

State of Oregon Economic Indicators™



September 2020

SPONSORED BY



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 fell to -0.29 in September from an upwardly revised 0.44 in August. The moving average measure, which smooths out the volatility, was 0.04 which is average growth; typically, the moving average measure is above zero during expansions. Data has been volatile as the economy finds a new growth path after the stop-start dynamics of the spring and summer. Falling manufacturing hours worked weighed heavily on that sectors component; this may be related to reduced activity during the wildfires. Construction employment also made a negative contribution to the measure. The services sector, in particular financial sector employment, made a positive contribution.

The University of Oregon Index of Economic Indicators fell 1.5 percent in September, the first decline since May. A number of indicators partially reversed the recent gains. Initial unemployment claims edged up while employment services payrolls slipped. Weaker multi-family housing permits dragged down the total number of new housing

units authorized even as single-family permits held steady. The fall in manufacturing hours worked had a substantial negative effect as well. On the bright side, consumer sentiment firmed and new orders for core capital goods rose. The latter indicates that firms are optimistic as they continue to invest in plant and capital. The Oregon weight-distance tax, a measure of trucking activity edged down but remains in a general upward trend.

Data will continue to be volatile as the economy adjusts to the post-shutdown environment. The initial rebound was strong and likely set the stage for sustained economic expansion but now we are entering a period of slower growth. The ongoing pandemic prevents a full recovery at this time as certain sectors of the economy, notably leisure and hospitality, are challenged to operate in an environment of enhanced social distancing and school and day care closures have forced some working parents out of the labor force.

Contributions to Oregon Measure of Economic Activity—September 2020

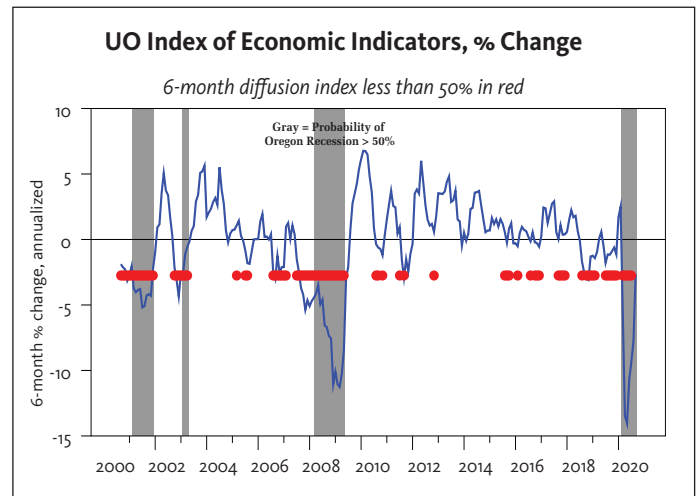
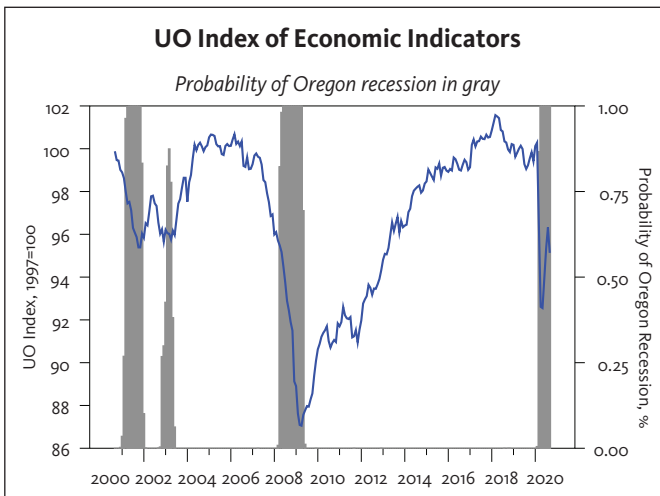
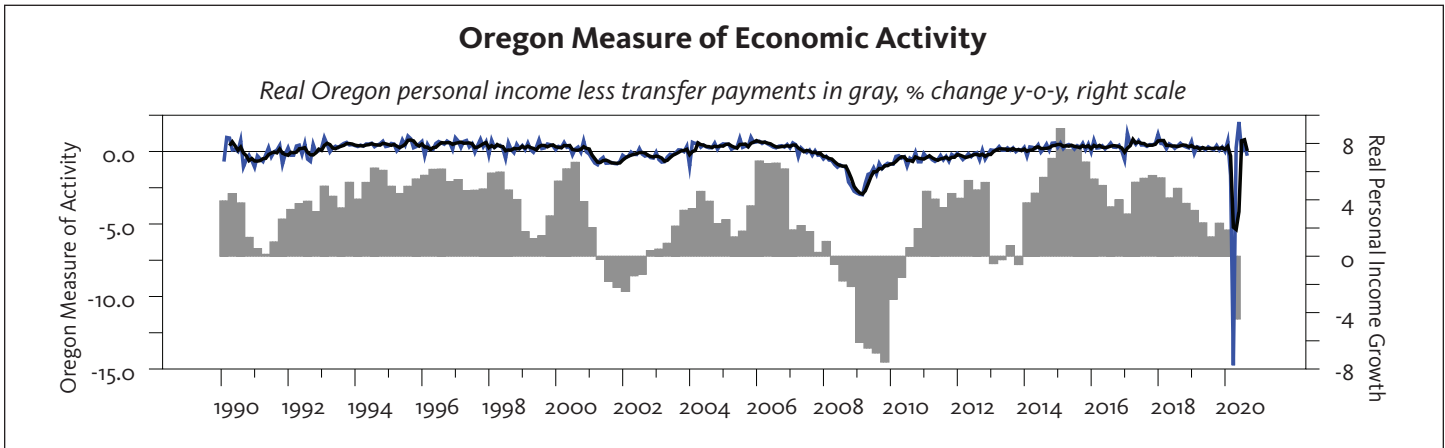
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.03			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.10			
Hours, Manufacturing Employees, Oregon	-0.33			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized by Building Permit, Oregon		-0.05		
Construction Employment in Oregon		-0.26		
Natural Resources and Mining Employment, Oregon		0.11		
Employment Services Employment, Oregon			-0.10	
Initial Unemployment Claims, Oregon			-0.06	
Civilian Labor Force, Oregon			-0.04	
Unemployment Rate, Oregon			-0.06	
Interest Rate Spread			0.02	
S & P 500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan–Reuters			-0.04	
Educational and Health Services Employment, Oregon				-0.02
Financial Activities Employment, Oregon				0.32
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				0.04
Professional and Business Services Employment, Oregon				0.02
Other Services Employment, Oregon				-0.11
Trade, Transportation and Utilities Employment, Oregon				0.15
Total by Sector	-0.20	-0.20	-0.29	0.39
	Jul '20	Aug '20	Sep '20	
Oregon Measure of Economic Activity	-0.04	0.44	-0.29	
Three-Month Moving Average	0.75	0.81	0.04	

CONTACT

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

State of Oregon Economic Indicators™

September 2020

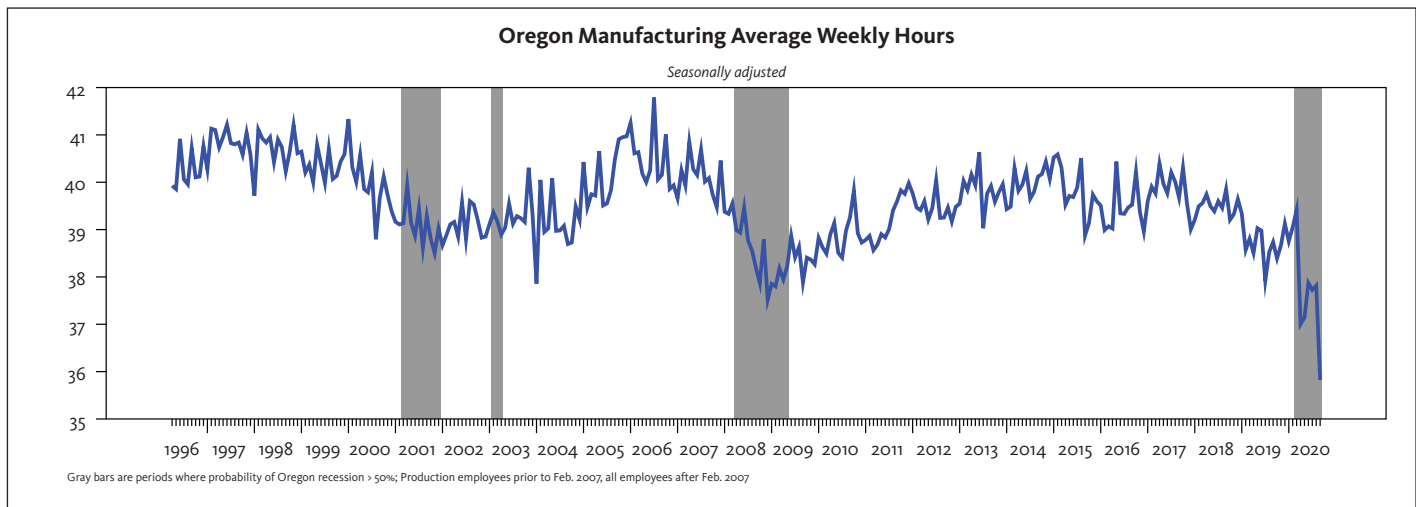
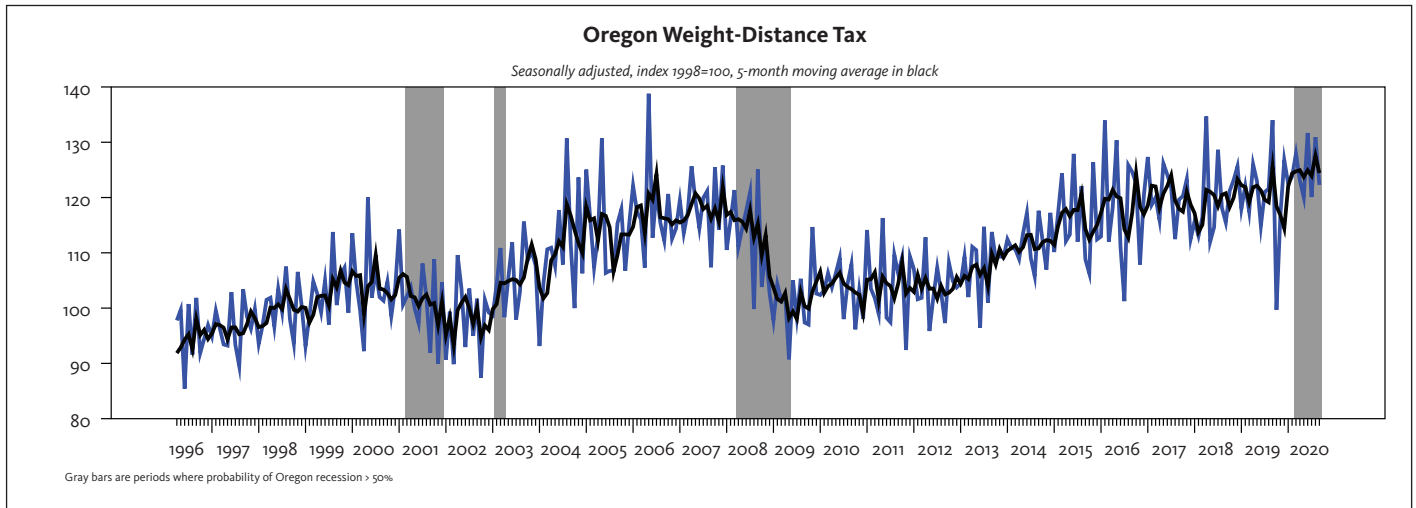
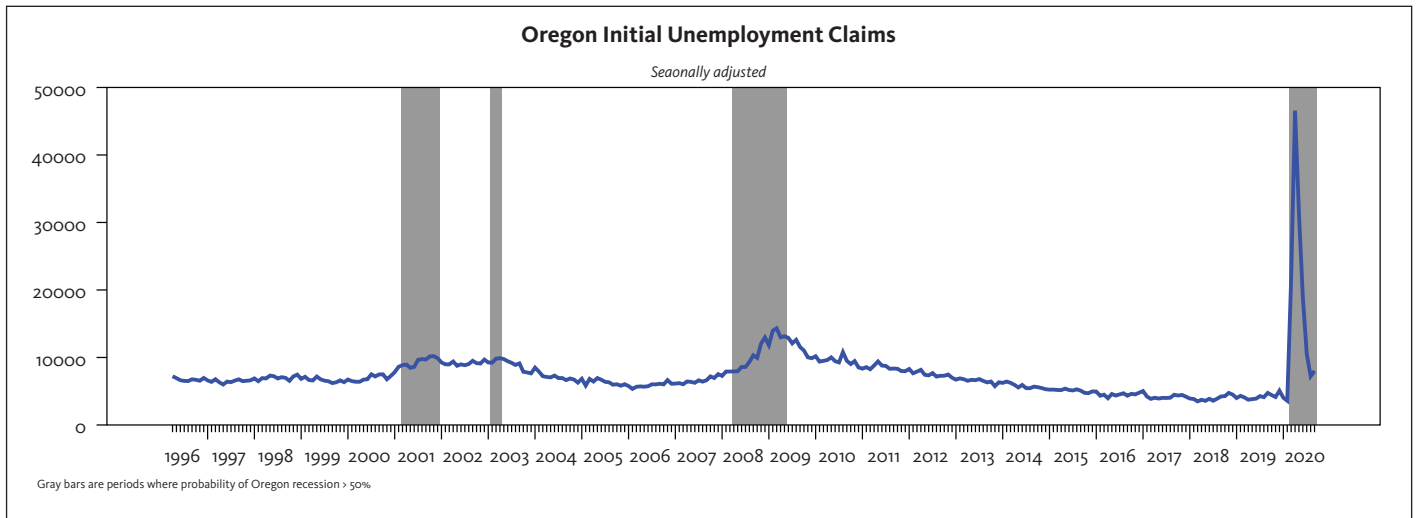


University of Oregon Index of Economic Indicators—Summary and Components

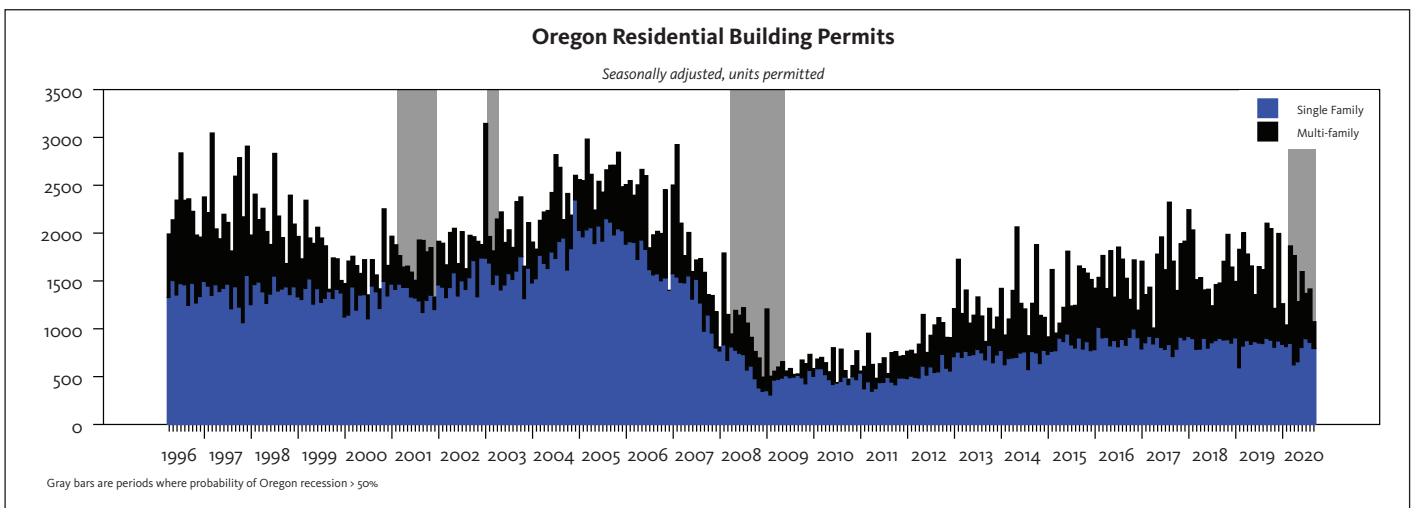
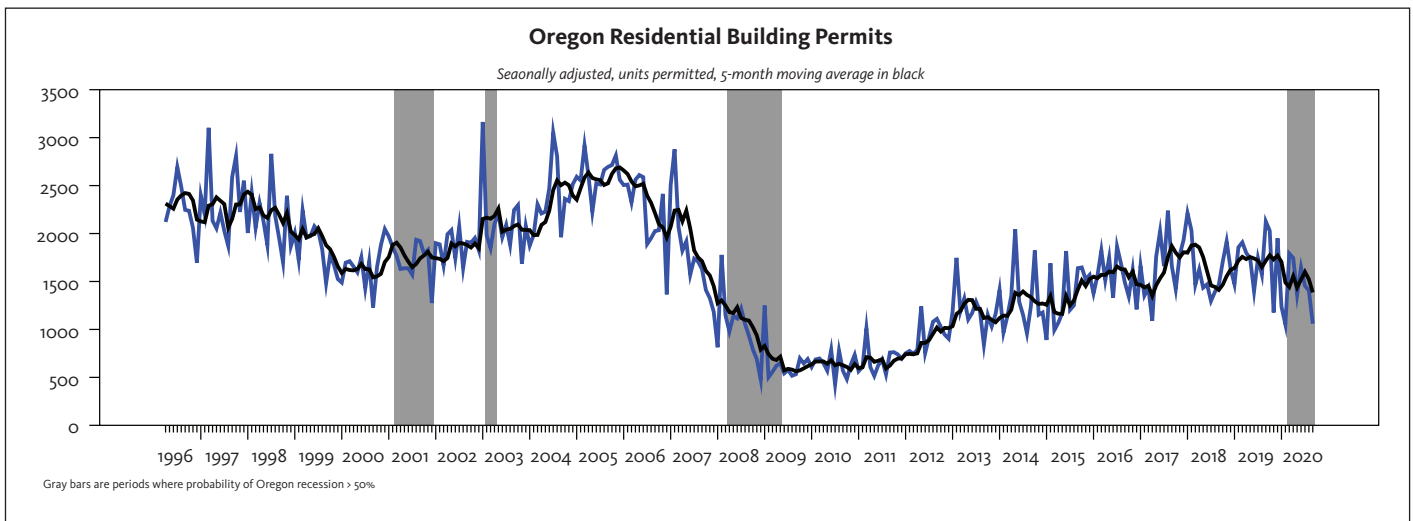
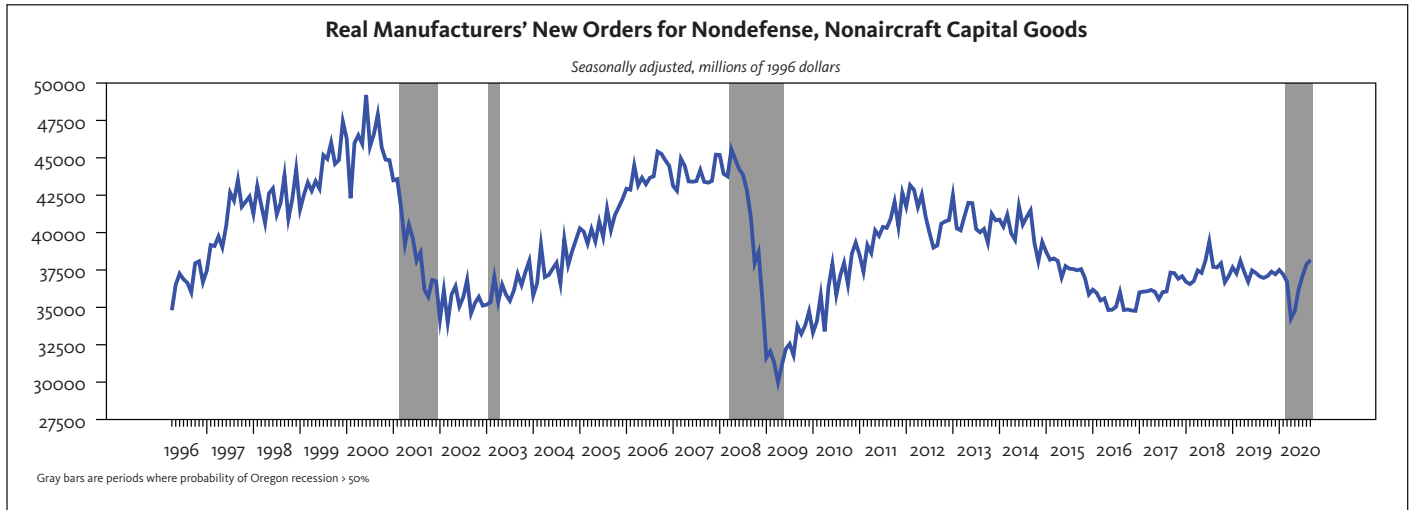
	Apr '20	May '20	Jun '20	Jul '20	Aug '20	Sep '20
UO Index of Economic Indicators™, 1997 = 100	92.6	92.6	93.9	95.3	96.3	95.1
Percentage Change	-3.9	-0.1	1.5	1.5	1.0	-1.2
Oregon Initial Unemployment Claims, SA*	46,545	31,438	18,938	10,555	7,222	8,007
Oregon Employment Services Payrolls, SA	34,384	33,100	33,513	36,128	37,580	36,470
Oregon Residential Building Permits, SA, 5 MMA*	1,556	1,438	1,519	1,600	1,523	1,385
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	124.95	123.70	124.94	123.93	127.56	124.43
Oregon Manufacturing Average Weekly Hours, SA	37.00	37.14	37.87	37.73	37.82	35.82
US Consumer Sentiment, SA, 5 MMA	92.2	86.8	82.5	76.8	73.8	75.2
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	34,245	34,763	36,228	37,115	37,871	38,175
Interest Rate Spread	0.61	0.62	0.65	0.53	0.55	0.59

SA = Seasonally Adjusted, MMA = Months Moving Average

September 2020

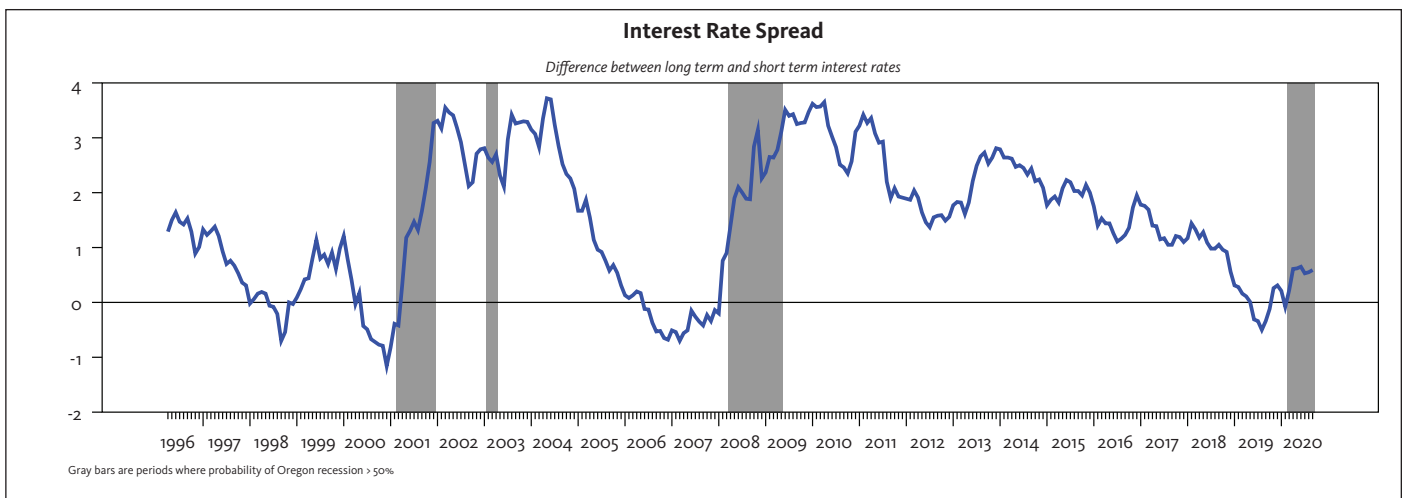
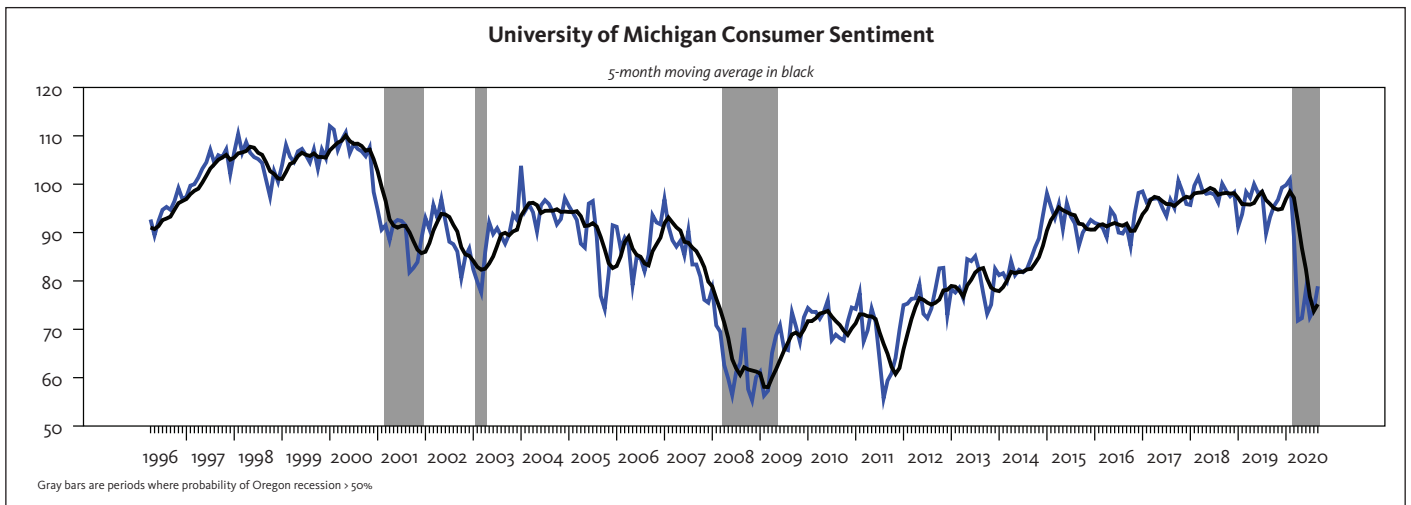
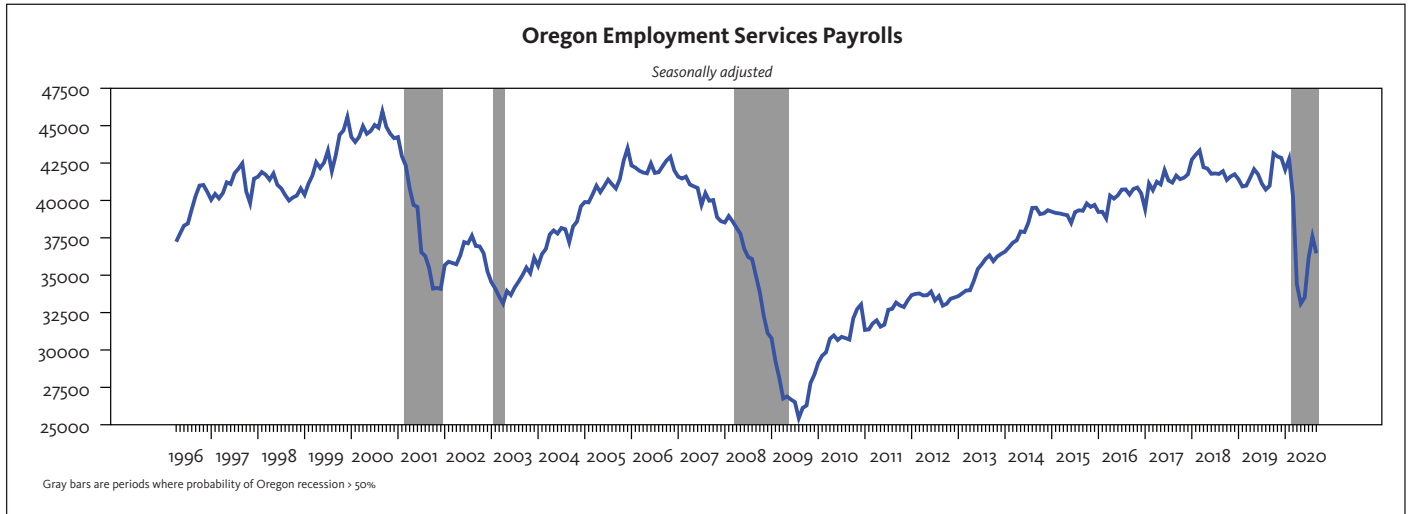


September 2020



State of Oregon Economic Indicators™

September 2020



oregon
economic
forum