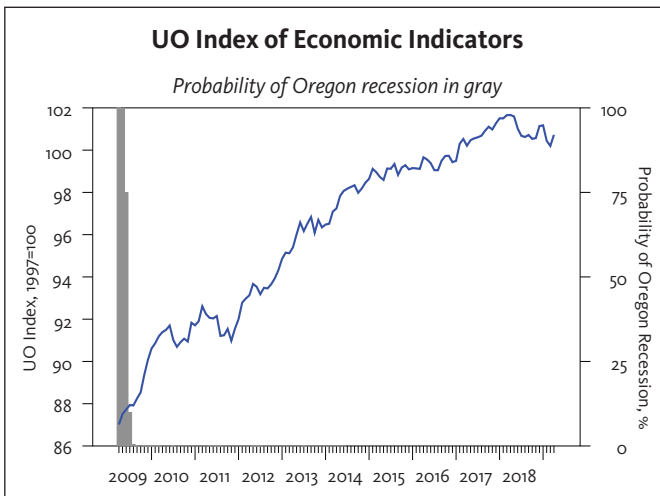
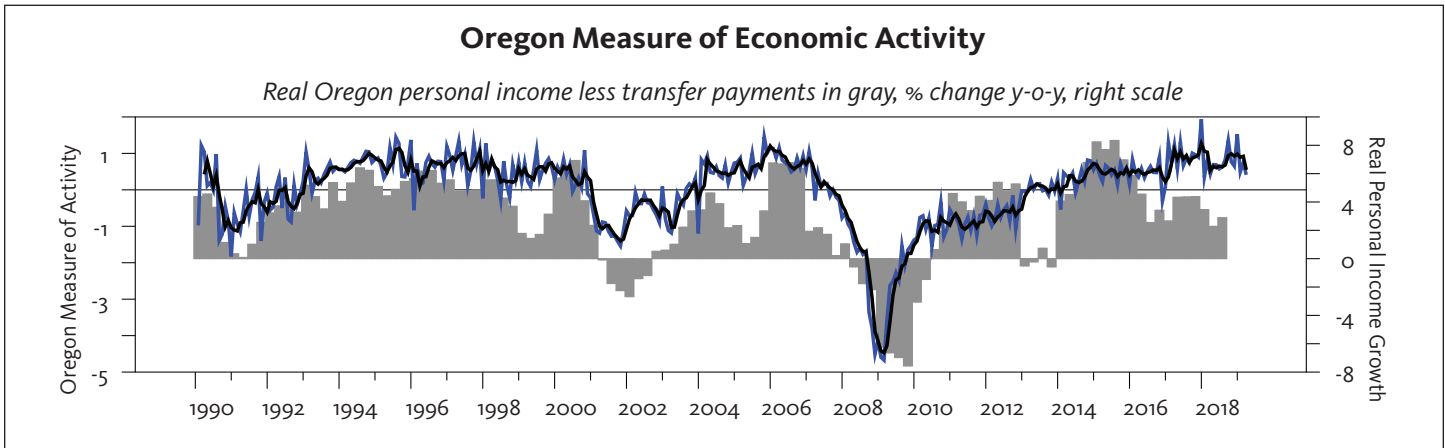
The recent decline of the UO Index remains insufficient to raise imminent recession concerns. It's behavior instead is consistent with a mature business cycle in which growth is relatively slower compared to early in the expansion. Indicators overall still suggest the Oregon economy is poised for continued growth.

Contributions to Oregon Measure of Economic Activity—April 2019

| | Manufacturing | Construction | Households | Services |
|---|---------------|--------------|-------------|--------------|
| ISM Manufacturing: Imports Index | -0.05 | | | |
| ISM Manufacturing: Supplier Deliveries Index | -0.01 | | | |
| Manufacturing Employment, Oregon | 0.08 | | | |
| Hours, Manufacturing Employees, Oregon | -0.18 | | | |
| Manufacturing Exports, Oregon | -0.01 | | | |
| New Private Housing Units Authorized by Building Permit, Oregon | | 0.08 | | |
| Construction Employment in Oregon | | 0.03 | | |
| Natural Resources and Mining Employment, Oregon | | 0.01 | | |
| Employment Services Employment, Oregon | | | 0.01 | |
| Initial Unemployment Claims, Oregon | | | 0.24 | |
| Civilian Labor Force, Oregon | | | -0.03 | |
| Unemployment Rate, Oregon | | | 0.15 | |
| Interest Rate Spread | | | 0.08 | |
| S & P 500 Stock Index | | | 0.03 | |
| Consumer Sentiment, University of Michigan—Reuters | | | 0.10 | |
| Educational and Health Services Employment, Oregon | | | | 0.02 |
| Financial Activities Employment, Oregon | | | | 0.00 |
| Government Employment, Oregon | | | | 0.00 |
| Leisure and Hospitality Employment, Oregon | | | | 0.07 |
| Professional and Business Services Employment, Oregon | | | | -0.11 |
| Other Services Employment, Oregon | | | | -0.04 |
| Trade, Transportation and Utilities Employment, Oregon | | | | -0.04 |
| Total by Sector | -0.18 | 0.12 | 0.58 | -0.10 |
| | Feb '19 | Mar '19 | Apr '19 | |
| Oregon Measure of Economic Activity | 0.49 | 0.74 | 0.41 | |
| Three-Month Moving Average | 0.89 | 0.92 | 0.55 | |

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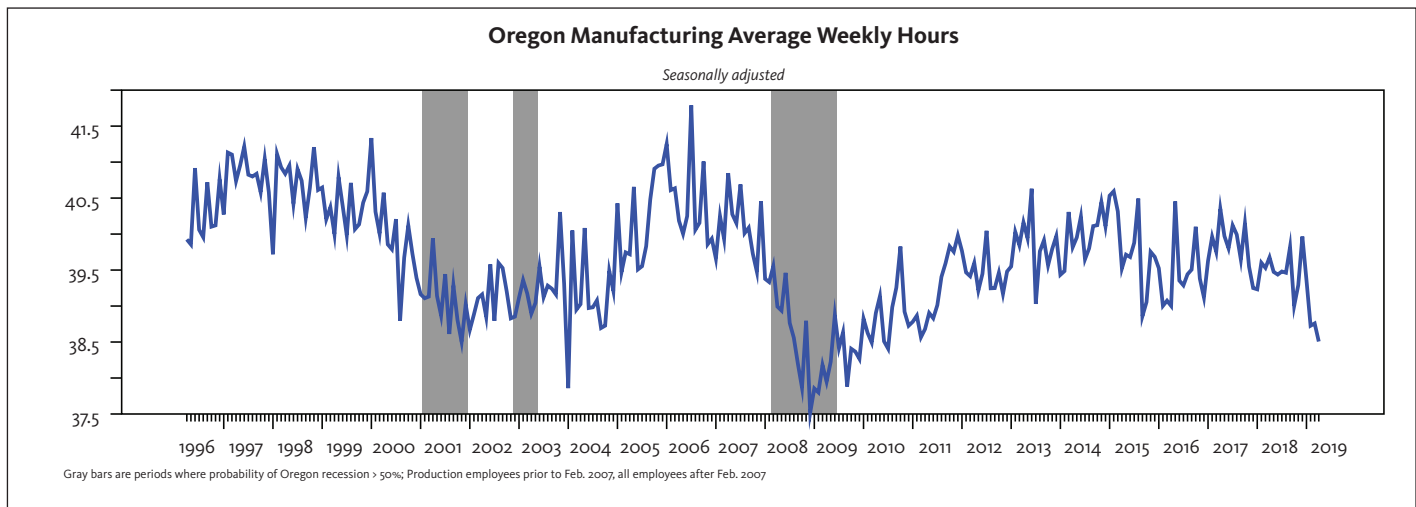
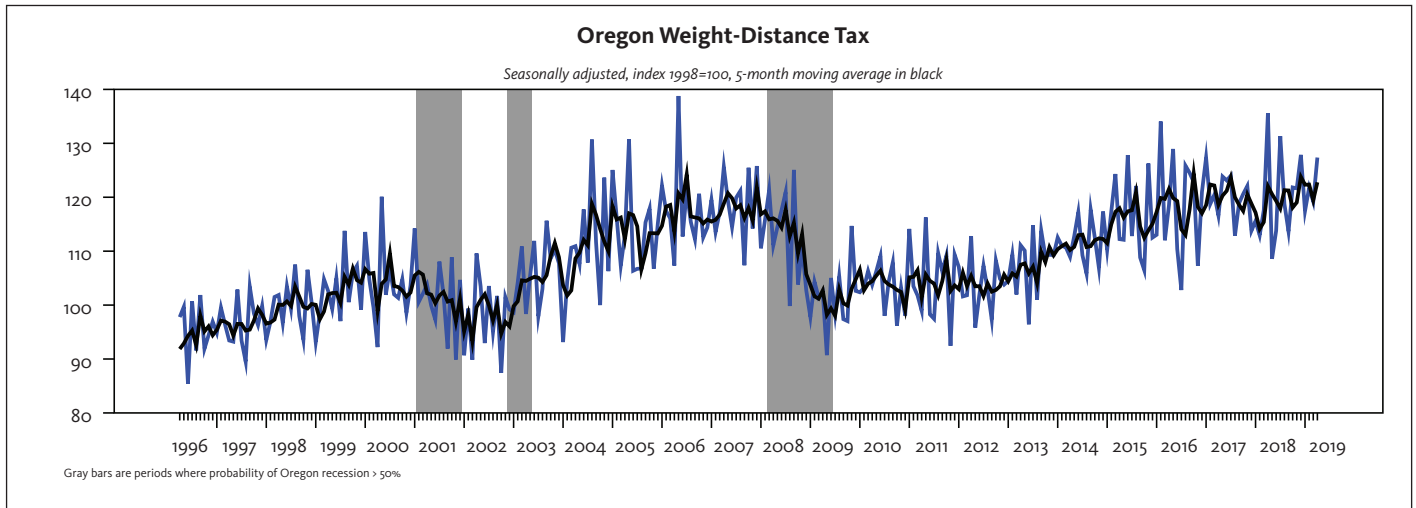
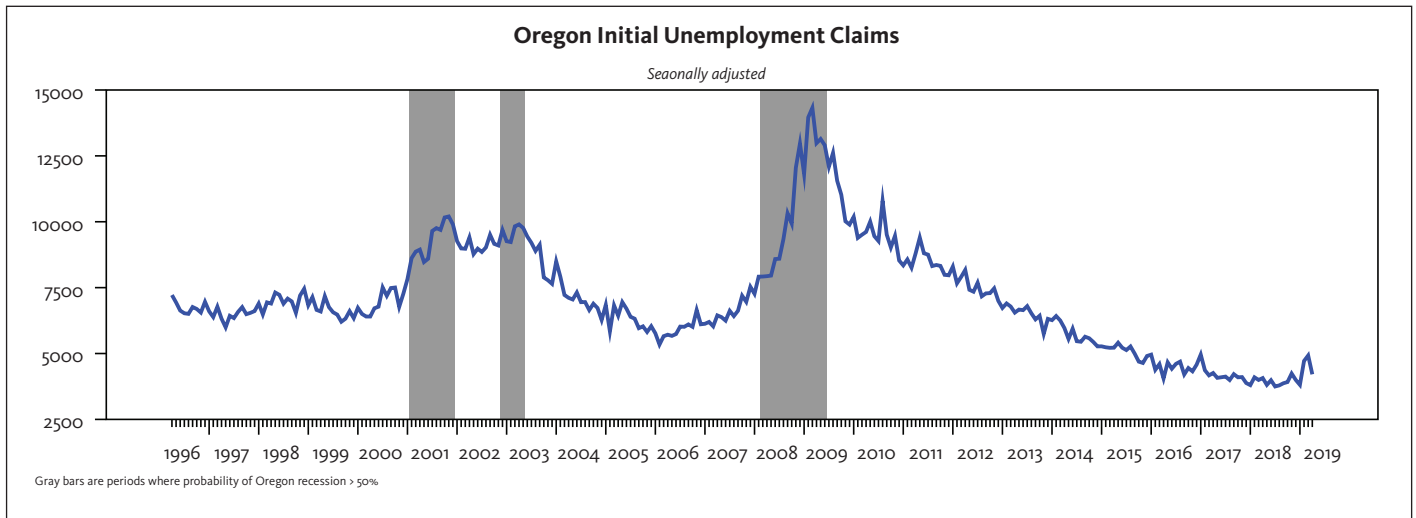


University of Oregon Index of Economic Indicators–Summary and Components

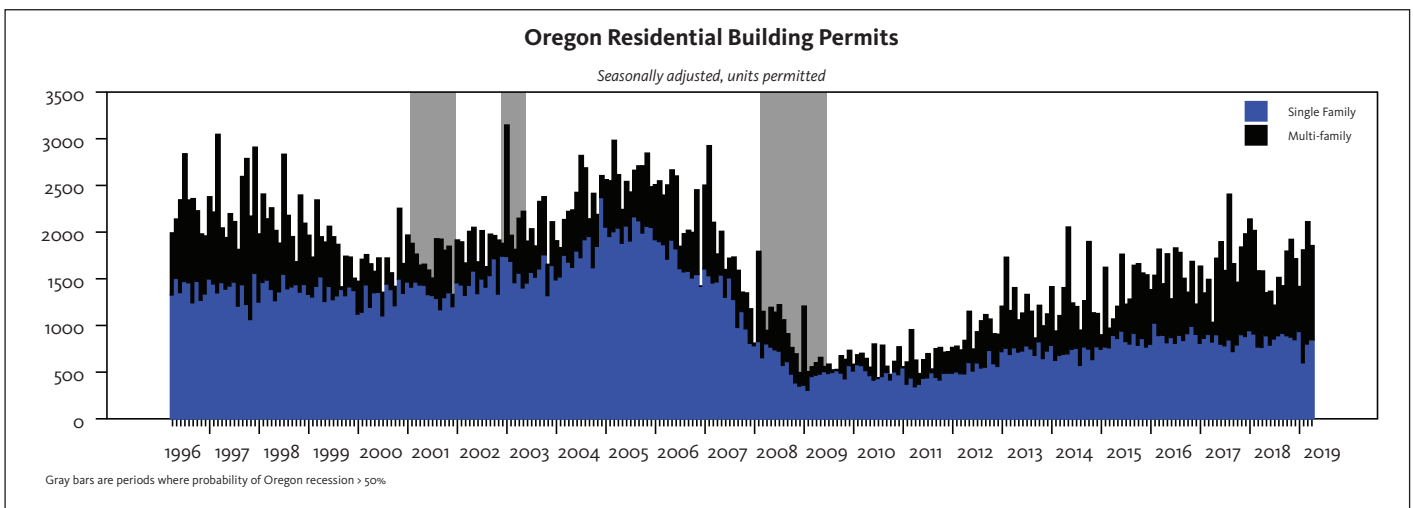
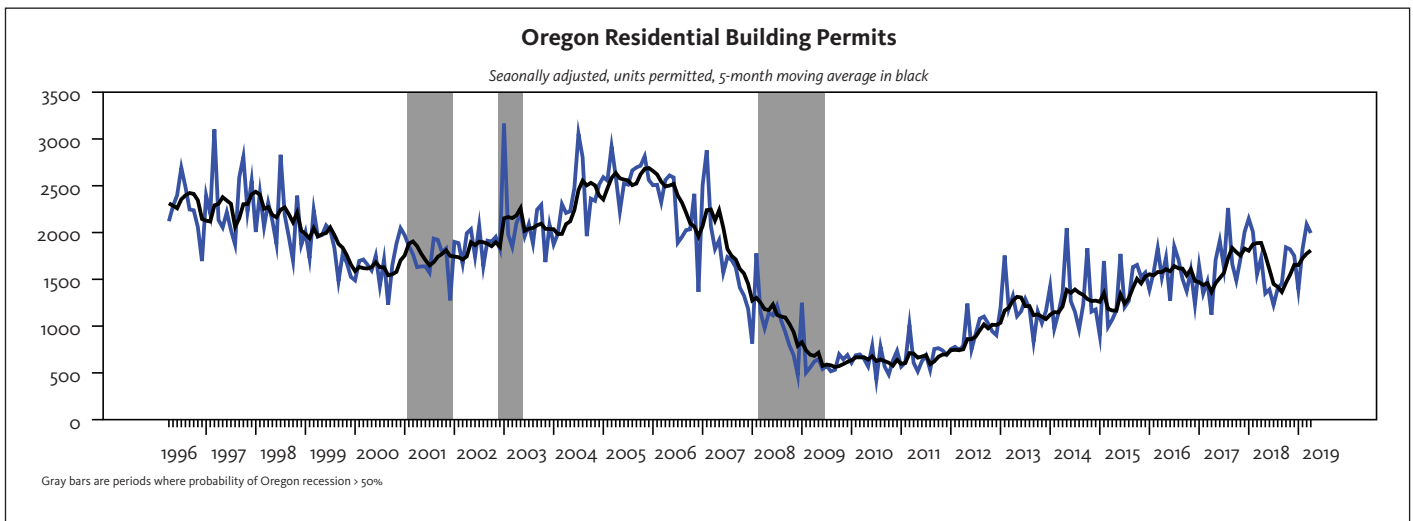
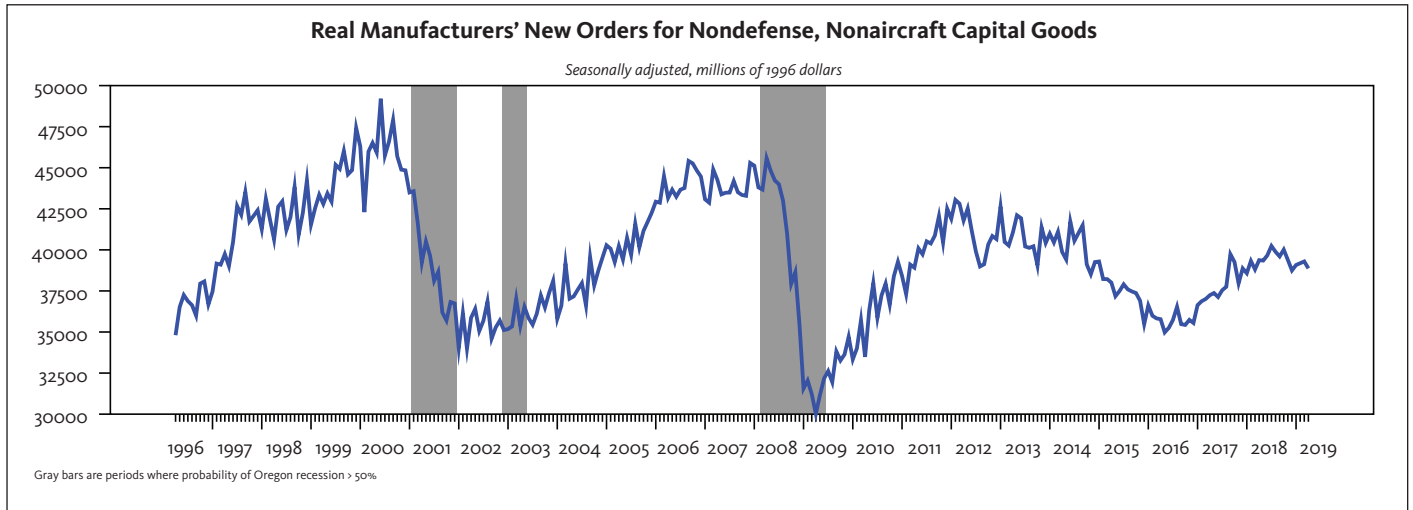
| | Nov '18 | Dec '18 | Jan '19 | Feb '19 | Mar '19 | Apr '19 |
|---|---------|---------|---------|---------|---------|---------|
| UO Index of Economic Indicators™, 1997 = 100 | 100.6 | 101.1 | 101.2 | 100.4 | 100.2 | 100.7 |
| Percentage Change | 0.0 | 0.6 | 0.0 | -0.7 | -0.2 | 0.5 |
| Oregon Initial Unemployment Claims, SA* | 4,240 | 3,997 | 3,811 | 4,718 | 4,926 | 4,211 |
| Oregon Employment Services Payrolls, SA | 42,054 | 42,569 | 44,315 | 44,242 | 44,133 | 44,449 |
| Oregon Residential Building Permits, SA, 5 MMA* | 1,549 | 1,654 | 1,652 | 1,725 | 1,774 | 1,809 |
| Oregon Weight-Distance Tax, SA, Index, 1998 = 100 | 119.04 | 123.78 | 122.32 | 122.36 | 119.47 | 122.77 |
| Oregon Manufacturing Average Weekly Hours, SA | 39.29 | 39.97 | 39.36 | 38.73 | 38.76 | 38.51 |
| US Consumer Sentiment, SA, 5 MMA | 98.1 | 98.1 | 97.1 | 95.9 | 95.8 | 95.8 |
| Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA | 39,391 | 38,748 | 39,079 | 39,188 | 39,296 | 38,873 |
| Interest Rate Spread | 0.92 | 0.56 | 0.31 | 0.28 | 0.16 | 0.11 |

SA = Seasonally Adjusted, MMA = Months Moving Average

April 2019

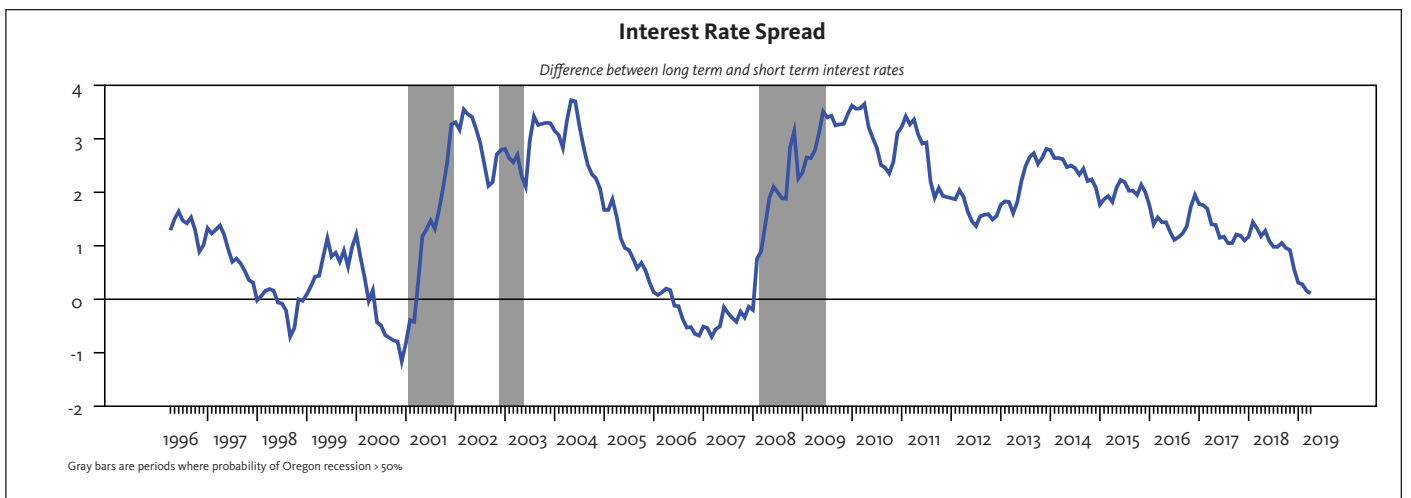
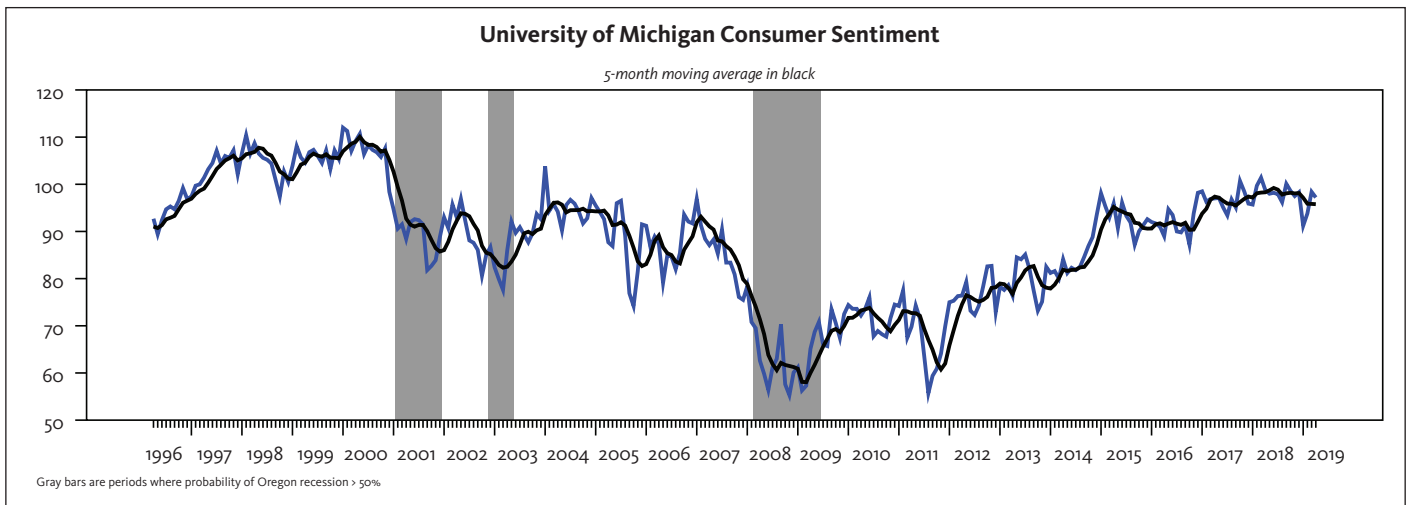
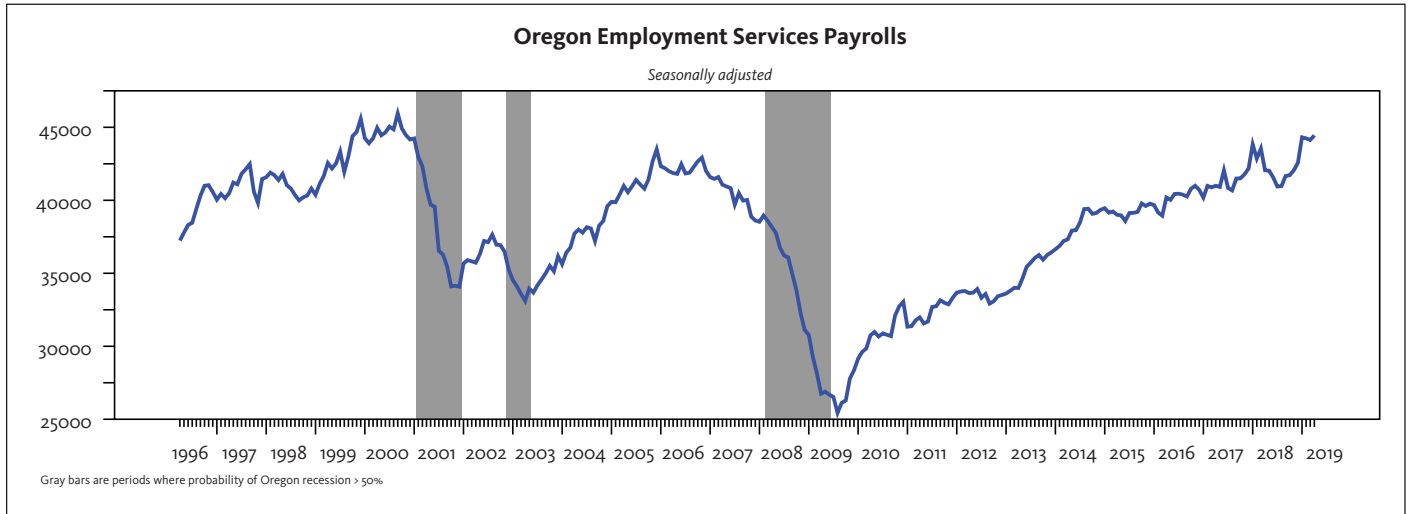


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