

# State of Oregon Economic Indicators™



June 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.

## CONTACT

Timothy A. Duy  
 Director, Oregon Economic Forum  
 Department of Economics, University of Oregon  
 541-346-4660 · duy@uoregon.edu  
 econforum.uoregon.edu

## Review

The Oregon Measure of Economic Activity rose to 0.26 in June, up from an upwardly-revised -0.07 in May. The moving average measure, which smooths out the volatility, fell to 0.25, still above average (“zero” indicates average growth over the 1990-present period). The manufacturing sector again contributed negatively; the sector is under pressure from weak global growth and ongoing trade disputes. The services sector again was pressured by slower job growth while the construction sector generated a nearly neutral contribution. The household sector made the only substantial contribution, bolstered by a low unemployment rate and low initial unemployment claims as well as solid consumer sentiment.

The University of Oregon Index of Economic Indicators edged up in June for the third consecutive month of gains. Lower levels of jobless claims plus higher employment services payrolls (large temporary help firms)

foreshadows continuing overall job growth. Core manufacturing orders for capital goods again edged higher and have yet to show the declines typically associated with very weak economic conditions. Residential housing permits have held fairly stable in recent months after recovering from a decline last year. The interest rate spread between 10-year treasury bonds and the Federal Funds rate fell to -0.31; in the past such a yield curve inversion has been helpful in predicting recessions. In response to growing risks to the economic outlook, the Federal Reserve recently cut interest rates.

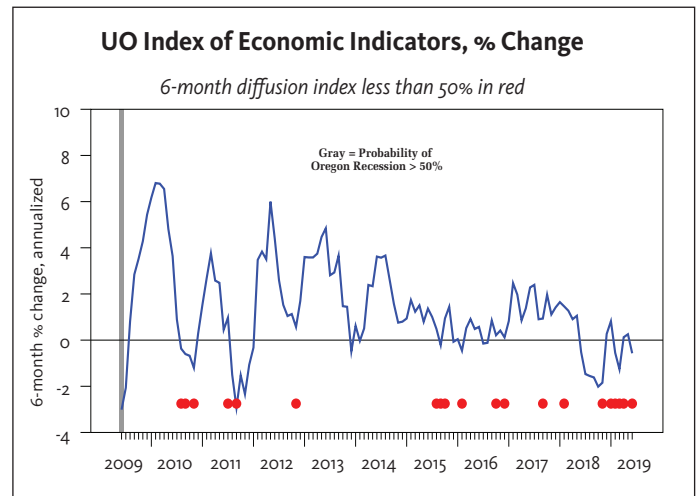
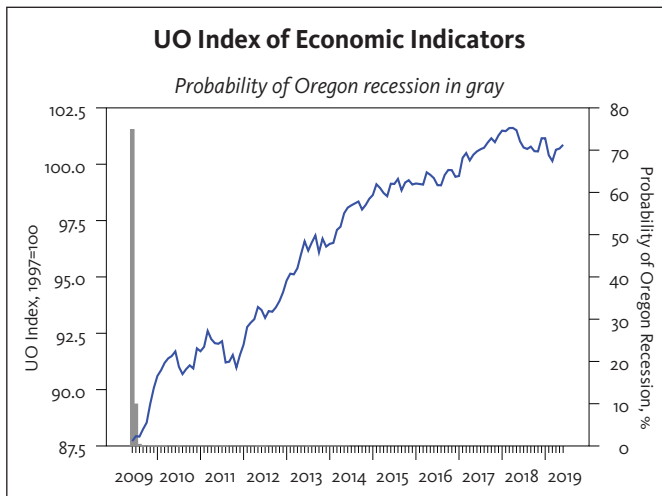
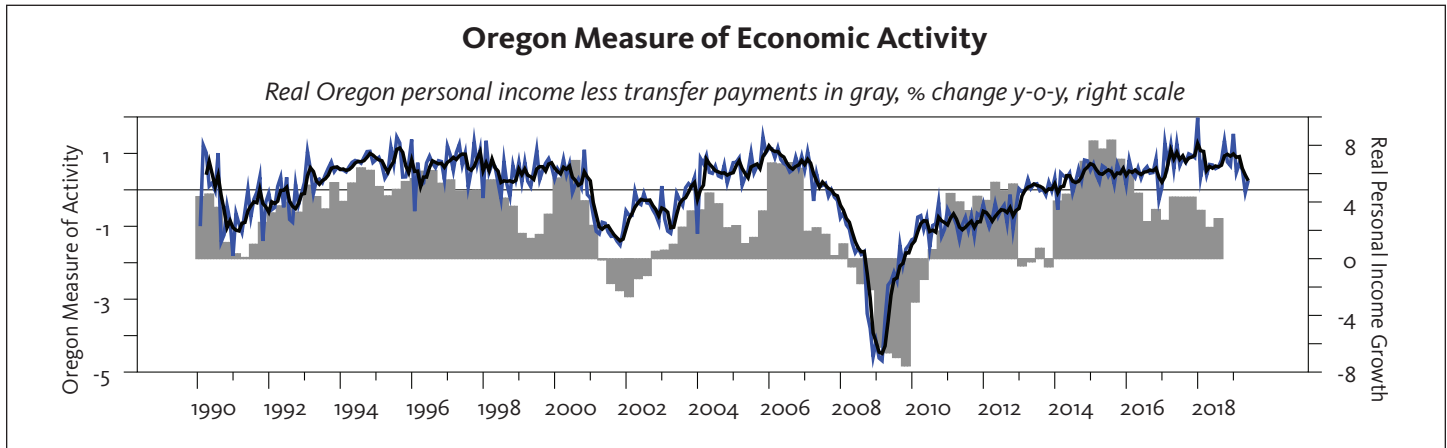
The UO Index still is not showing the depth and breadth of weakness across indicators that would signal an impending recession. At this point, the combination of measures in this report suggests continued economic expansion at a slower pace of growth compared to last year.

## Contributions to Oregon Measure of Economic Activity—June 2019

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.05			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.10			
Hours, Manufacturing Employees, Oregon	-0.12			
Manufacturing Exports, Oregon	0.03			
New Private Housing Units Authorized by Building Permit, Oregon		-0.02		
Construction Employment in Oregon		0.00		
Natural Resources and Mining Employment, Oregon		0.05		
Employment Services Employment, Oregon			0.01	
Initial Unemployment Claims, Oregon			0.26	
Civilian Labor Force, Oregon			-0.07	
Unemployment Rate, Oregon			0.16	
Interest Rate Spread			0.10	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan–Reuters			0.11	
Educational and Health Services Employment, Oregon				0.01
Financial Activities Employment, Oregon				0.08
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.16
Professional and Business Services Employment, Oregon				0.03
Other Services Employment, Oregon				-0.08
Trade, Transportation and Utilities Employment, Oregon				-0.14
<b>Total by Sector</b>	<b>-0.07</b>	<b>0.02</b>	<b>0.58</b>	<b>-0.27</b>
	Apr '19	May '19	Jun '19	
Oregon Measure of Economic Activity	0.56	-0.07	0.26	
Three-Month Moving Average	0.59	0.41	0.25	

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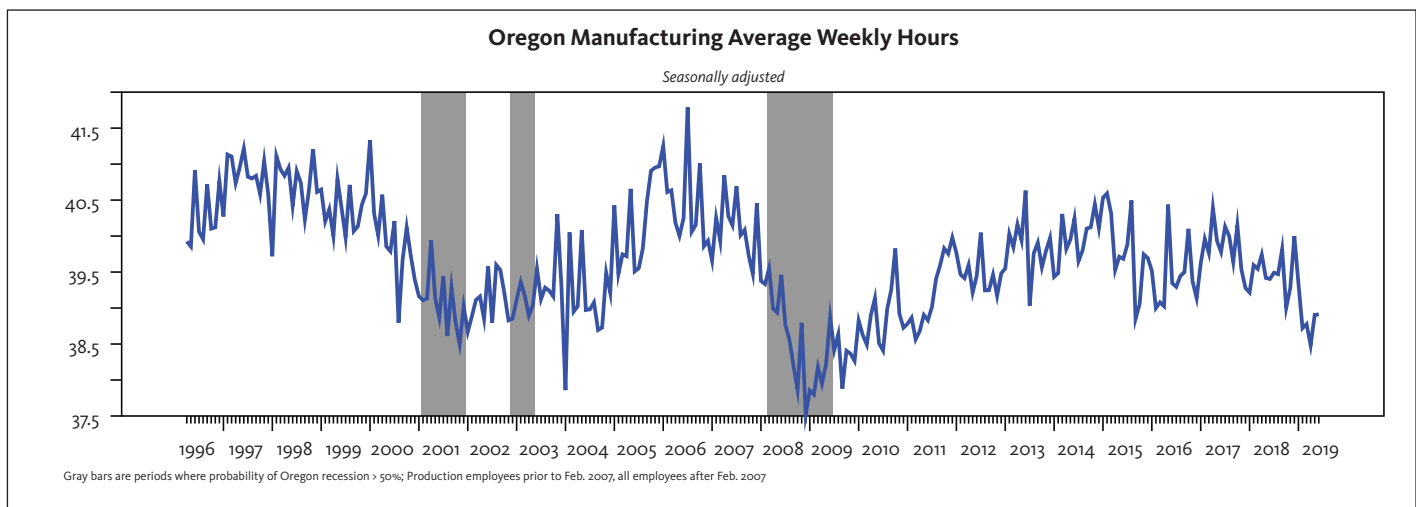
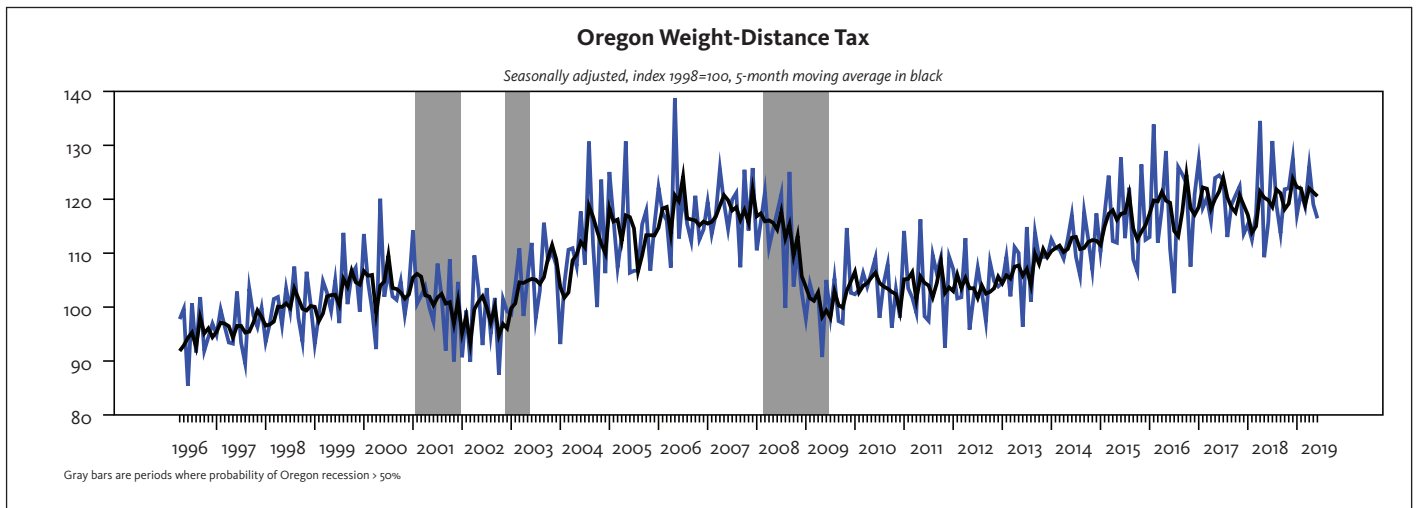


## University of Oregon Index of Economic Indicators—Summary and Components

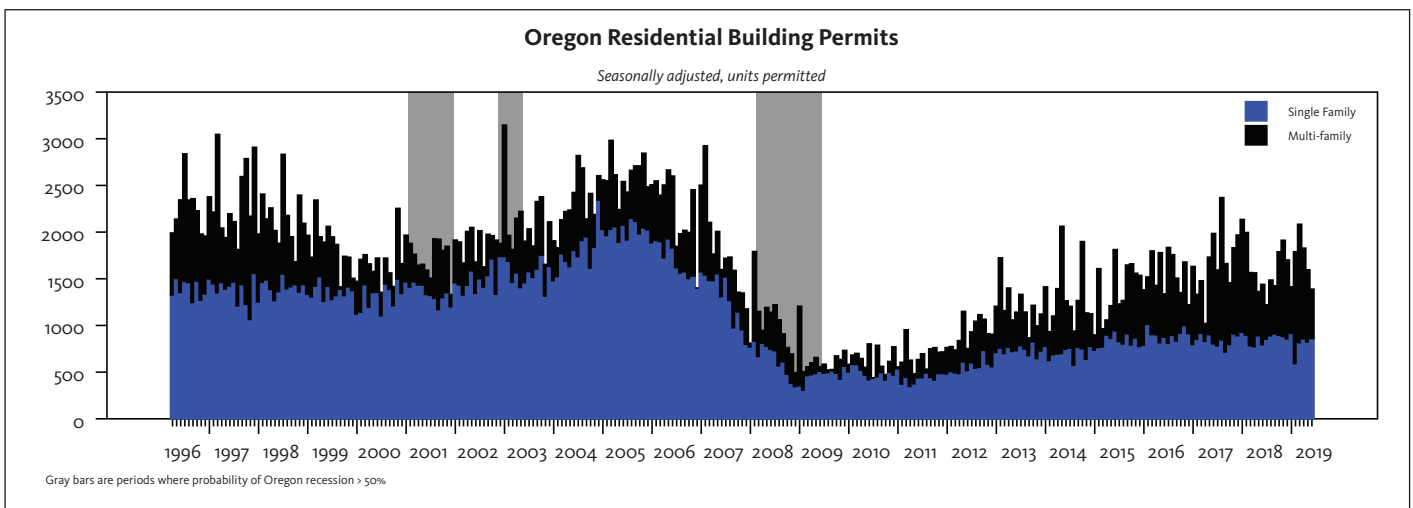
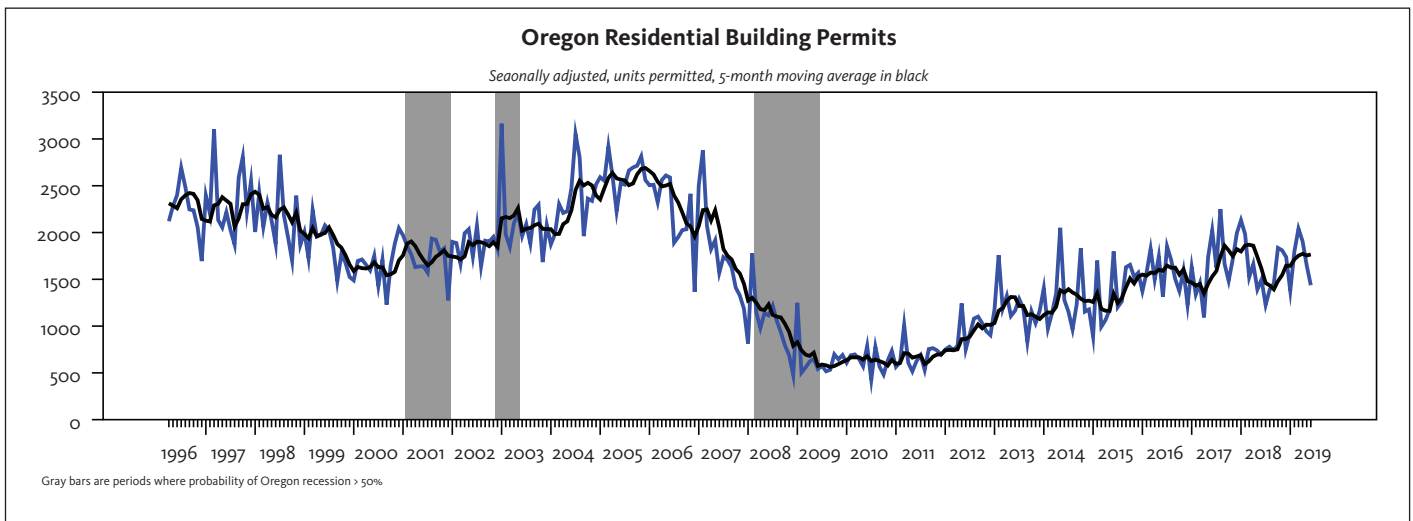
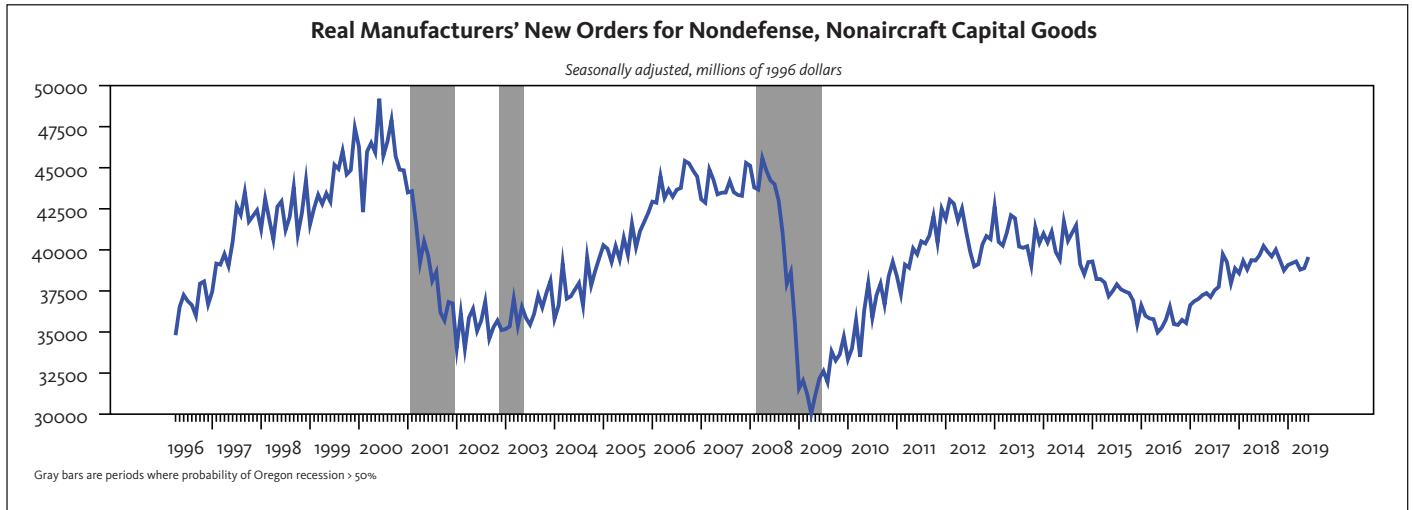
	Jan '19	Feb '19	Mar '19	Apr '19	May '19	Jun '19
UO Index of Economic Indicators™, 1997 = 100	101.2	100.4	100.1	100.6	100.7	100.9
Percentage Change	0.0	-0.7	-0.3	0.5	0.1	0.2
Oregon Initial Unemployment Claims, SA*	3,807	4,718	4,935	4,180	4,209	4,043
Oregon Employment Services Payrolls, SA	44,323	44,252	44,127	44,483	44,691	44,995
Oregon Residential Building Permits, SA, 5 MMA*	1,644	1,712	1,753	1,772	1,754	1,766
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	122.25	121.99	119.00	122.02	121.29	120.56
Oregon Manufacturing Average Weekly Hours, SA	39.34	38.72	38.78	38.48	38.91	38.91
US Consumer Sentiment, SA, 5 MMA	97.1	95.9	95.8	95.8	96.1	97.5
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,079	39,188	39,296	38,795	38,887	39,563
Interest Rate Spread	0.31	0.28	0.16	0.11	0.01	-0.31

SA = Seasonally Adjusted, MMA = Months Moving Average

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