

State of Oregon Economic Indicators™



December 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 in December to 0.69 compared to a downwardly revised 0.45 in November. The moving average measure, which smooths out the volatility, rose to 0.60 – above average and closer than recent months to a level typically experienced during economic expansions (“zero” indicates average growth over the 1990-present period). The manufacturing sector drag returned in December; the sector has stabilized but remains soft. Multi-family home permitting bounced back in December, pulling up the contribution from the construction sector indicators. The household and services sectors continue to make positive contributions to the measure, but note that the solid job numbers propping up the latter may be revised downward. Job growth in Oregon has softened as the expansion has matured.

The University of Oregon Index of Economic Indicators fell 0.6 percent in December. Initial unemployment claims rose while employment services (primarily temporary help workers) fell. The latter data has been very volatile in the past year while the former remains near record lows. Housing permits bounced back. Orders for core capital goods remain flat while the Oregon weight distance tax has stabilized after an unusually large drop in October. Manufacturing hours worked firmed up in December. The spread between long- and short-term interest rates rose further; this typically foreshadows improving economic conditions.

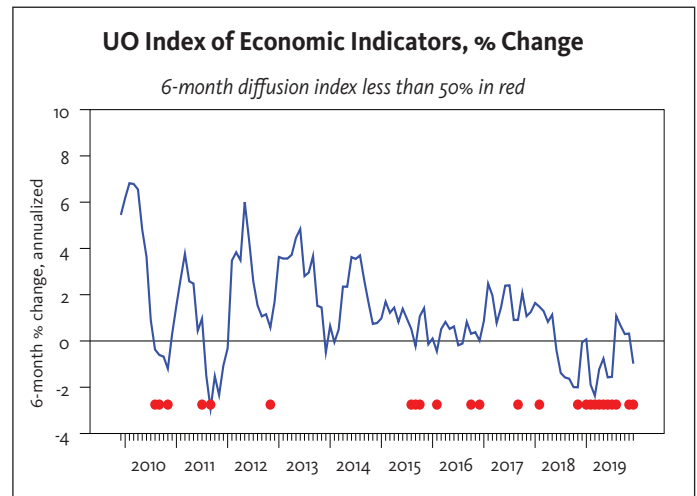
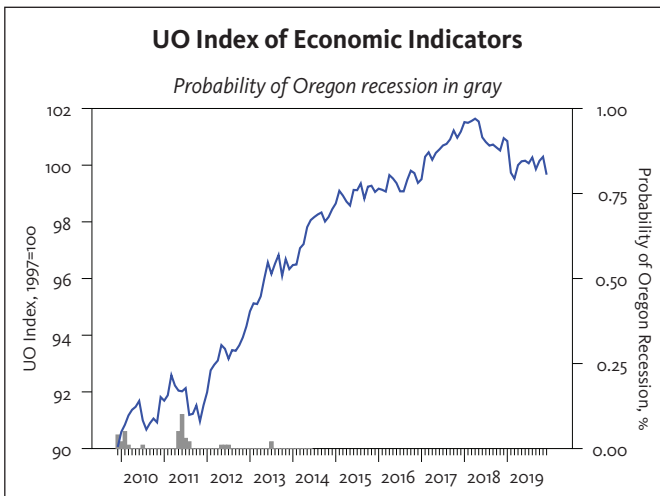
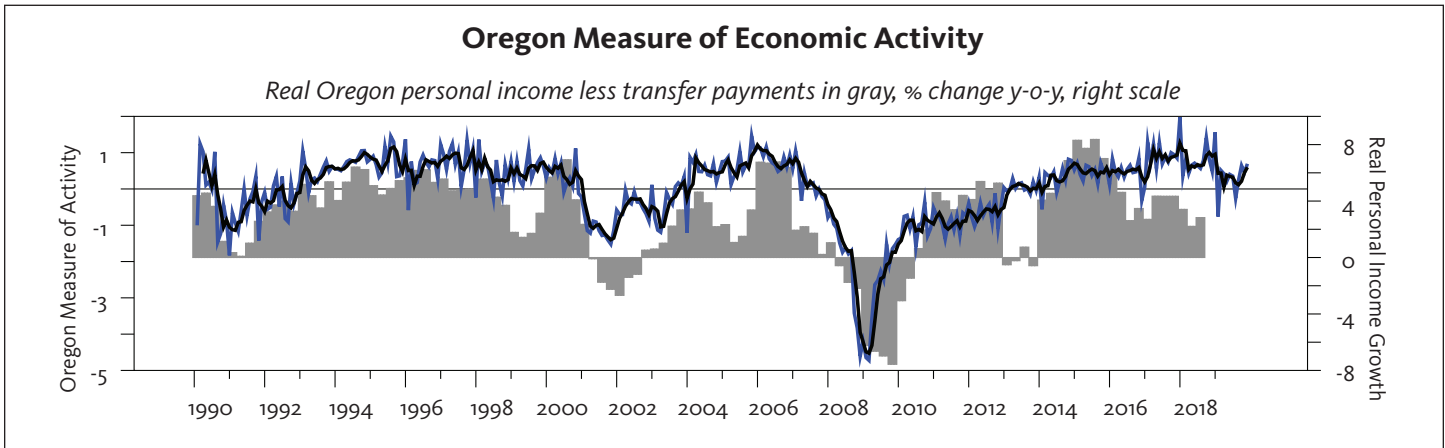
The combination of measures in this report suggests ongoing economic expansion albeit at a slower pace of growth compared to last year.

Contributions to Oregon Measure of Economic Activity—December 2019

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.07			
ISM Manufacturing: Supplier Deliveries Index	-0.01			
Manufacturing Employment, Oregon	-0.05			
Hours, Manufacturing Employees, Oregon	-0.07			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.08		
Construction Employment in Oregon		-0.02		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.11	
Initial Unemployment Claims, Oregon			0.23	
Civilian Labor Force, Oregon			-0.03	
Unemployment Rate, Oregon			0.19	
Interest Rate Spread			0.07	
S & P 500 Stock Index			0.02	
Consumer Sentiment, University of Michigan–Reuters			0.12	
Educational and Health Services Employment, Oregon				-0.04
Financial Activities Employment, Oregon				0.24
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.18
Professional and Business Services Employment, Oregon				-0.05
Other Services Employment, Oregon				-0.06
Trade, Transportation and Utilities Employment, Oregon				0.10
Total by Sector	-0.22	0.07	0.47	0.37
	Oct '19	Nov '19	Dec '19	
Oregon Measure of Economic Activity	0.65	0.45	0.69	
Three-Month Moving Average	0.21	0.45	0.60	

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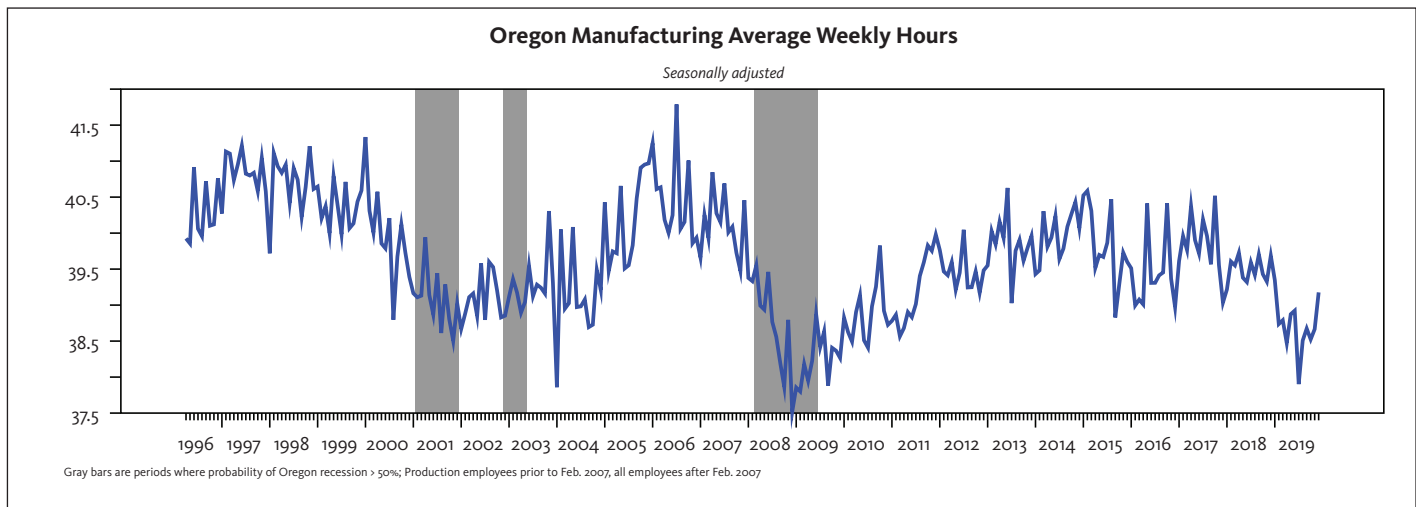
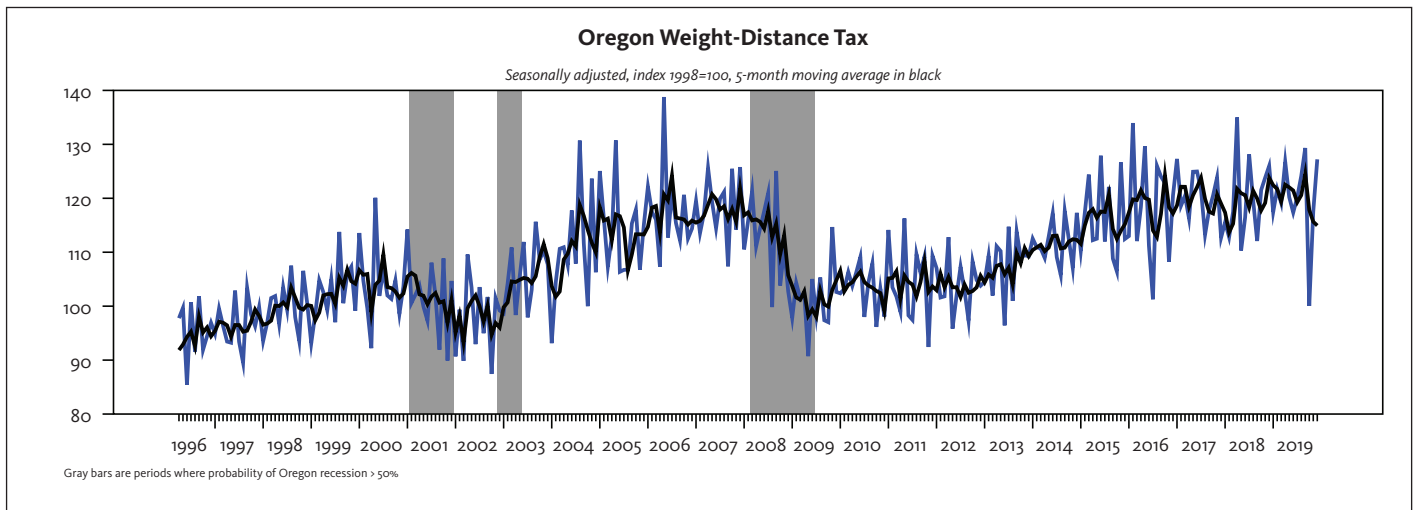


University of Oregon Index of Economic Indicators–Summary and Components

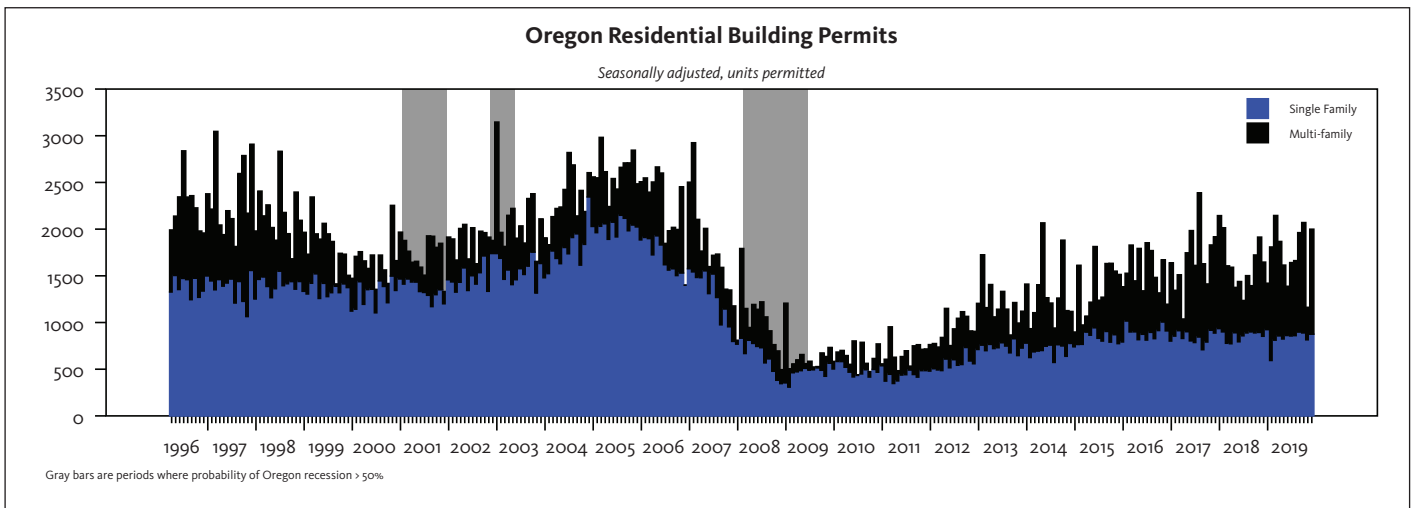
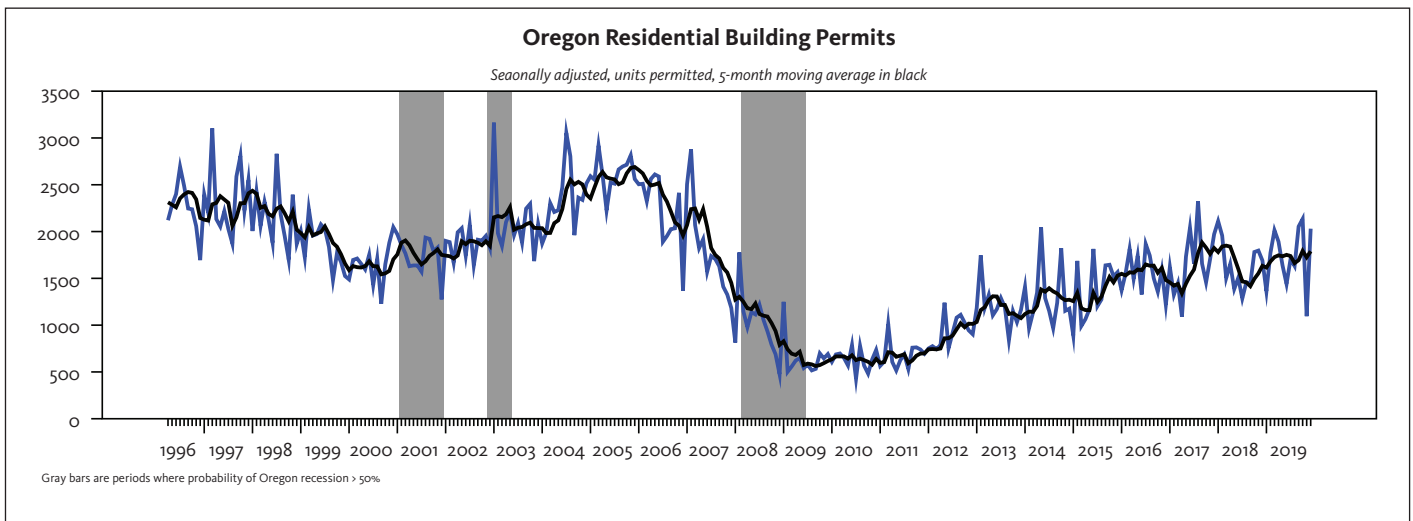
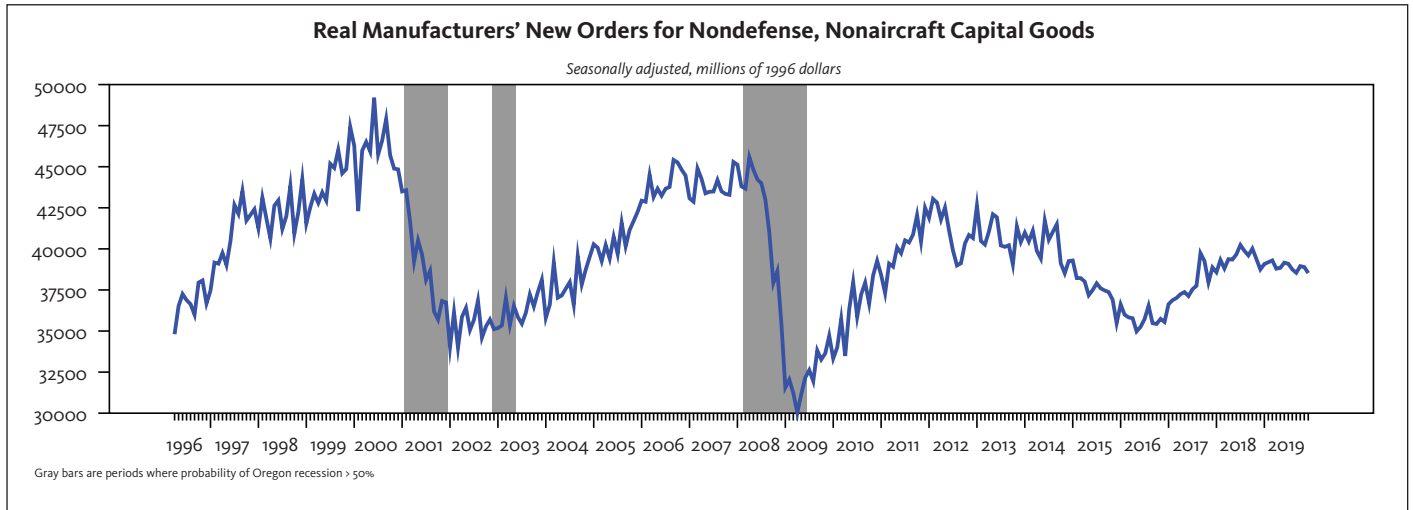
	Jul '19	Aug '19	Sep '19	Oct '19	Nov '19	Dec '19
UO Index of Economic Indicators, 1997 = 100 TM	100.1	100.3	99.9	100.2	100.3	99.7
Percentage Change	-0.1	0.2	-0.4	0.3	0.1	-0.6
Oregon Initial Unemployment Claims, SA*	4,421	4,030	4,176	4,032	3,621	4,466
Oregon Employment Services Payrolls, SA	43,938	44,743	41,592	43,128	42,381	40,885
Oregon Residential Building Permits, SA, 5 MMA*	1,738	1,662	1,694	1,794	1,725	1,789
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	119.26	120.56	124.55	117.83	115.65	114.95
Oregon Manufacturing Average Weekly Hours, SA	37.90	38.51	38.67	38.52	38.67	39.18
US Consumer Sentiment, SA, 5 MMA	98.4	96.7	95.9	95.0	94.7	94.9
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,096	38,752	38,545	38,950	38,894	38,527
Interest Rate Spread	-0.34	-0.50	-0.34	-0.12	0.26	0.31

SA = Seasonally Adjusted, MMA = Months Moving Average

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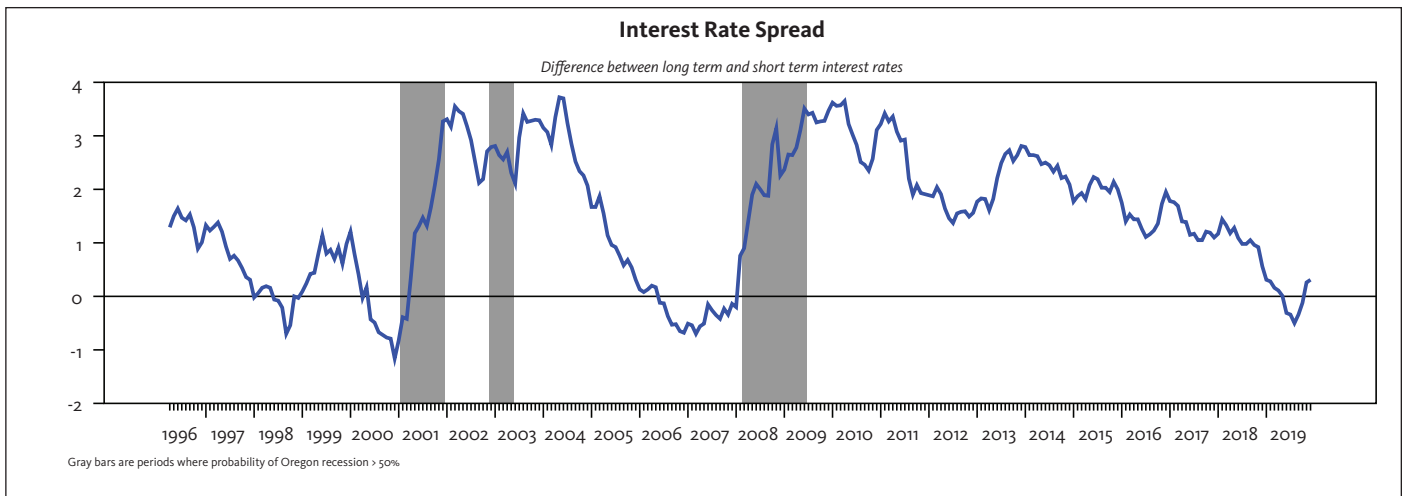
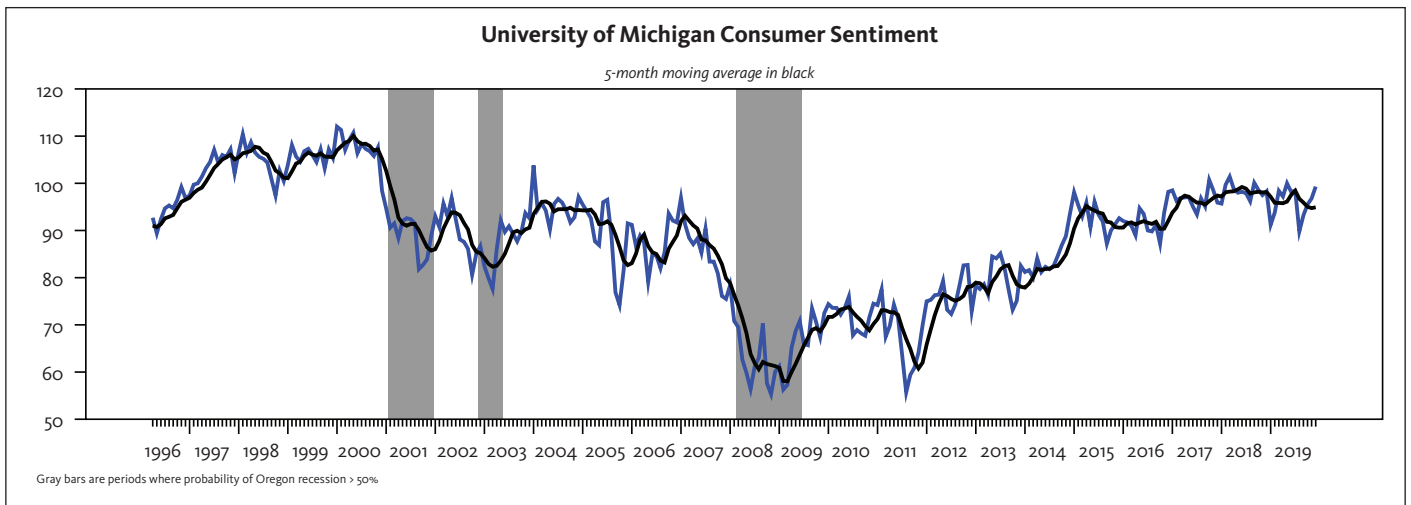
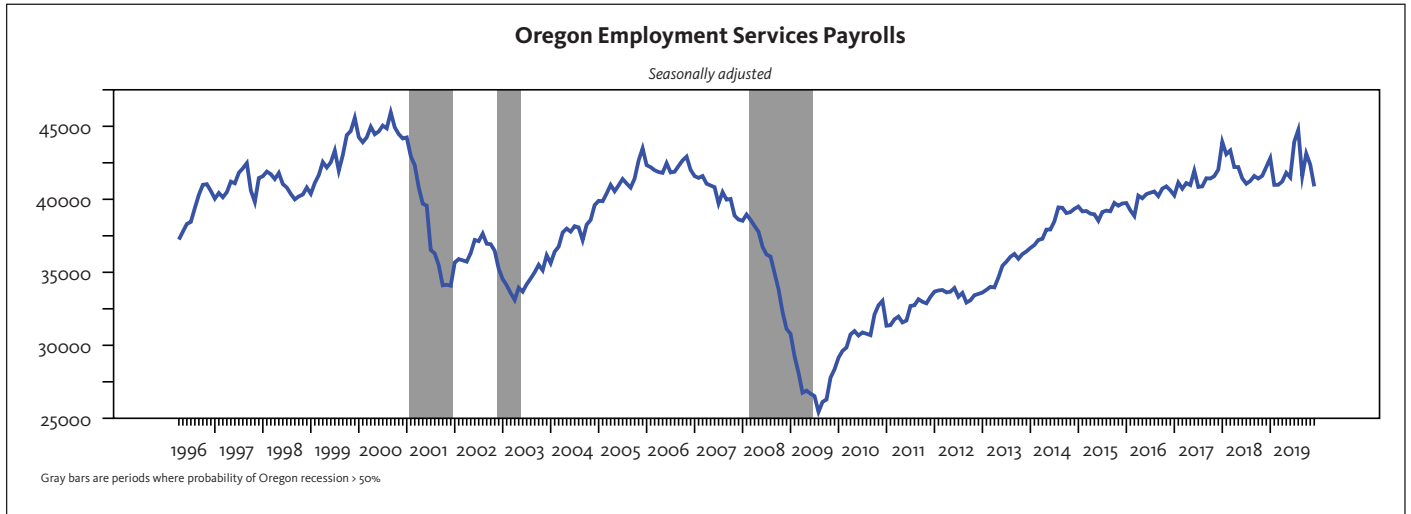


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