

State of Oregon Economic Indicators™



October 2020

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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 1.2 in October from an upwardly revised -0.06 in September. The moving average measure, which smooths out the volatility, stood at 0.43 which is above average growth as more typically experienced during expansions. Manufacturing made a neutral contribution to the measure; in general, the sector is recovering although hours worked remain a weak spot. Low hours worked may be a consequence of pandemic safety measures and employees out due to illness or quarantine. Construction employment rebounded, pushing the sector into a positive contribution. Mixed employment data left the services sector with a neutral contribution.

The University of Oregon Index of Economic Indicators rose 1.7 percent in October, more than reversing September's decline. Initial unemployment claims were down while temporary employment was up, a generally

positive combination for wage growth. Building permits and the weight distance tax were both modestly lower while hours worked in manufacturing was up but still low relative to typical expansionary levels. Orders for core-capital goods continued to rise past their pre-pandemic levels; this is a good sign that firms remain committed to expansion plans and expect a more robust economy next year.

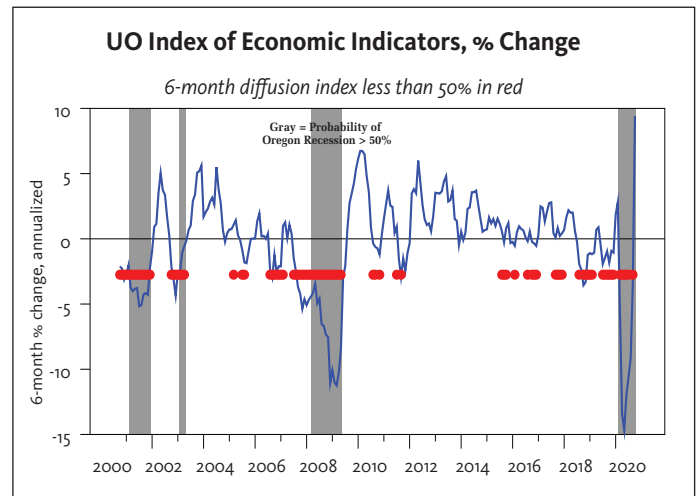
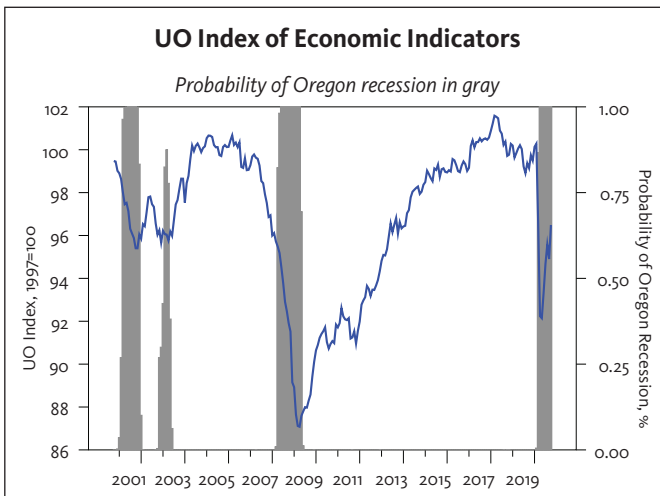
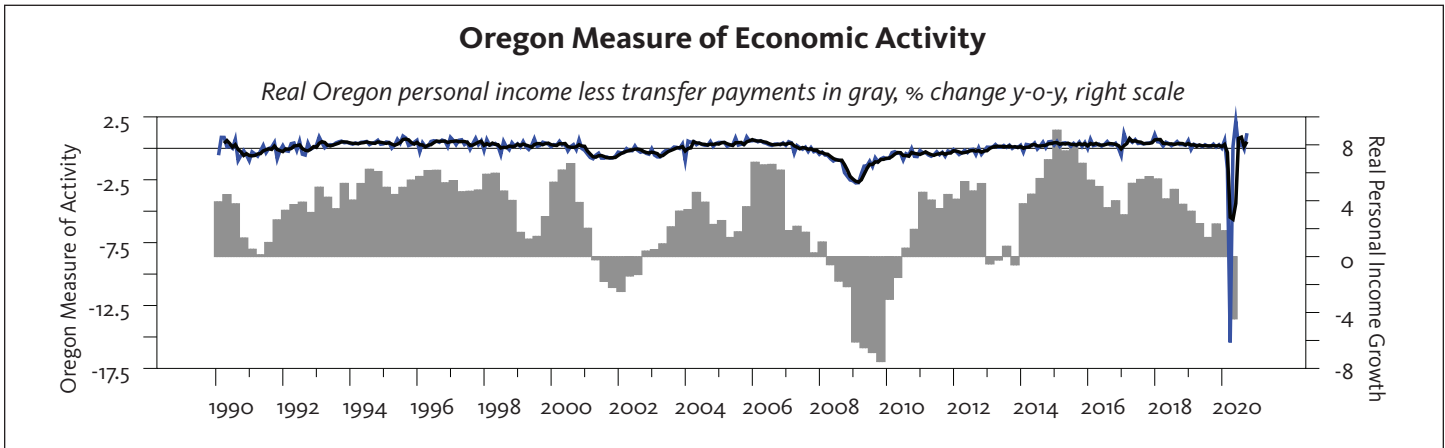
The soon-to-begin Covid-19 vaccinations provide considerable medium-term optimism as it will allow more effective containment of the pandemic and with that a full recovery of most impacted sectors such as leisure and hospitality. The near-term however remains challenged by the recent rise in the number of Covid-19 cases and the associated restrictions that will likely weigh in employment over the next two to three months.

Contributions to Oregon Measure of Economic Activity—October 2020

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.07			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.08			
Hours, Manufacturing Employees, Oregon	-0.16			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized by Building Permit, Oregon		-0.02		
Construction Employment in Oregon		0.50		
Natural Resources and Mining Employment, Oregon		0.20		
Employment Services Employment, Oregon			0.26	
Initial Unemployment Claims, Oregon			-0.01	
Civilian Labor Force, Oregon			0.20	
Unemployment Rate, Oregon			-0.01	
Interest Rate Spread			0.01	
S & P 500 Stock Index			0.00	
Consumer Sentiment, University of Michigan—Reuters			-0.02	
Educational and Health Services Employment, Oregon				0.06
Financial Activities Employment, Oregon				-0.08
Government Employment, Oregon				-0.21
Leisure and Hospitality Employment, Oregon				0.08
Professional and Business Services Employment, Oregon				0.09
Other Services Employment, Oregon				-0.07
Trade, Transportation and Utilities Employment, Oregon				0.22
Total by Sector	-0.01	0.69	0.43	0.09
	Aug '20	Sep '20	Oct '20	
Oregon Measure of Economic Activity	0.44	-0.06	1.20	
Three-Month Moving Average	0.89	0.16	0.53	

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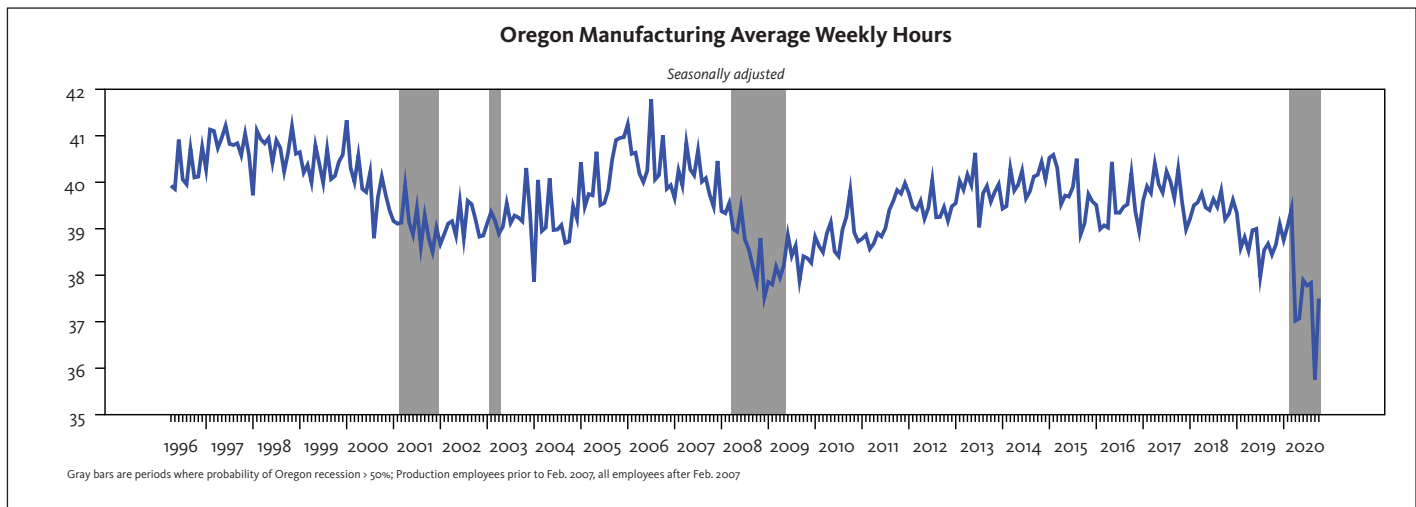
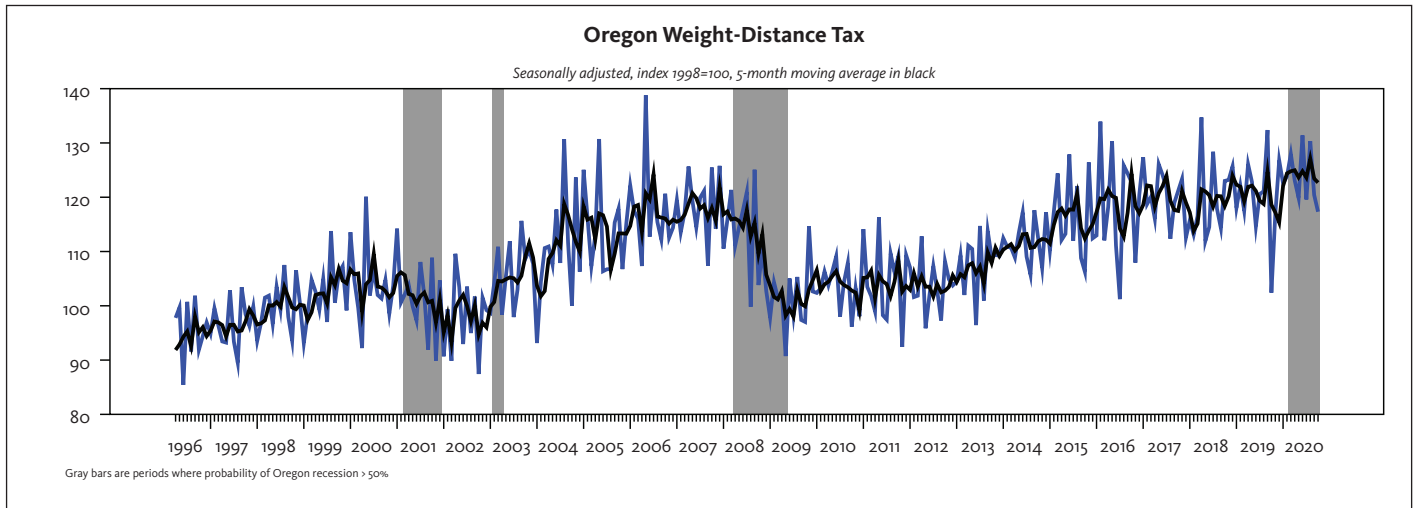
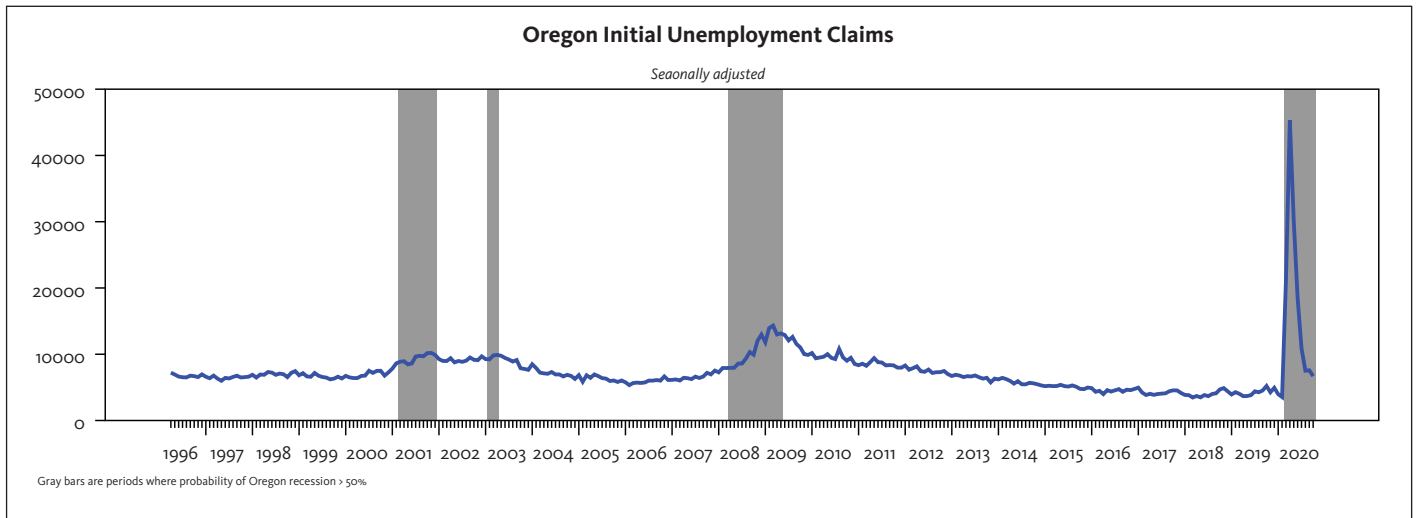


University of Oregon Index of Economic Indicators–Summary and Components

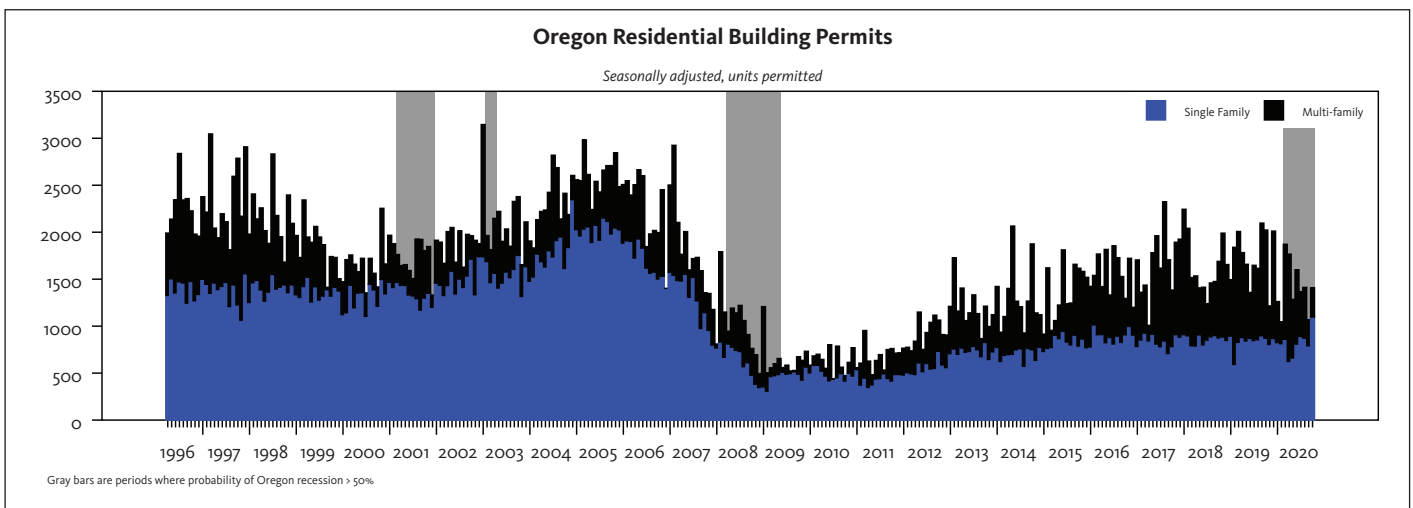
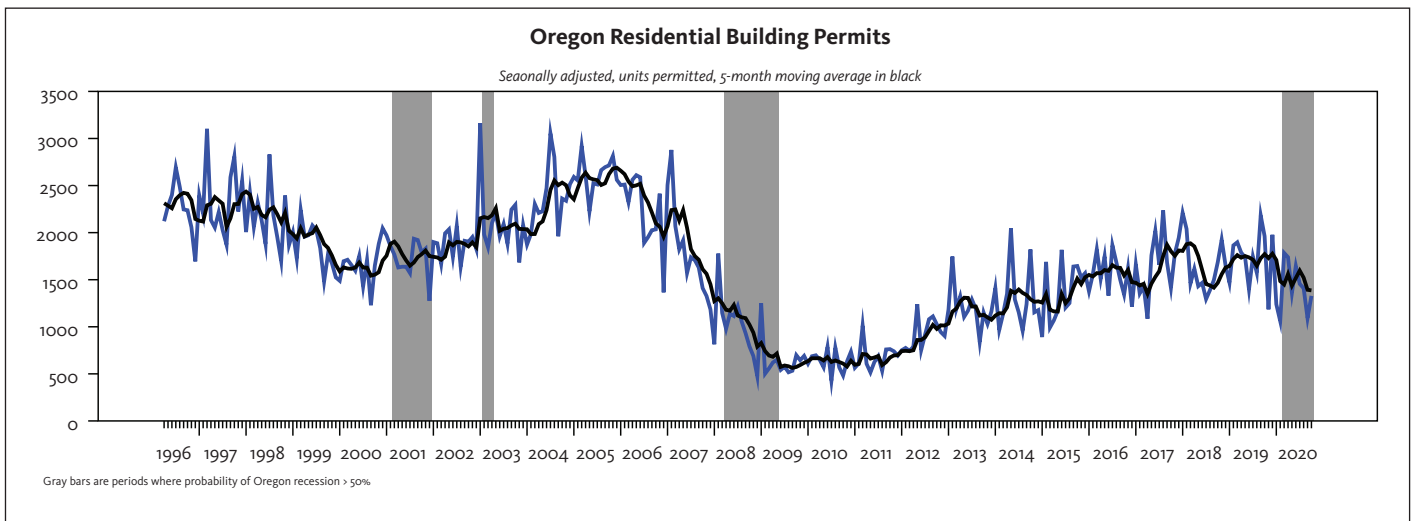
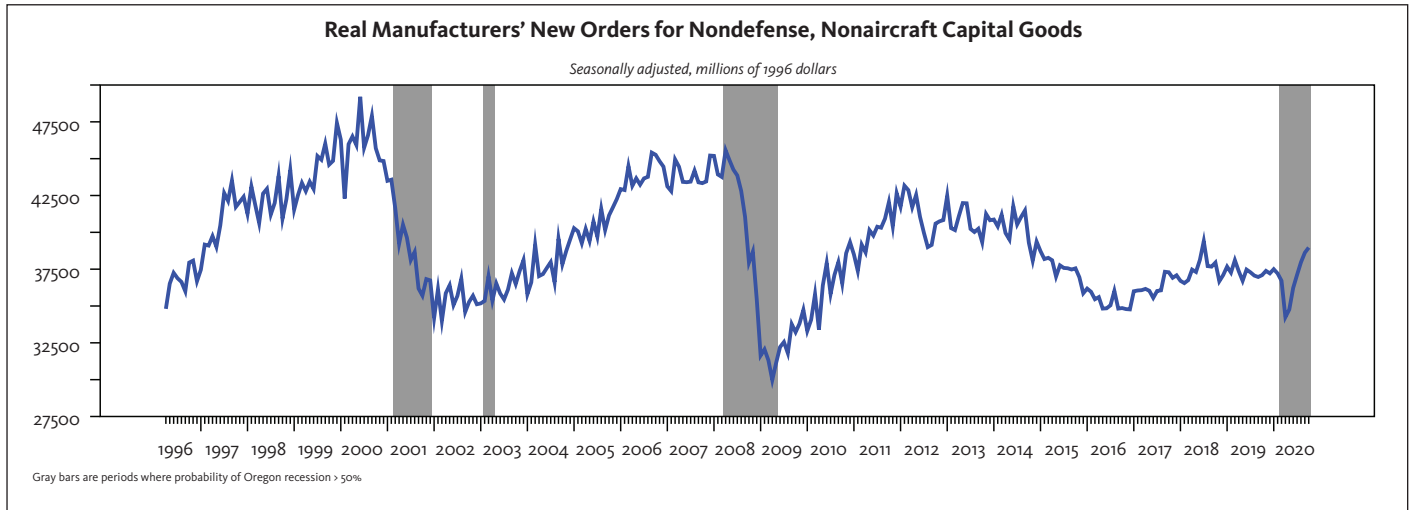
	May '20	Jun '20	Jul '20	Aug '20	Sep '20	Oct '20
UO Index of Economic Indicators™, 1997 = 100	92.1	93.4	94.7	95.6	94.9	96.5
Percentage Change	-0.1	1.3	1.4	1.0	-0.7	1.7
Oregon Initial Unemployment Claims, SA*	30,191	18,506	10,909	7,512	7,577	6,690
Oregon Employment Services Payrolls, SA	30,922	30,776	33,472	34,557	34,655	37,283
Oregon Residential Building Permits, SA, 5 MMA*	1,436	1,518	1,597	1,522	1,393	1,387
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	123.65	124.79	123.63	127.11	123.45	122.69
Oregon Manufacturing Average Weekly Hours, SA	37.07	37.89	37.78	37.83	35.75	37.50
US Consumer Sentiment, SA, 5 MMA	86.8	82.5	76.8	73.8	75.5	77.4
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	34,763	36,228	37,115	37,964	38,617	38,968
Interest Rate Spread	0.62	0.65	0.53	0.55	0.59	0.70

SA = Seasonally Adjusted, MMA = Months Moving Average

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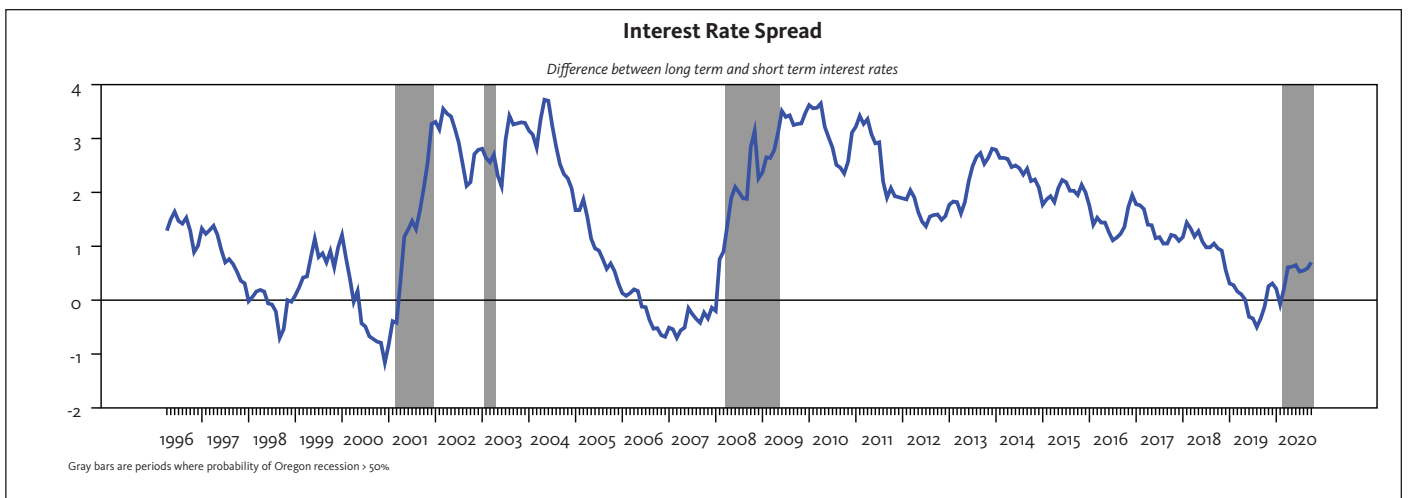
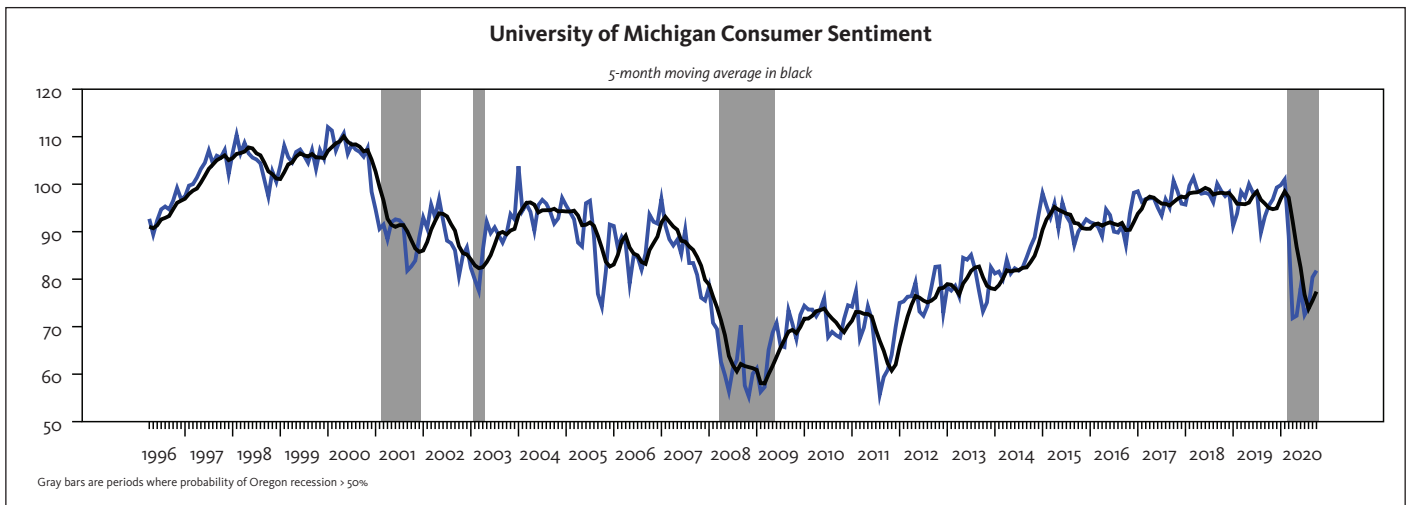
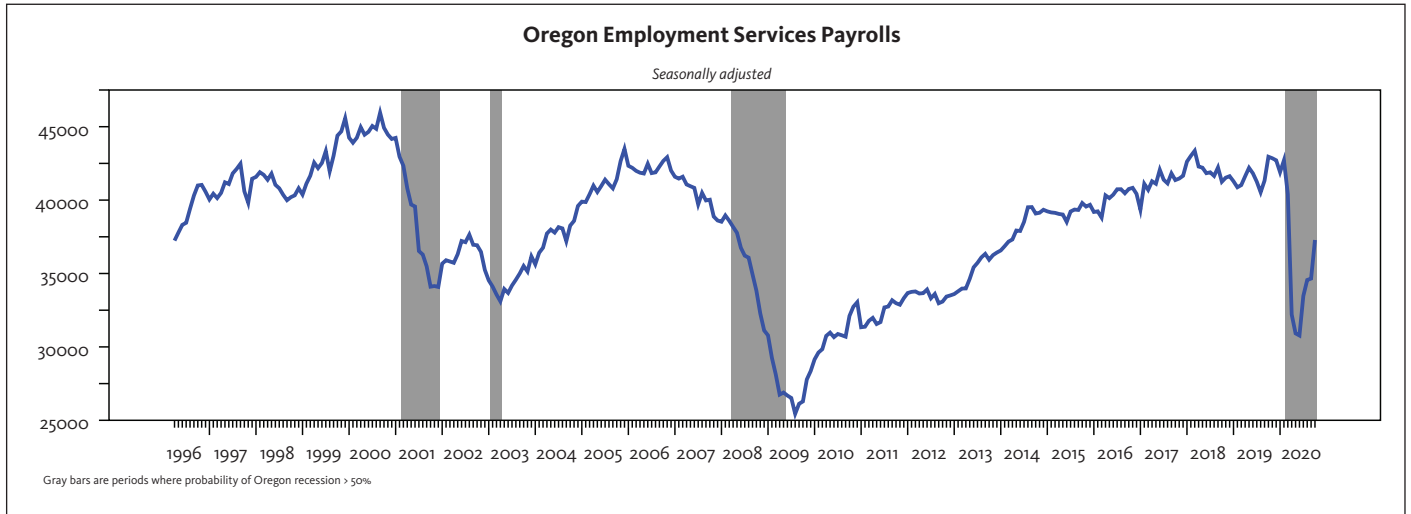


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