

State of Oregon Economic Indicators™



October 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 was 0.39 in October, rising from an upwardly revised 0.25 in September. The moving average measure, which smooths out the volatility, stands at 0.13, above average but lower than typically experienced during an economic expansion (“zero” indicates average growth over the 1990-present period). As anticipated, revisions to employment data revealed the Oregon economy did not slow as much as previously indicated. Overall, the manufacturing sector employment remains a drag on the measure. There are early indications that the sector is reaching a cyclical bottom; numbers may soon improve in the months ahead. Stronger employment data helped boost the contribution from the services sector. The household sector remains the primary contributor to the measure. Solid labor markets continue to support consumer spending and the low level of initial unemployment claims indicates this dynamic is not likely to change in the near future.

The University of Oregon Index of Economic Indicators rose 0.2 percent in October while the September figure was revised upward. Rising employment services payrolls (mostly temporary help workers) and falling initial jobless claims both supported the UO index. Housing permits bounced back from mildly softer readings the previous two months; overall housing activity remains healthy across the state. Orders for core capital goods edged higher, but have overall moved sideways in recent months. Still, the lack of any substantial declines in this component suggests that business investment remains fairly solid and argues against concerns about recession. Similarly, the spread between long- and short-term rates continues to increase; a steepening of the yield curve is generally a positive economic indicator.

The combination of measures in this report suggests ongoing economic expansion albeit at a slower pace of growth compared to last year.

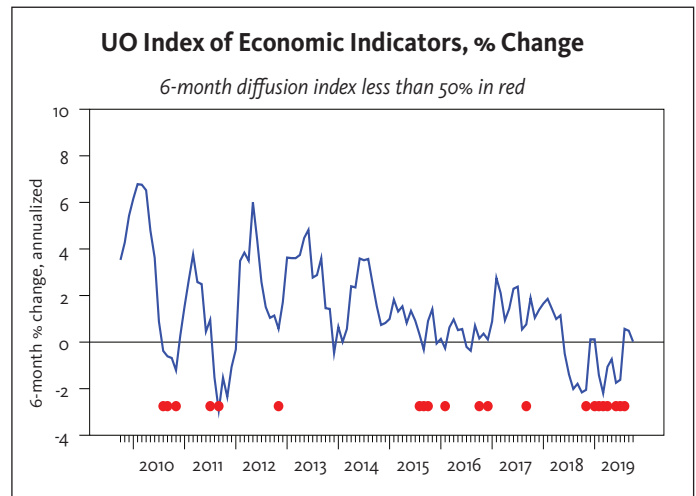
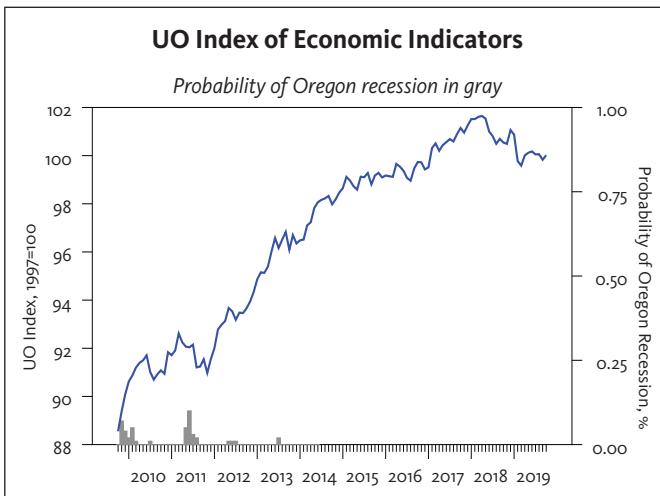
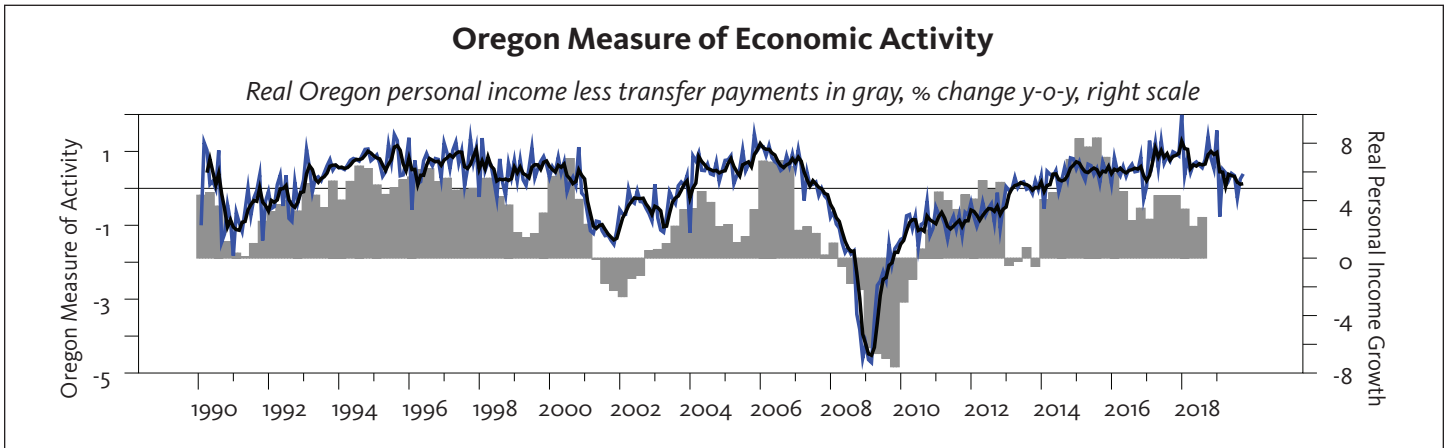
Contributions to Oregon Measure of Economic Activity—October 2019

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.16			
ISM Manufacturing: Supplier Deliveries Index	-0.05			
Manufacturing Employment, Oregon	-0.04			
Hours, Manufacturing Employees, Oregon	-0.23			
Manufacturing Exports, Oregon	0.02			
New Private Housing Units Authorized by Building Permit, Oregon		0.10		
Construction Employment in Oregon		-0.12		
Natural Resources and Mining Employment, Oregon		0.05		
Employment Services Employment, Oregon			0.10	
Initial Unemployment Claims, Oregon			0.25	
Civilian Labor Force, Oregon			-0.03	
Unemployment Rate, Oregon			0.16	
Interest Rate Spread			0.09	
S & P 500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan–Reuters			0.09	
Educational and Health Services Employment, Oregon				-0.04
Financial Activities Employment, Oregon				0.04
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.22
Professional and Business Services Employment, Oregon				-0.13
Other Services Employment, Oregon				0.03
Trade, Transportation and Utilities Employment, Oregon				0.05
Total by Sector	-0.47	0.03	0.65	0.19
	Aug '19	Sep '19	Oct '19	
Oregon Measure of Economic Activity	-0.27	0.25	0.39	
Three-Month Moving Average	0.16	0.11	0.13	

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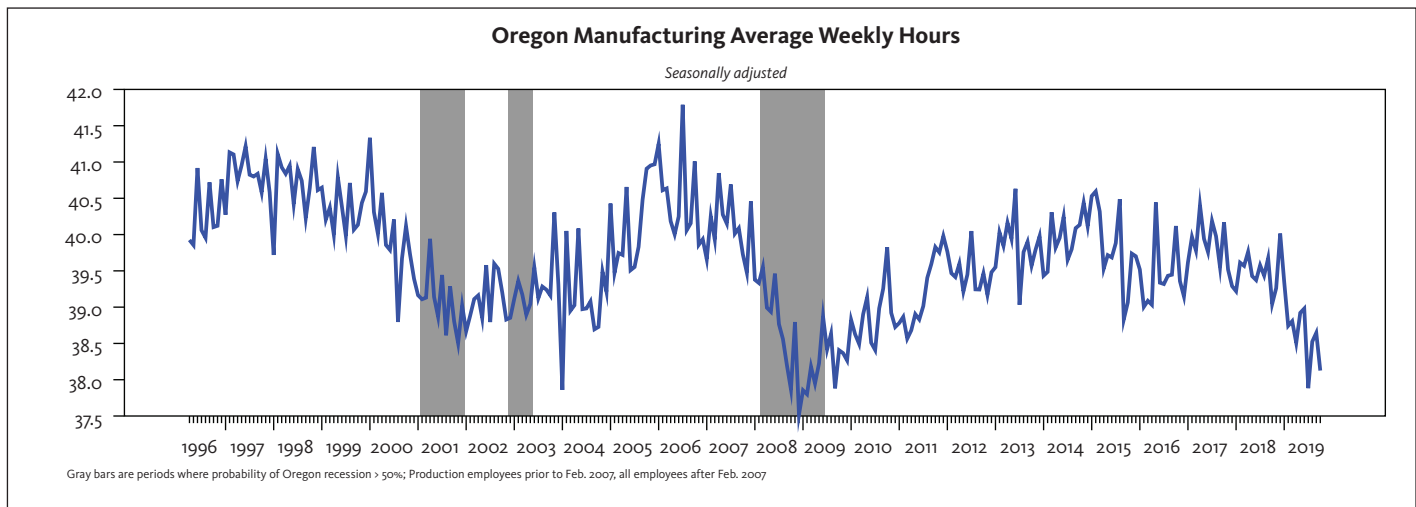
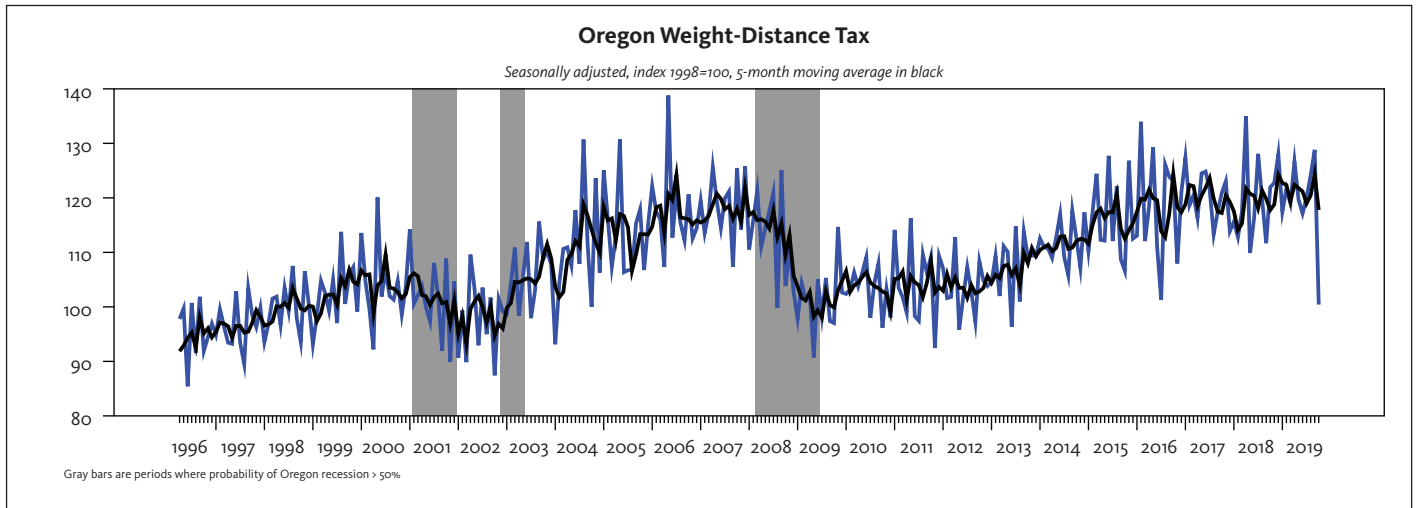
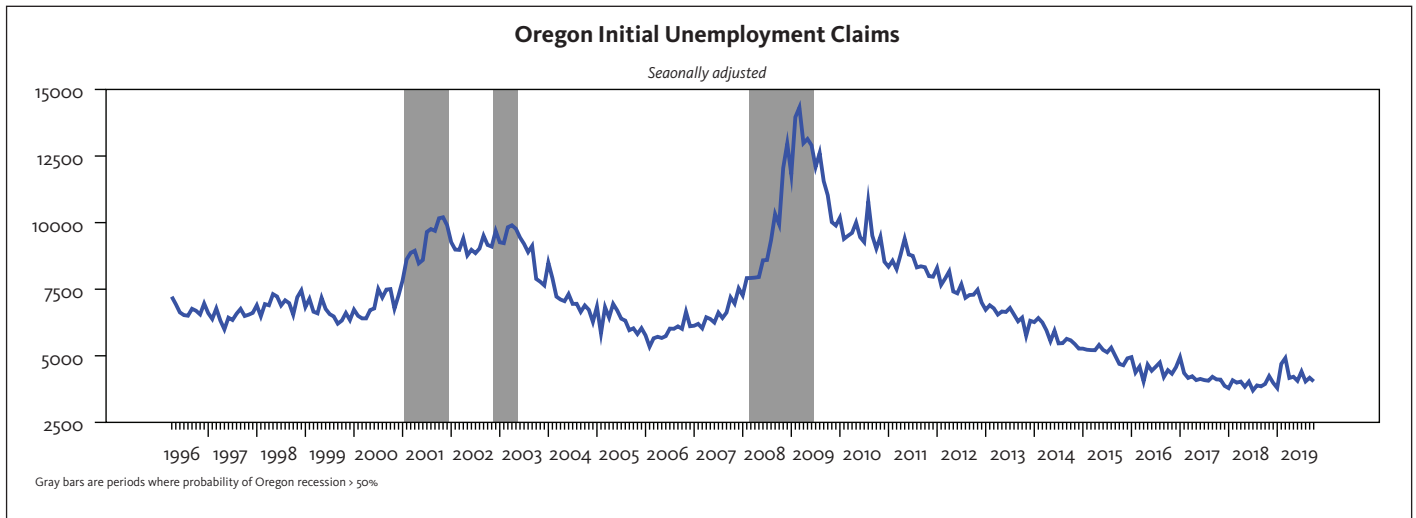


University of Oregon Index of Economic Indicators–Summary and Components

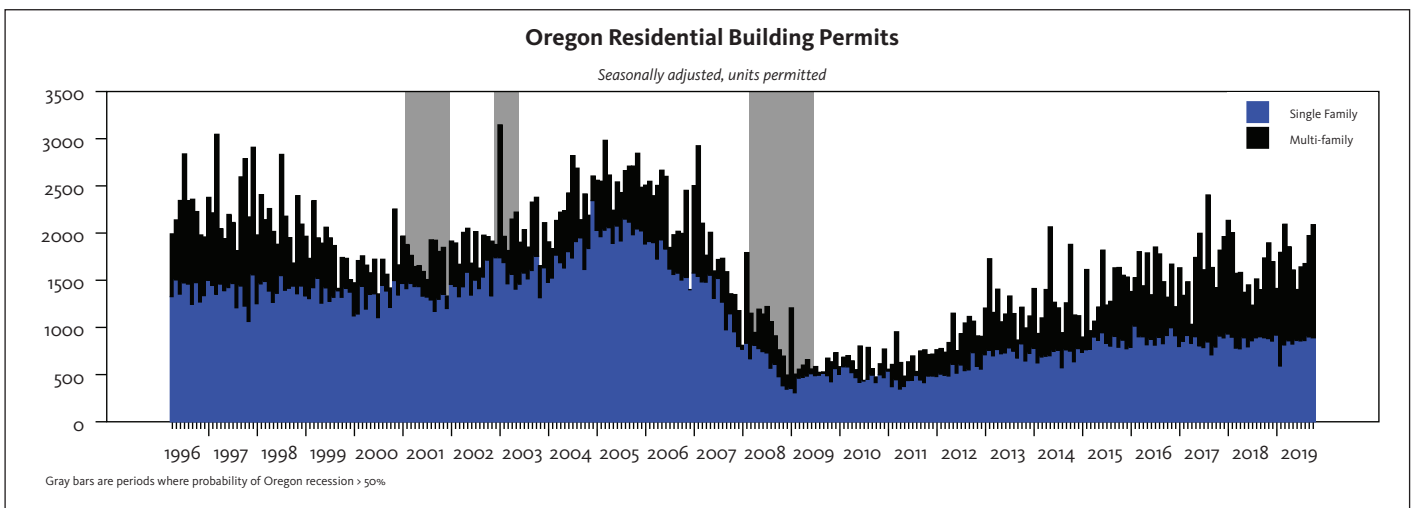
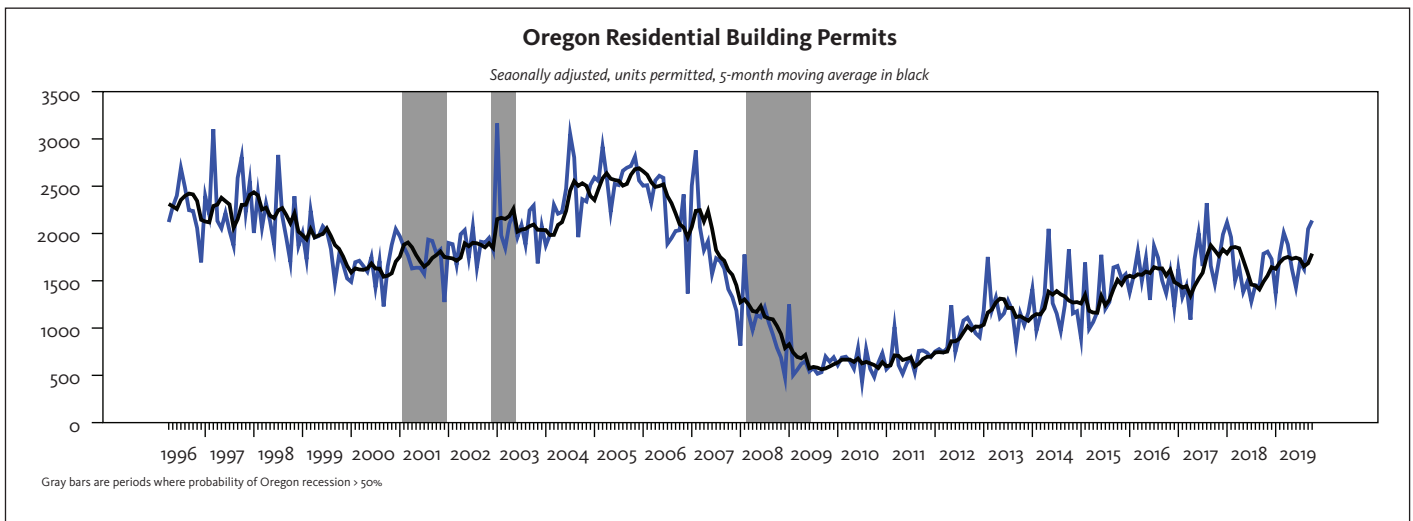
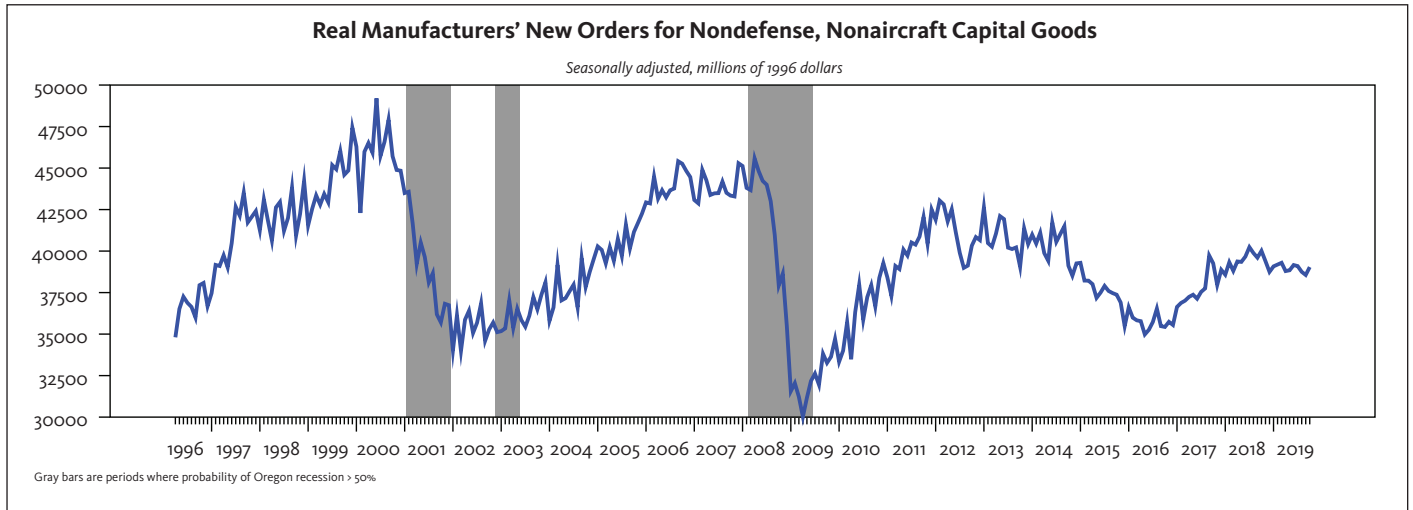
	May '19	Jun '19	Jul '19	Aug '19	Sep '19	Oct '19
UO Index of Economic Indicators, 1997 = 100™	100.1	100.2	100.0	100.1	99.8	100.0
Percentage Change	0.1	0.1	-0.1	0.0	-0.2	0.2
Oregon Initial Unemployment Claims, SA*	4,213	4,060	4,409	4,038	4,175	4,040
Oregon Employment Services Payrolls, SA	41,795	41,667	44,087	43,810	41,644	43,118
Oregon Residential Building Permits, SA, 5 MMA*	1,731	1,744	1,729	1,652	1,685	1,787
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	121.79	121.18	118.98	120.44	124.33	117.78
Oregon Manufacturing Average Weekly Hours, SA	38.92	38.98	37.88	38.53	38.65	38.13
US Consumer Sentiment, SA, 5 MMA	96.1	97.5	98.4	96.7	95.9	95.0
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	38,845	39,160	39,096	38,752	38,561	39,037
Interest Rate Spread	0.01	-0.31	-0.34	-0.50	-0.34	-0.12

SA = Seasonally Adjusted, MMA = Months Moving Average

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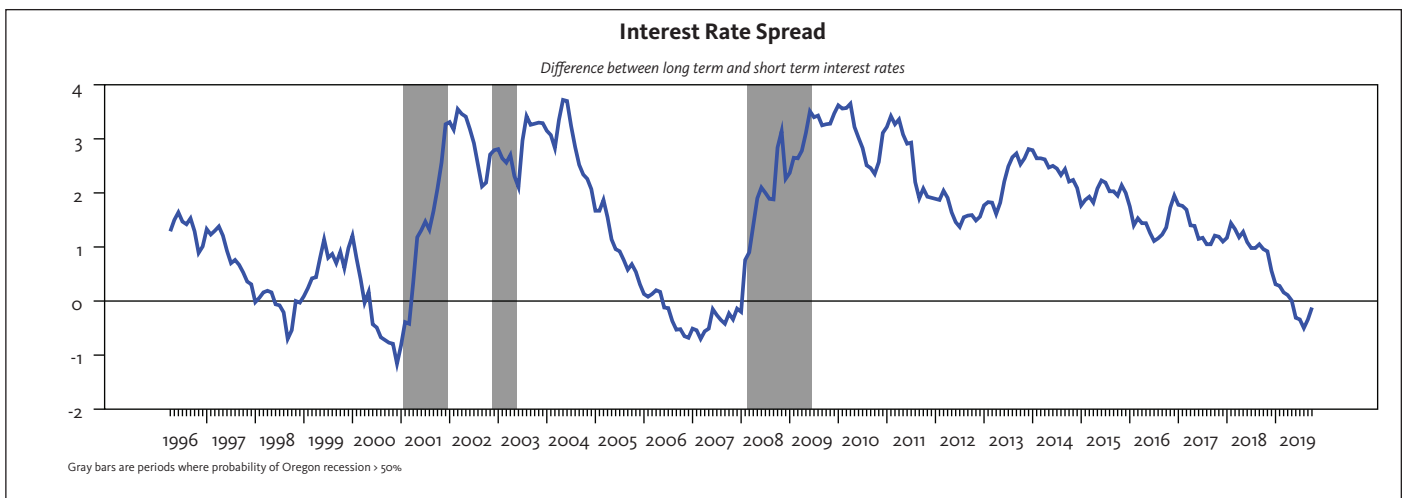
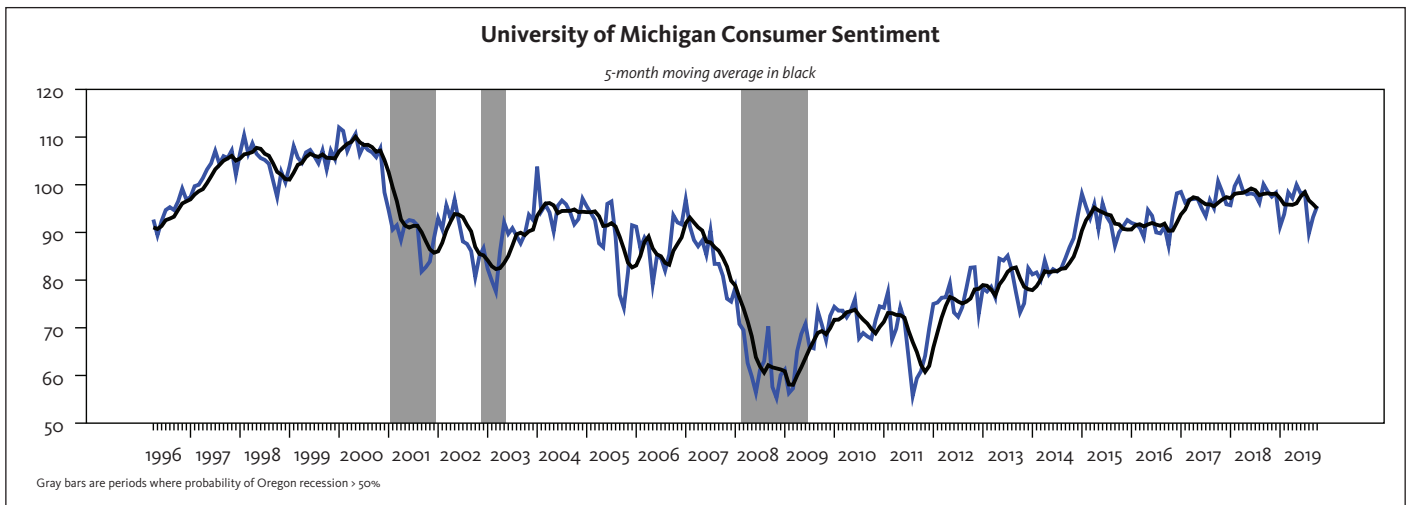
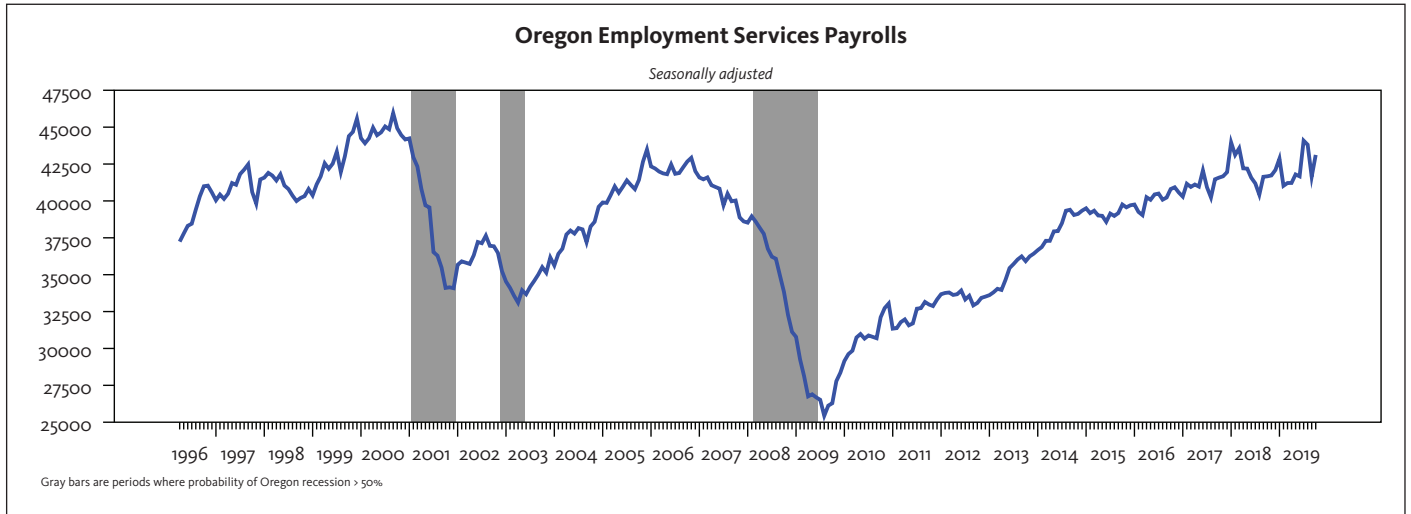


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