

State of Oregon Economic Indicators™



December 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.

Review

The Oregon Measure of Economic Activity was -0.22 in December, indicating below average growth, while the moving average measure, which smooths out the volatility, was at 0.02, an average reading but low relative to past economic expansions. The winter wave of the pandemic and the associated restrictions on activity are visible in the underlying components. In particular, elevated initial unemployment claims and declining employment in the leisure and hospitality sector weighed substantially on the measure. Low levels of hours worked in manufacturing continue to be a weight but recent national survey data suggests the sector is poised for a rebound.

The University of Oregon Index of Economic Indicators edged up 0.1% in December. Like last month, initial unemployment claims rose due to additional measures to contain the pandemic but employment services (largely temporary help) workers also rose. This points to the sector specific

nature of the pandemic; it has left some sectors struggling and others unscathed. Housing units permitted are drifting lower but the mix is shifting in favor of single-family housing. Bolstered by low interest rates and demographic trends, home buying has been resilient in this recession. Core capital good manufacturing orders continued its upward march while the interest rate spread rose as market participants bid up long term rates on the expectation of improving economic conditions later this year. Consumer sentiment firmed modestly while other components were largely unchanged.

The pandemic remains the primary impediment to economic growth. I anticipate growth will accelerate as the winter surge ebbs and the pace of vaccinations increases but the next few months will still be challenging. With sufficient control of the pandemic, the economy can experience a strong rebound later this year.

Contributions to Oregon Measure of Economic Activity—December 2020

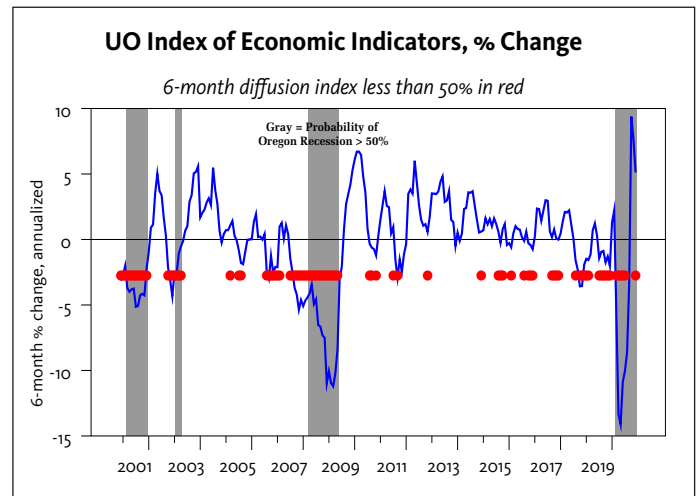
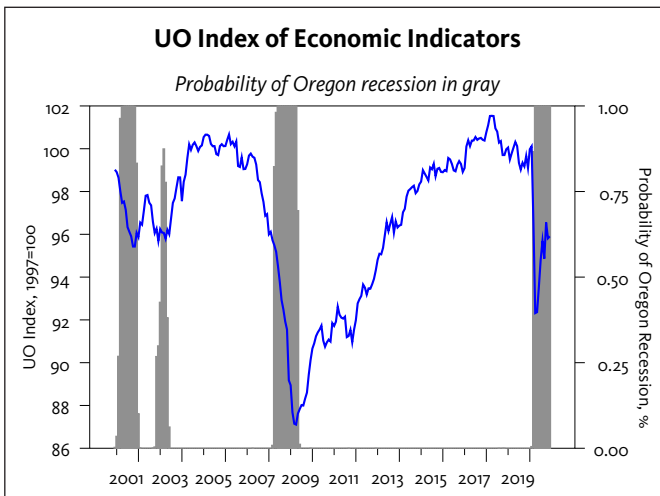
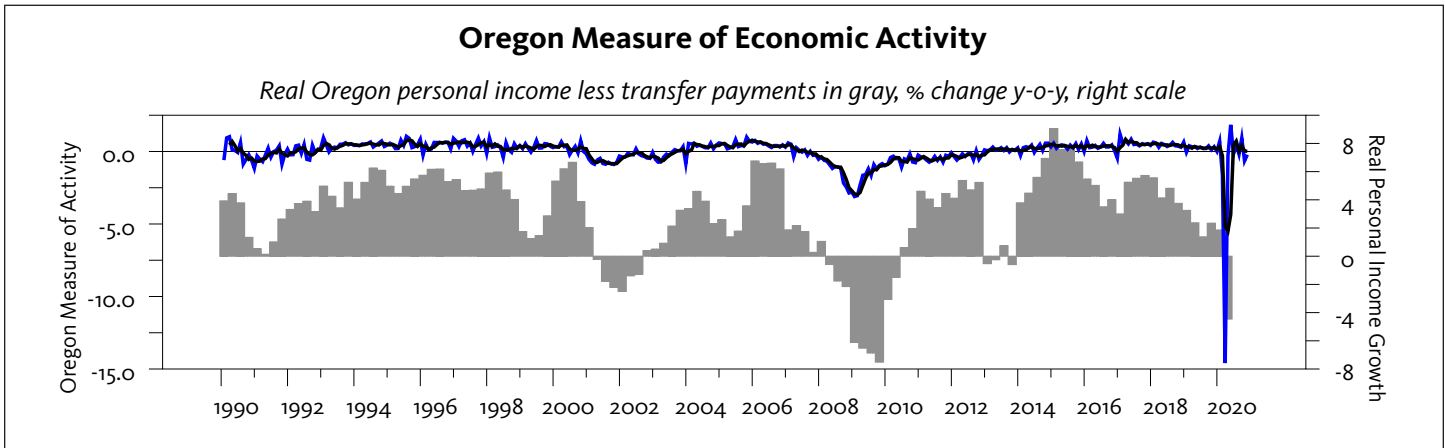
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.04			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	-0.09			
Hours, Manufacturing Employees, Oregon	-0.19			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.00		
Construction Employment in Oregon		-0.09		
Natural Resources and Mining Employment, Oregon		0.11		
Employment Services Employment, Oregon			0.10	
Initial Unemployment Claims, Oregon			-0.14	
Civilian Labor Force, Oregon			0.01	
Unemployment Rate, Oregon			0.01	
Interest Rate Spread			0.02	
S & P 500 Stock Index			0.02	
Consumer Sentiment, University of Michigan—Reuters			-0.04	
Educational and Health Services Employment, Oregon				0.41
Financial Activities Employment, Oregon				0.07
Government Employment, Oregon				-0.05
Leisure and Hospitality Employment, Oregon				-0.59
Professional and Business Services Employment, Oregon				0.05
Other Services Employment, Oregon				-0.05
Trade, Transportation and Utilities Employment, Oregon				0.17
Total by Sector	-0.22	0.01	-0.02	0.01
	Oct '20	Nov '20	Dec '20	
Oregon Measure of Economic Activity	0.92	-0.65	-0.22	
Three-Month Moving Average	0.41	0.03	0.02	

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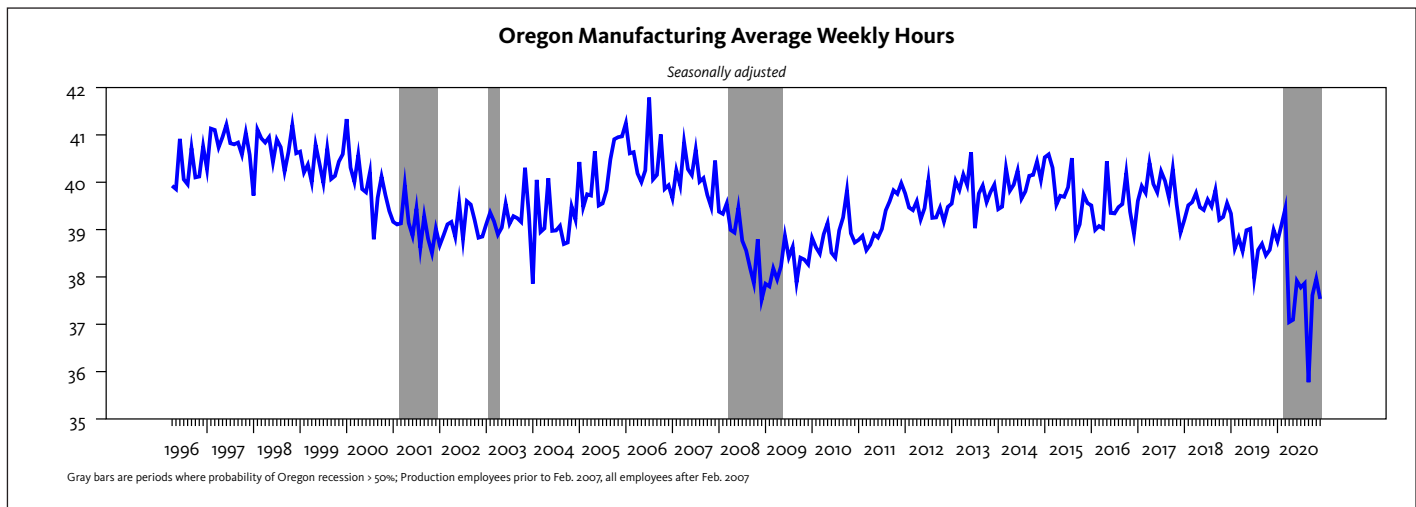
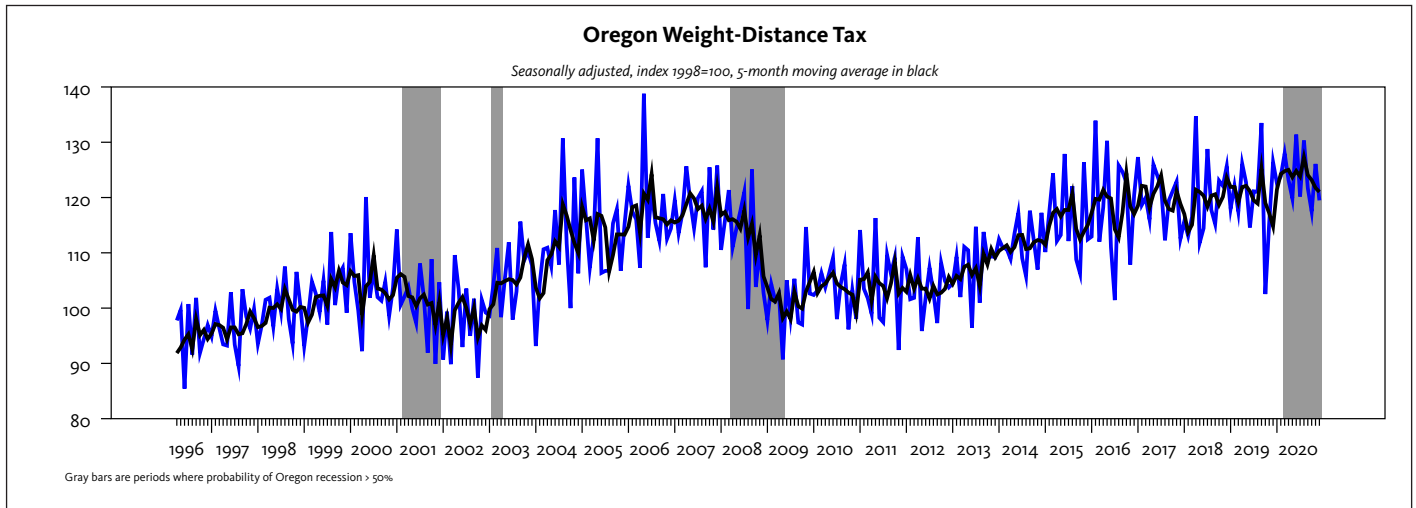
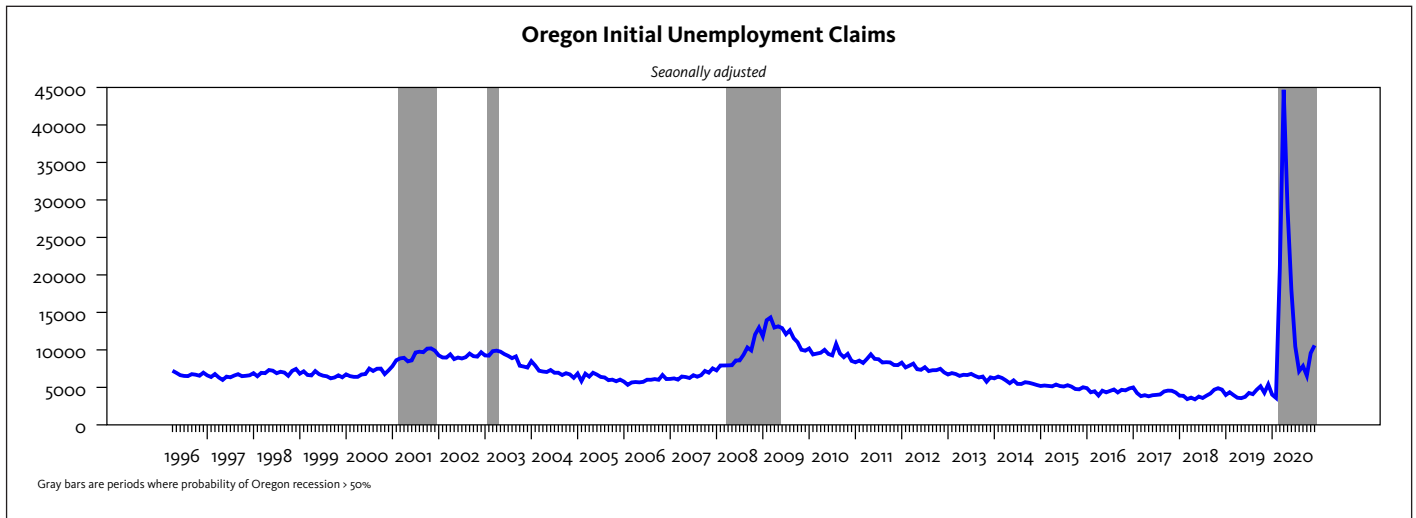


University of Oregon Index of Economic Indicators–Summary and Components

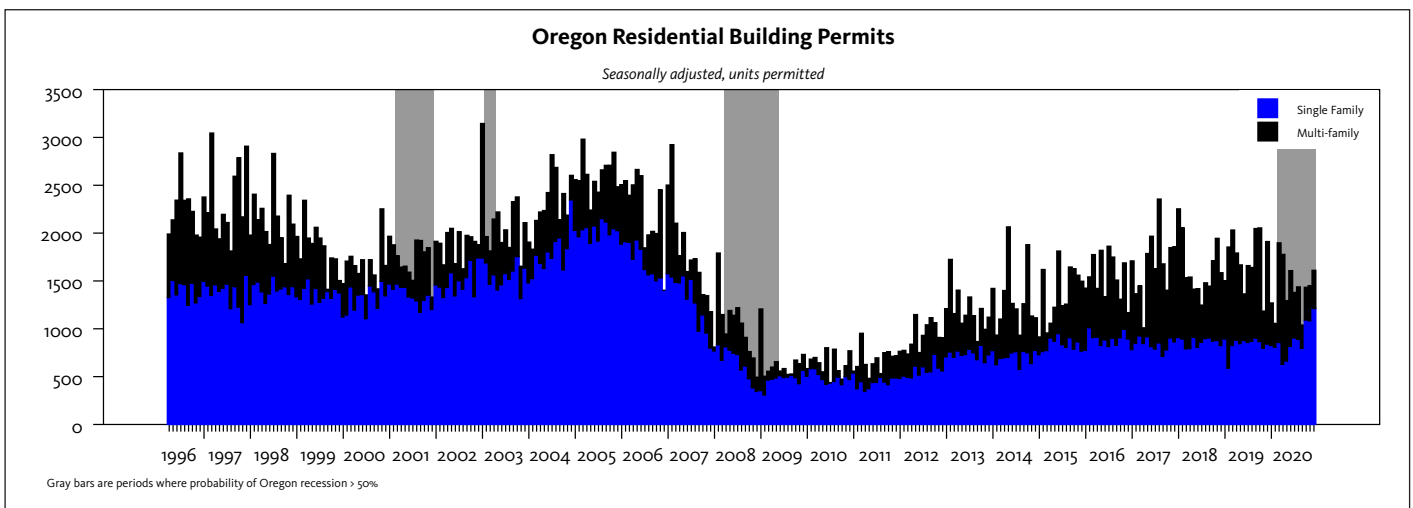
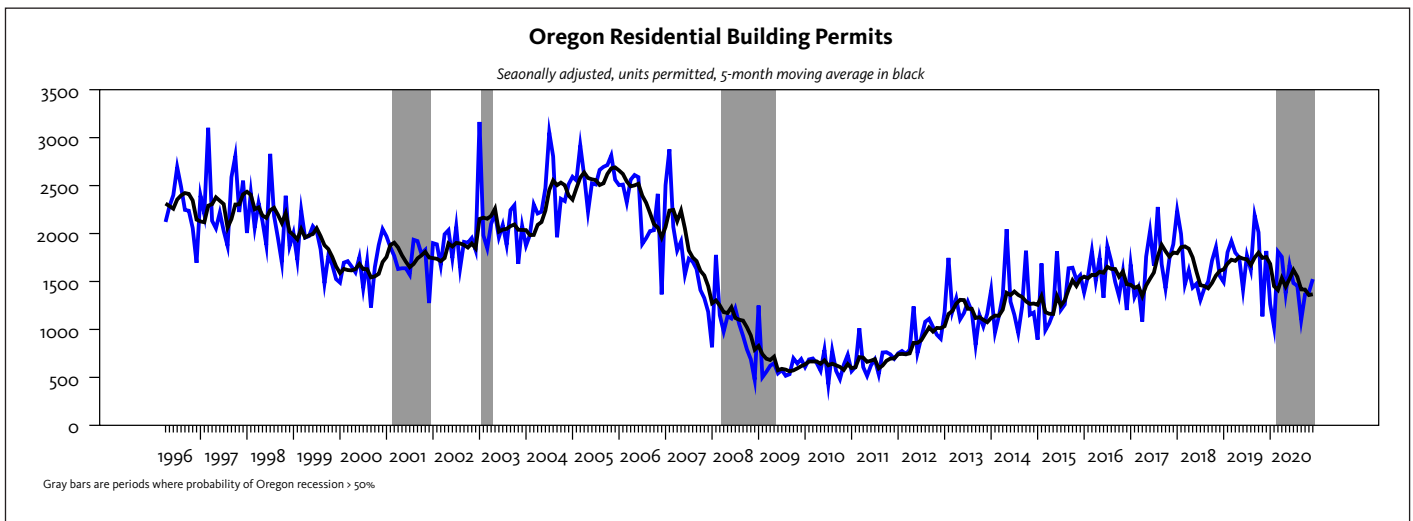
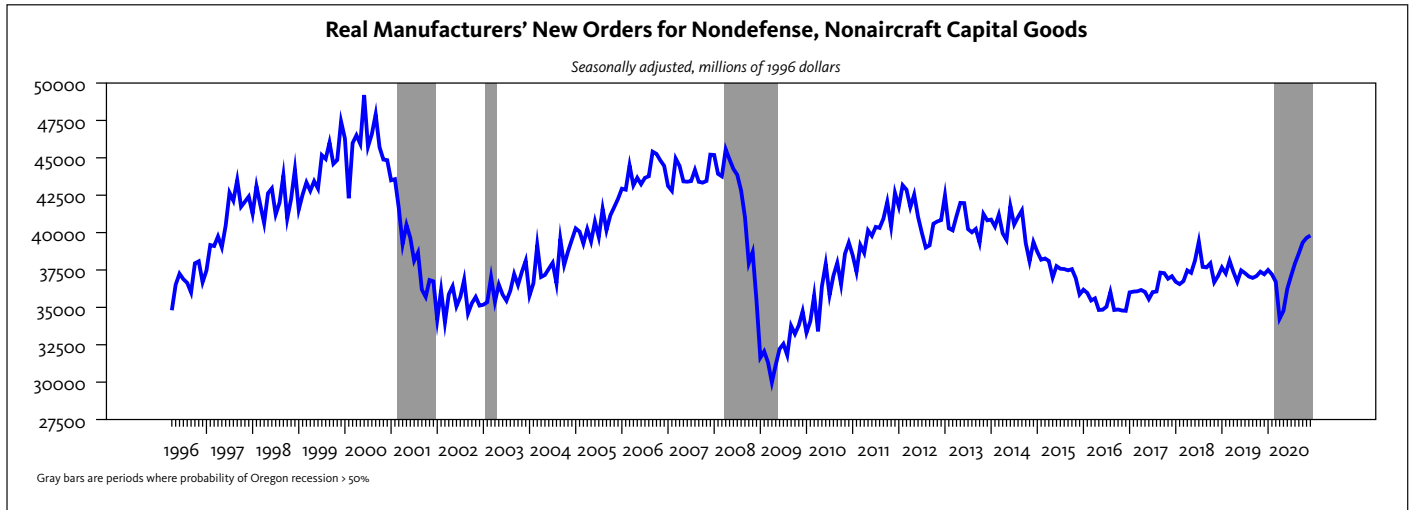
	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20
UO Index of Economic Indicator™, 1997 = 100	94.8	95.7	94.9	96.6	95.8	95.9
Percentage Change	1.4	0.9	-0.9	1.8	-0.8	0.1
Oregon Initial Unemployment Claims, SA*	10,465	7,161	7,849	6,571	9,575	10,603
Oregon Employment Services Payrolls, SA	33,642	34,586	34,740	37,016	37,613	38,693
Oregon Residential Building Permits, SA, 5 MMA*	1,620	1,549	1,417	1,415	1,359	1,367
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	123.81	127.30	124.06	123.16	121.75	121.01
Oregon Manufacturing Average Weekly Hours, SA	37.78	37.86	35.78	37.61	37.96	37.54
US Consumer Sentiment, SA, 5 MMA	76.8	73.8	75.5	77.4	77.1	78.8
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	37,115	37,943	38,615	39,333	39,643	39,807
Interest Rate Spread	0.53	0.55	0.59	0.70	0.78	0.84

SA = Seasonally Adjusted, MMA = Months Moving Average

December 2020

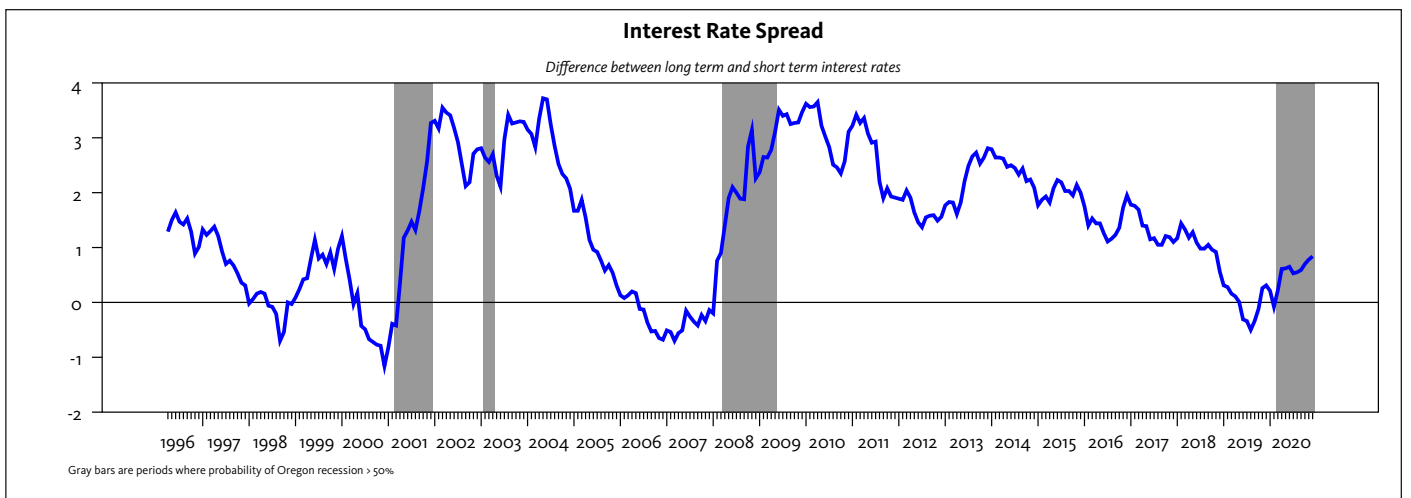
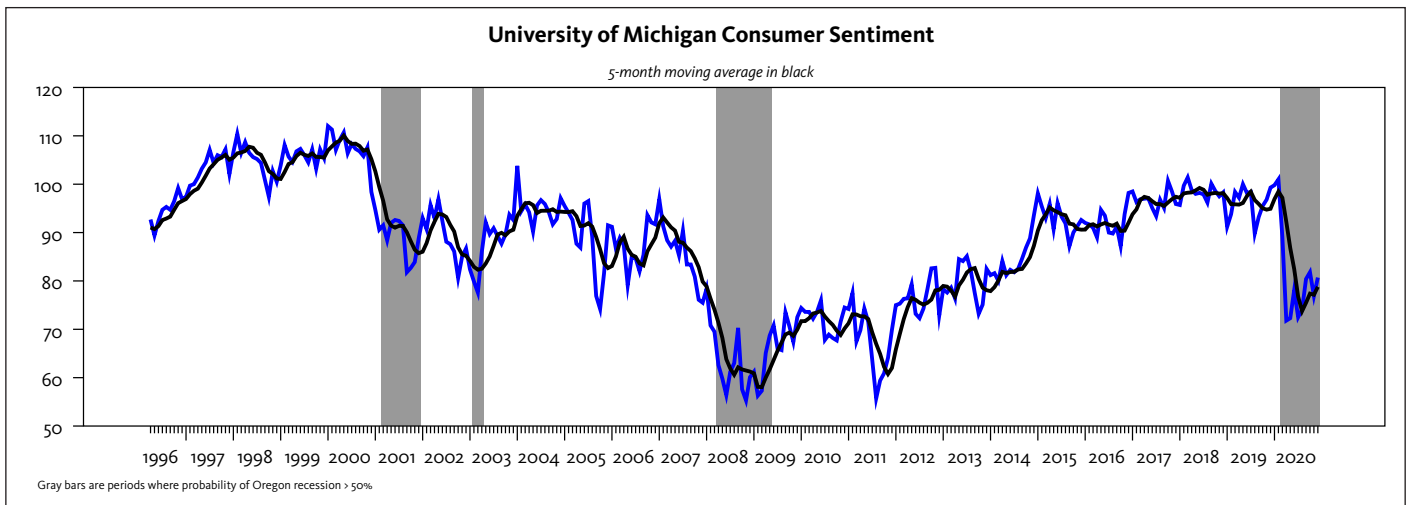
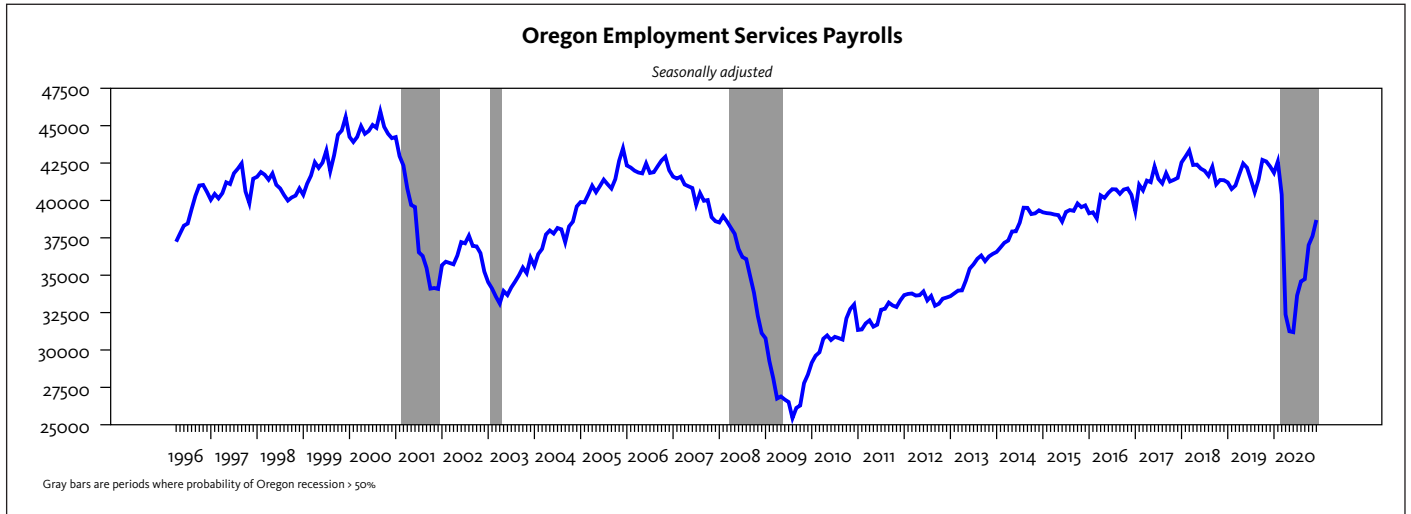


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