

# State of Oregon Economic Indicators™



July 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 rose to 0.41 in July although previous months were revised downward. The moving average measure, which smooths out the volatility, fell to 0.10, close to average but lower than typically experienced during an economic expansion (“zero” indicates average growth over the 1990-present period). The manufacturing sector continues to contribute negatively as the sector struggles under the weight of slowing global growth and trade policy disputes. Hours worked in manufacturing has been a particularly significant drag on the measure but the magnitude of the decline still seems inconsistent with other local and national data. The household sector remains a substantial contributor to the measures; consumer spending activity remains solid across the nation.

The University of Oregon Index of Economic Indicators slipped in July after three months

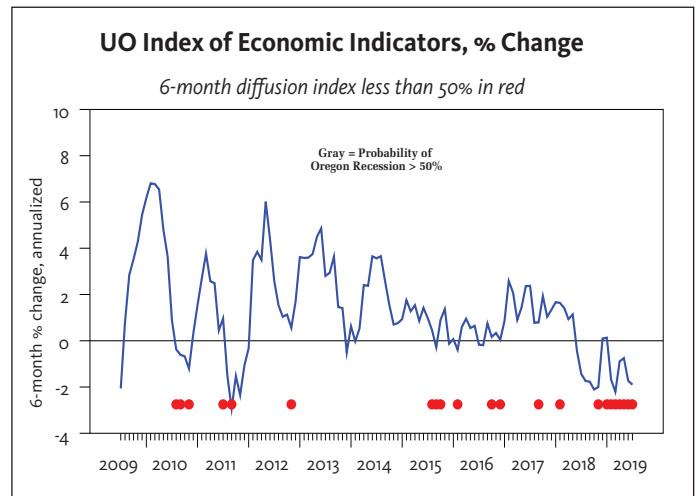
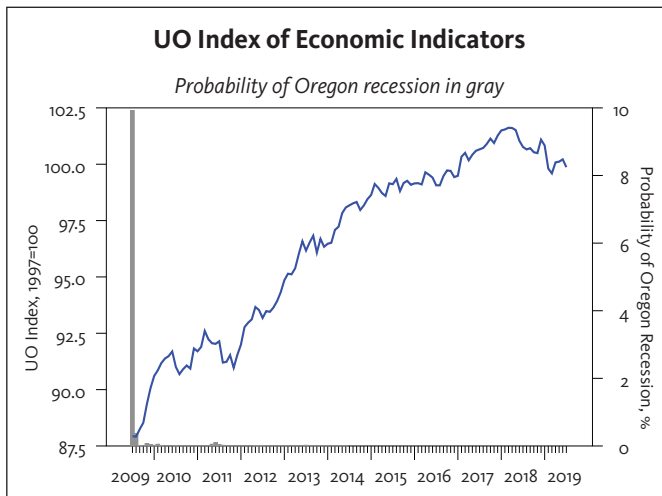
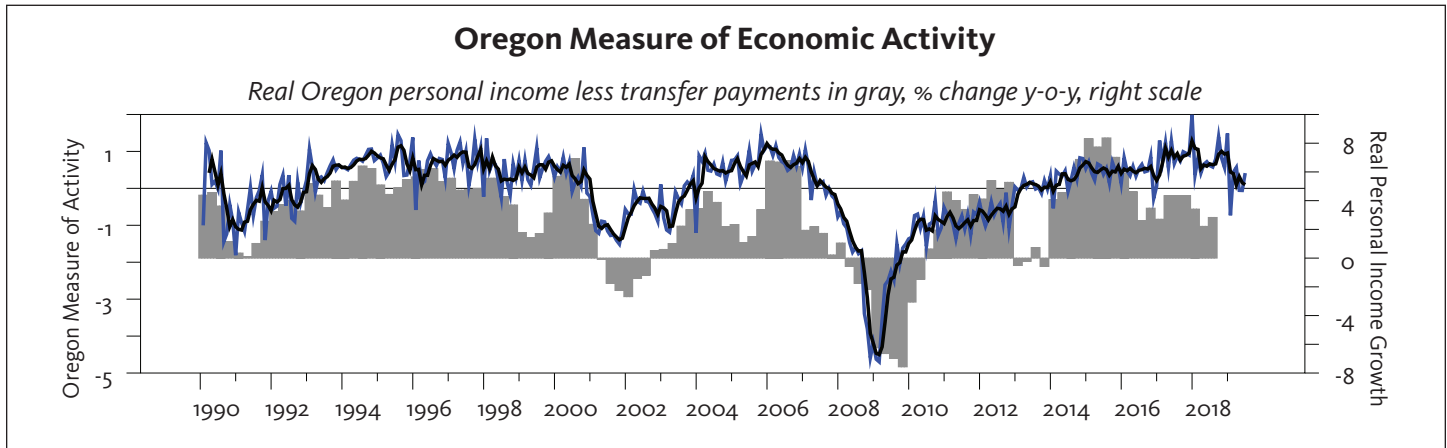
of consecutive gains. Initial unemployment claims rose although they continue to bounce around at low levels consistent with ongoing job growth. Core manufacturing orders for capital goods continues to hold up despite the weakness in manufacturing overall; firms appear cautious on new investment spending but have yet to make the large cutbacks normally associated with recessions. Residential housing permits and trucking activity as measured by the weight-distance tax remain fairly stable. The difference between long and short-term interest rates remains negative; this situation has foreshadowed recessions in the past.

The degree of weakness UO Index is not consistent with a recession. At this point, the combination of measures in this report suggests continued economic expansion albeit at a slower pace of growth compared to last year.

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

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.12			
ISM Manufacturing: Supplier Deliveries Index	-0.02			
Manufacturing Employment, Oregon	0.01			
Hours, Manufacturing Employees, Oregon	-0.27			
Manufacturing Exports, Oregon	0.02			
New Private Housing Units Authorized by Building Permit, Oregon		0.03		
Construction Employment in Oregon		0.07		
Natural Resources and Mining Employment, Oregon		0.05		
Employment Services Employment, Oregon			0.09	
Initial Unemployment Claims, Oregon			0.22	
Civilian Labor Force, Oregon			-0.06	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.10	
S & P 500 Stock Index			0.03	
Consumer Sentiment, University of Michigan–Reuters			0.11	
Educational and Health Services Employment, Oregon				0.02
Financial Activities Employment, Oregon				0.10
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				-0.17
Professional and Business Services Employment, Oregon				-0.03
Other Services Employment, Oregon				0.01
Trade, Transportation and Utilities Employment, Oregon				0.07
<b>Total by Sector</b>	<b>-0.38</b>	<b>0.15</b>	<b>0.66</b>	<b>-0.02</b>
	May '19	Jun '19	Jul '19	
Oregon Measure of Economic Activity	-0.06	-0.06	0.41	
Three-Month Moving Average	0.32	0.15	0.10	

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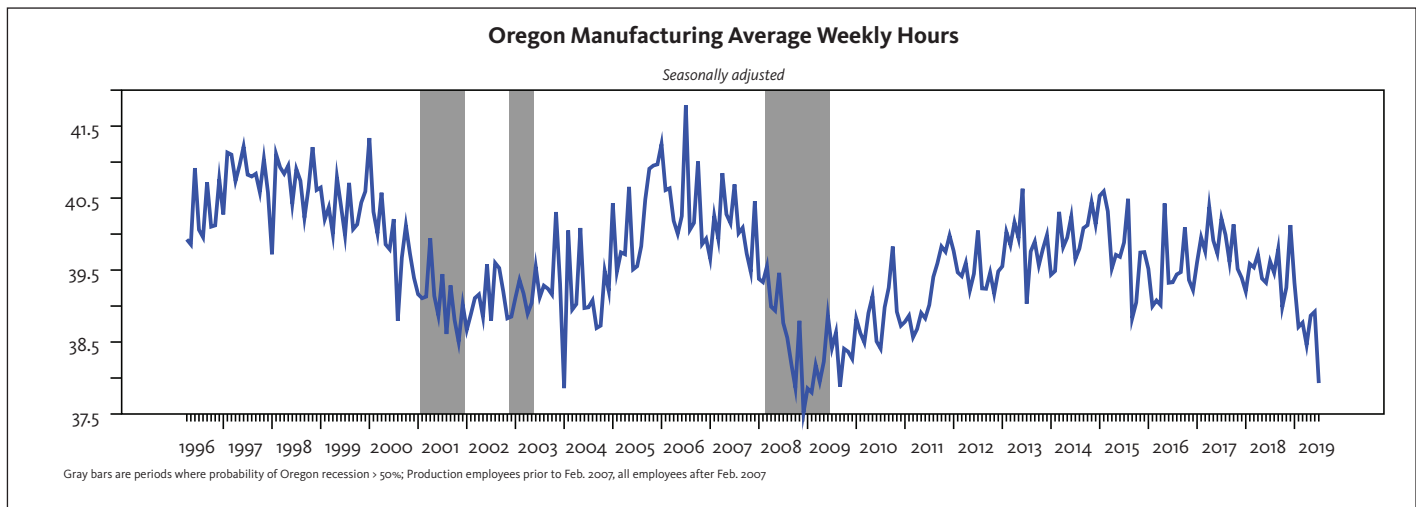
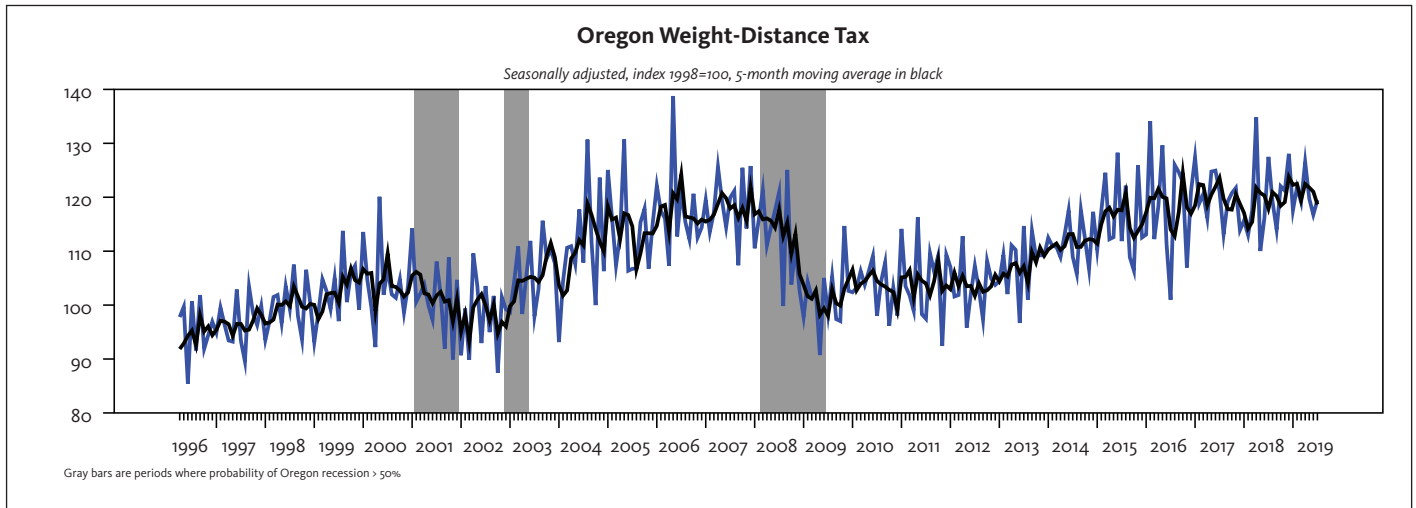


## University of Oregon Index of Economic Indicators—Summary and Components

	Feb '19	Mar '19	Apr '19	May '19	Jun '19	Jul '19
UO Index of Economic Indicators™, 1997 = 100	99.8	99.6	100.1	100.1	100.2	99.9
Percentage Change	-1.0	-0.2	0.5	0.0	0.1	-0.3
Oregon Initial Unemployment Claims, SA*	4,715	4,935	4,191	4,237	4,036	4,451
Oregon Employment Services Payrolls, SA	41,083	41,194	41,572	41,762	41,791	43,117
Oregon Residential Building Permits, SA, 5 MMA*	1,710	1,750	1,766	1,746	1,755	1,732
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	122.49	119.50	122.49	121.80	121.03	118.67
Oregon Manufacturing Average Weekly Hours, SA	38.71	38.77	38.46	38.87	38.92	37.93
US Consumer Sentiment, SA, 5 MMA	95.9	95.8	95.8	96.1	97.5	98.4
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,188	39,296	38,795	38,845	39,140	39,222
Interest Rate Spread	0.28	0.16	0.11	0.01	-0.31	-0.34

SA = Seasonally Adjusted, MMA = Months Moving Average

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