

State of Oregon Economic Indicators™



September 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.

Review

The Oregon Measure of Economic Activity rose to 0.04 in September, up from a downwardly revised -0.27 in August. The moving average measure, which smooths out the volatility, stands at 0.04, still close to average but lower than typically experienced during an economic expansion (“zero” indicates average growth over the 1990-present period). The weakness in the measure stems largely from negative contributions from the manufacturing sector but also unusually soft numbers in the services sector. The manufacturing sector remains under the weight of slower global growth and trade policy uncertainty while low job growth in Oregon drags down the employment-laden services measure into negative territory. Employment data may currently understate weakness in the job market; initial unemployment claims remain low and suggest job growth faster than the current data indicates. We may see upward data revisions or, alternatively, employers may be facing labor supply constraints.

The University of Oregon Index of Economic Indicators fell 0.4 percent in September. Erratic employment services employment (mostly temporary help workers) was the primary culprit behind the decline. A July surge in this component was reversed this month; the underlying trend remains positive. On the plus side, firmer hours-worked in manufacturing is supporting the UO Index and the Oregon weight distance tax, measure of trucking activity, rose to a new high. The interest rate spread became less negative as financial markets react to easier monetary policy. A rapid return to a positive spread would greatly reduce the recession signal currently sent by this indicator.

The UO Index does not signal an imminent recession. At this point, the combination of measures in this report suggests ongoing economic expansion albeit at a slower pace of growth compared to last year.

Contributions to Oregon Measure of Economic Activity—September 2019

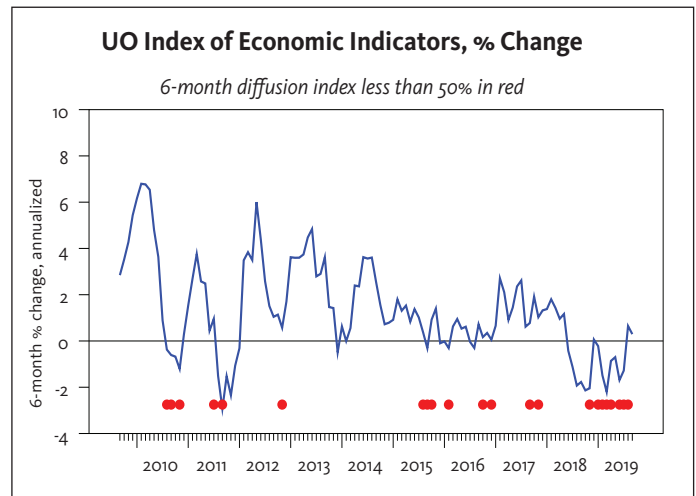
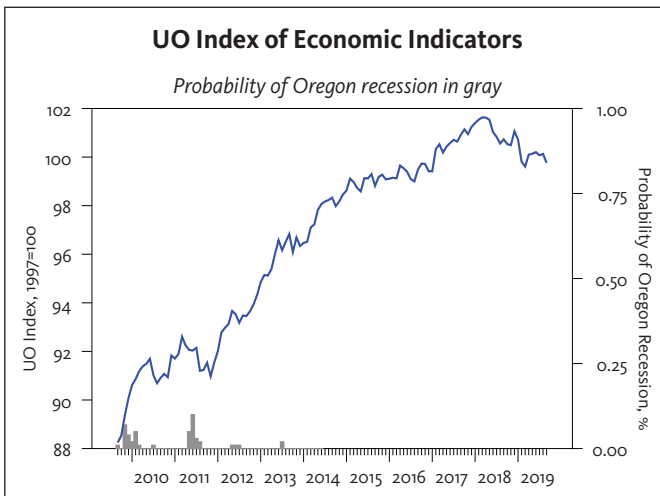
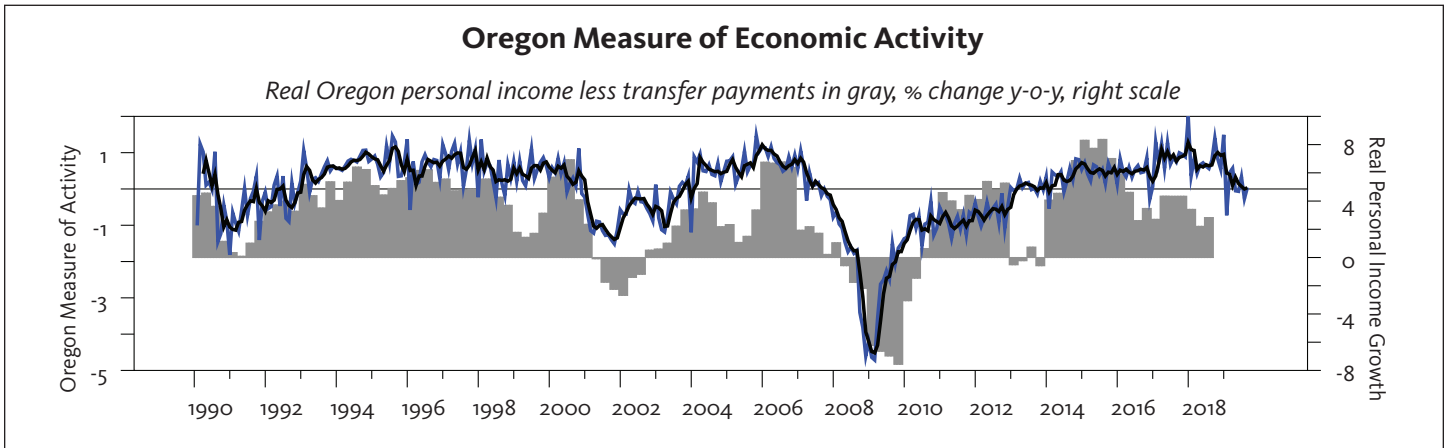
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.09			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.05			
Hours, Manufacturing Employees, Oregon	-0.15			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.08		
Construction Employment in Oregon		-0.04		
Natural Resources and Mining Employment, Oregon		-0.08		
Employment Services Employment, Oregon			-0.20	
Initial Unemployment Claims, Oregon			0.23	
Civilian Labor Force, Oregon			-0.03	
Unemployment Rate, Oregon			0.16	
Interest Rate Spread			0.10	
S & P 500 Stock Index			0.02	
Consumer Sentiment, University of Michigan—Reuters			0.06	
Educational and Health Services Employment, Oregon				0.04
Financial Activities Employment, Oregon				-0.12
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				-0.02
Professional and Business Services Employment, Oregon				0.09
Other Services Employment, Oregon				-0.08
Trade, Transportation and Utilities Employment, Oregon				0.06
Total by Sector	-0.23	-0.04	0.35	-0.04
	Jul '19	Aug '19	Sep '19	
Oregon Measure of Economic Activity	0.33	-0.27	0.04	
Three-Month Moving Average	0.07	0.00	0.03	

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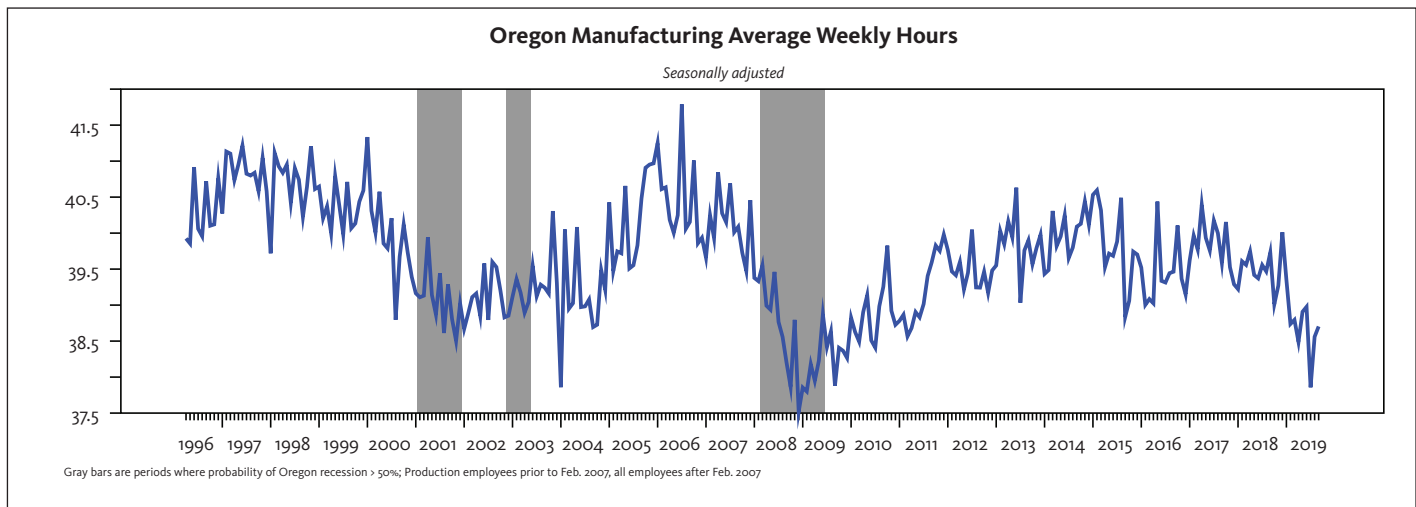
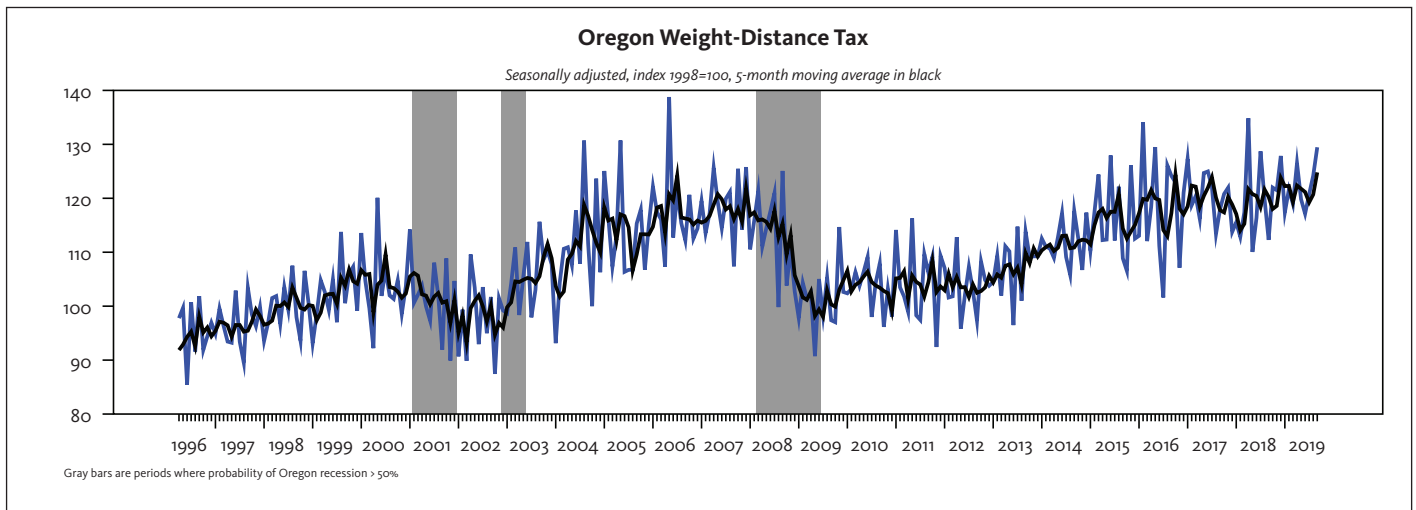
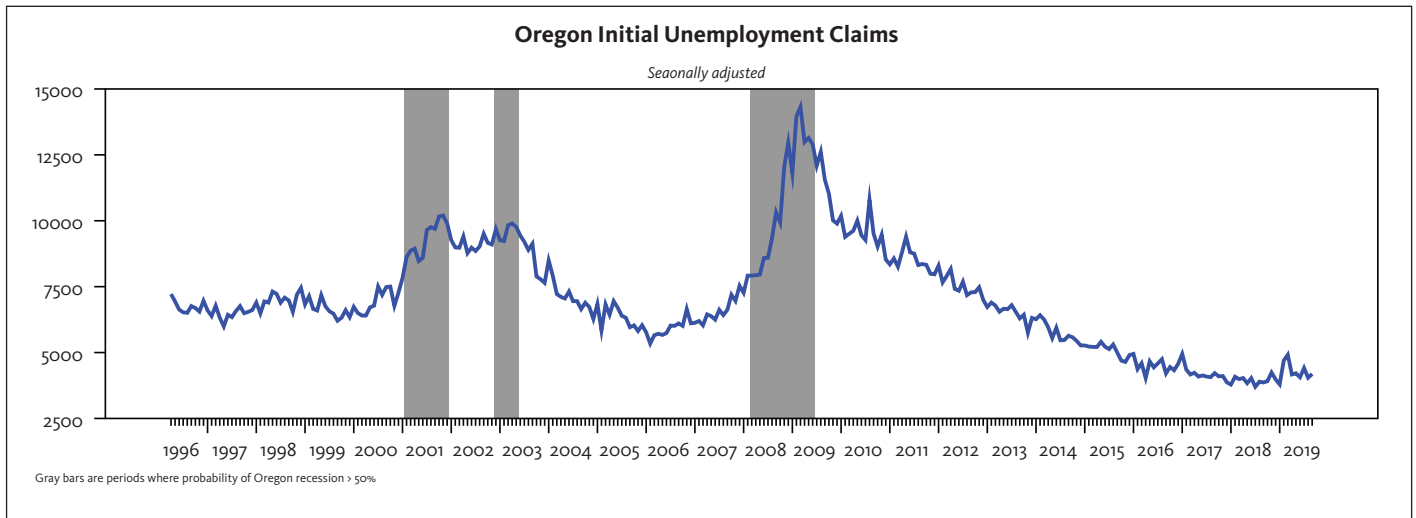


University of Oregon Index of Economic Indicators–Summary and Components

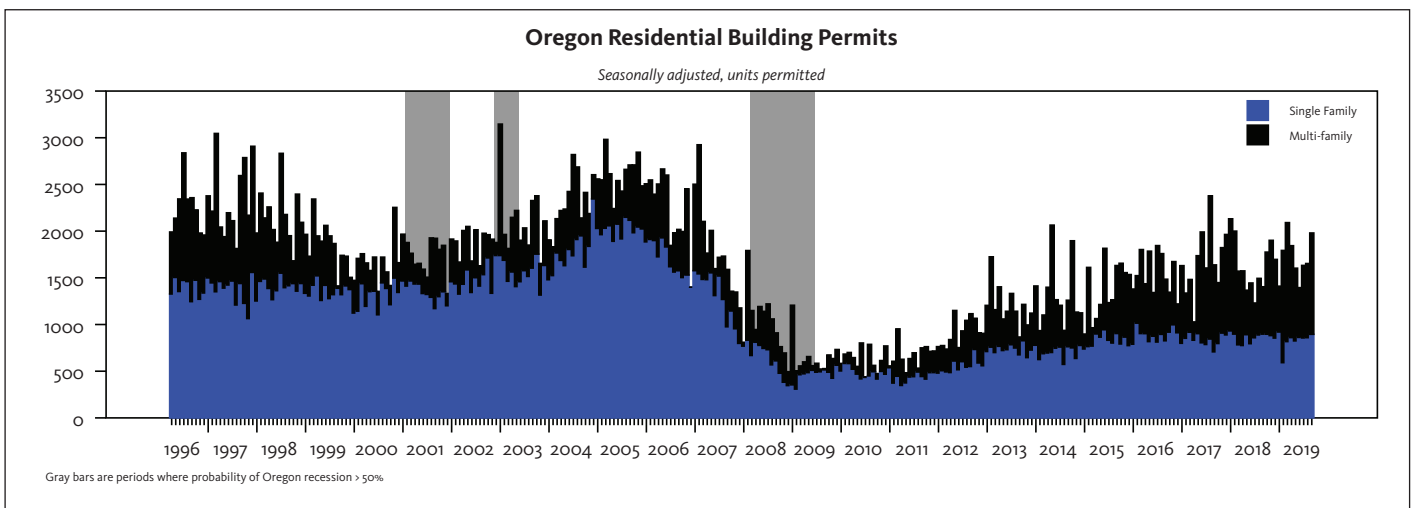
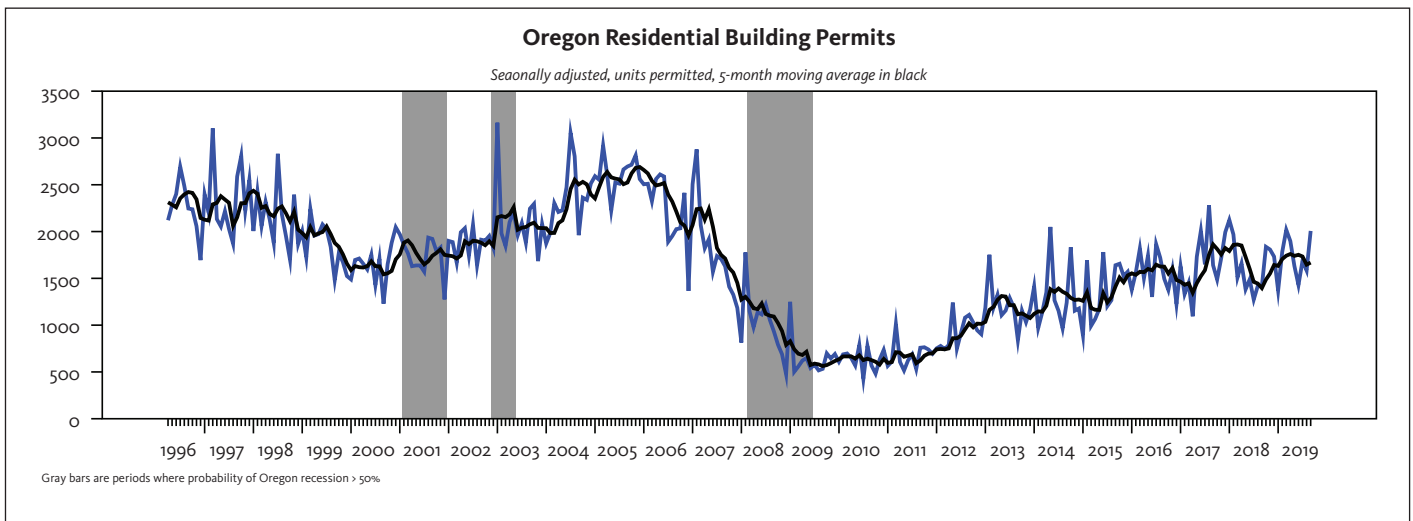
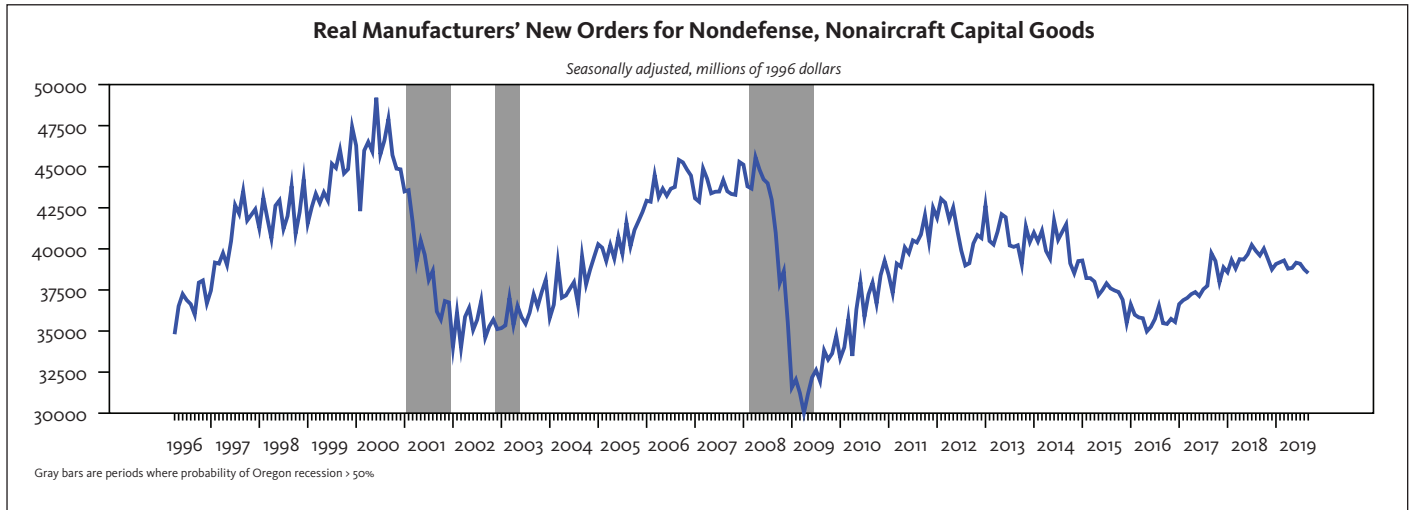
	Apr '19	May '19	Jun '19	Jul '19	Aug '19	Sep '19
UO Index of Economic Indicators, 1997 = 100 TM	100.1	100.1	100.2	100.1	100.1	99.8
Percentage Change	0.5	0.0	0.1	-0.1	0.1	-0.4
Oregon Initial Unemployment Claims, SA*	4,169	4,213	4,061	4,413	4,044	4,187
Oregon Employment Services Payrolls, SA	41,653	41,840	41,751	44,148	44,134	41,309
Oregon Residential Building Permits, SA, 5 MMA*	1,760	1,740	1,752	1,733	1,647	1,668
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	122.38	121.77	121.16	119.24	120.69	124.80
Oregon Manufacturing Average Weekly Hours, SA	38.49	38.91	38.98	37.86	38.56	38.70
US Consumer Sentiment, SA, 5 MMA	95.8	96.1	97.5	98.4	96.7	95.9
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	38,795	38,845	39,160	39,096	38,752	38,524
Interest Rate Spread	0.11	0.01	-0.31	-0.34	-0.50	-0.34

SA = Seasonally Adjusted, MMA = Months Moving Average

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