

State of Oregon Economic Indicators™



August 2021

Review

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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.

The Oregon economy slowed in August, but underlying trends indicate the recovery continues. The Oregon Measure of Economic Activity rose slipped from 0.71 to 0.25 while the moving average measure, which smooths out the monthly volatility, was effectively unchanged at 0.44 (where 0.0 is the average pace of growth since 1990). Employment components again made the most substantial contributions to the overall measure albeit less so than in August. On net, remaining indicators made neutral to modestly negative contributions.

The University of Oregon Index of Economic Indicators fell 0.6% in August, the first decline since November 2020. Employment services payrolls, mostly temporary help employment, edged down while initial unemployment claims ticked up. Housing units permitted decline modestly after a solid gain in July. The weight distance tax (a measure of trucking activity), new orders for core manufactured

capital goods (adjusted for inflation), and hours worked in manufacturing all rose, a positive sign for the state’s factory sector. Consumer confidence fell sharply; anecdotal reports suggest rising Covid cases and higher inflation are weighing on sentiment. Still, consumer spending appears resilient to these concerns.

A single month decline in the UO Index is not cause for concern. As the economy expands, we typically hit a point where the UO index starts moving sideways. The expansion is likely to continue for the foreseeable future, allowing the state’s economy to make up for ground lost during the pandemic.

Contributions to Oregon Measure of Economic Activity—August 2021

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.03			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.06			
Hours, Manufacturing Employees, Oregon	-0.07			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.01		
Construction Employment in Oregon		-0.01		
Natural Resources and Mining Employment, Oregon		0.03		
Employment Services Employment, Oregon			-0.01	
Initial Unemployment Claims, Oregon			-0.03	
Civilian Labor Force, Oregon			-0.02	
Unemployment Rate, Oregon			0.05	
Interest Rate Spread			0.01	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan–Reuters			-0.08	
Educational and Health Services Employment, Oregon				-0.03
Financial Activities Employment, Oregon				0.14
Government Employment, Oregon				0.08
Leisure and Hospitality Employment, Oregon				0.02
Professional and Business Services Employment, Oregon				0.03
Other Services Employment, Oregon				0.07
Trade, Transportation and Utilities Employment, Oregon				-0.02
Total by Sector	0.01	0.02	-0.07	0.28
	Jun '21	Jul '21	Aug '21	
Oregon Measure of Economic Activity	0.34	0.71	0.25	
Three-Month Moving Average	0.24	0.46	0.44	

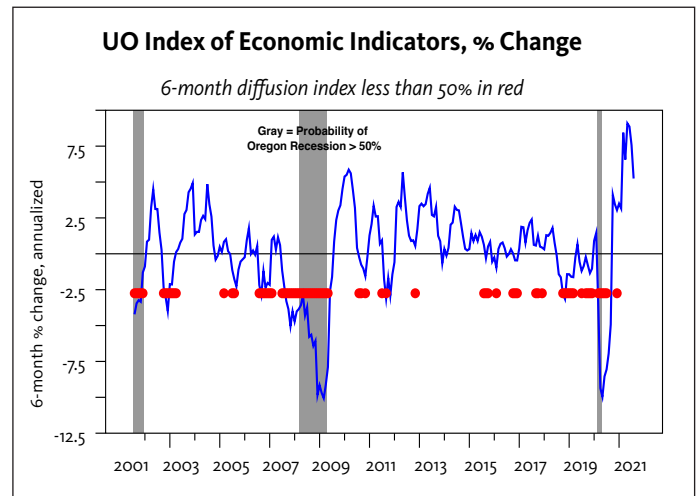
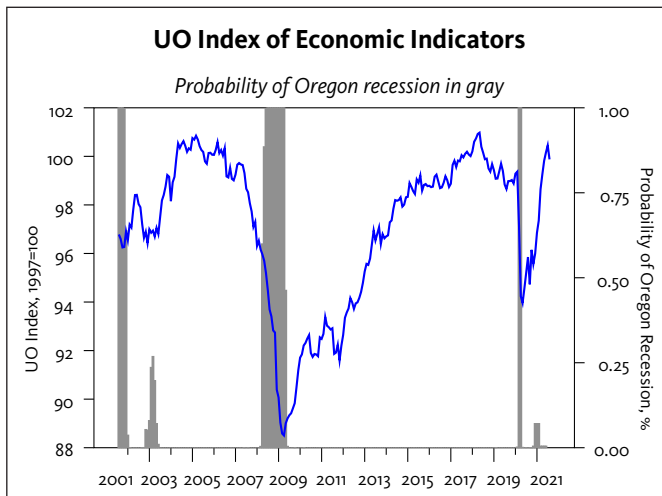
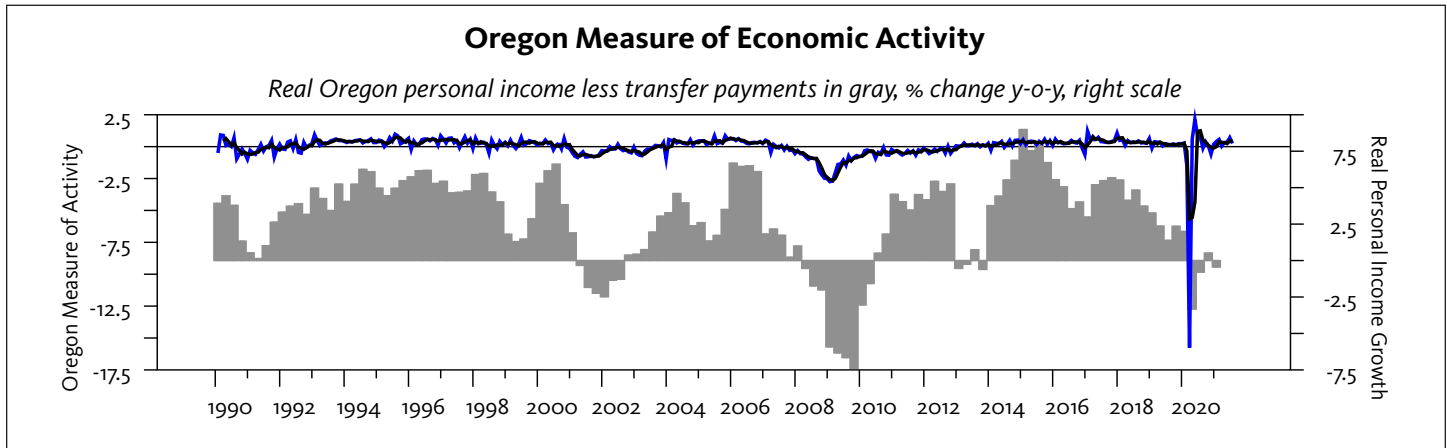
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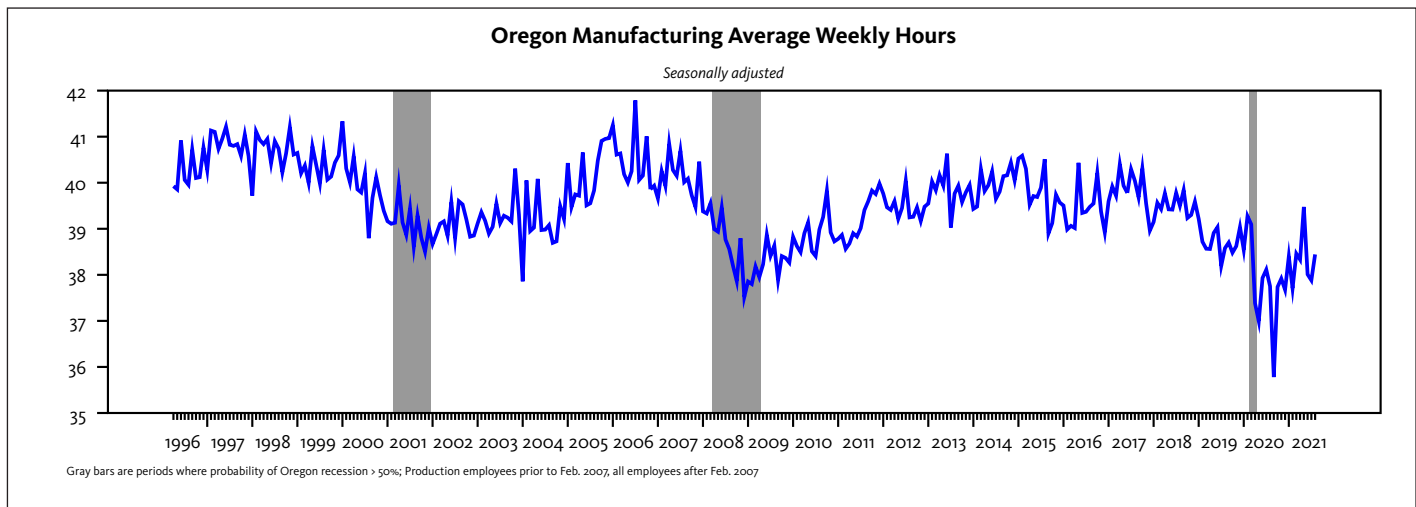
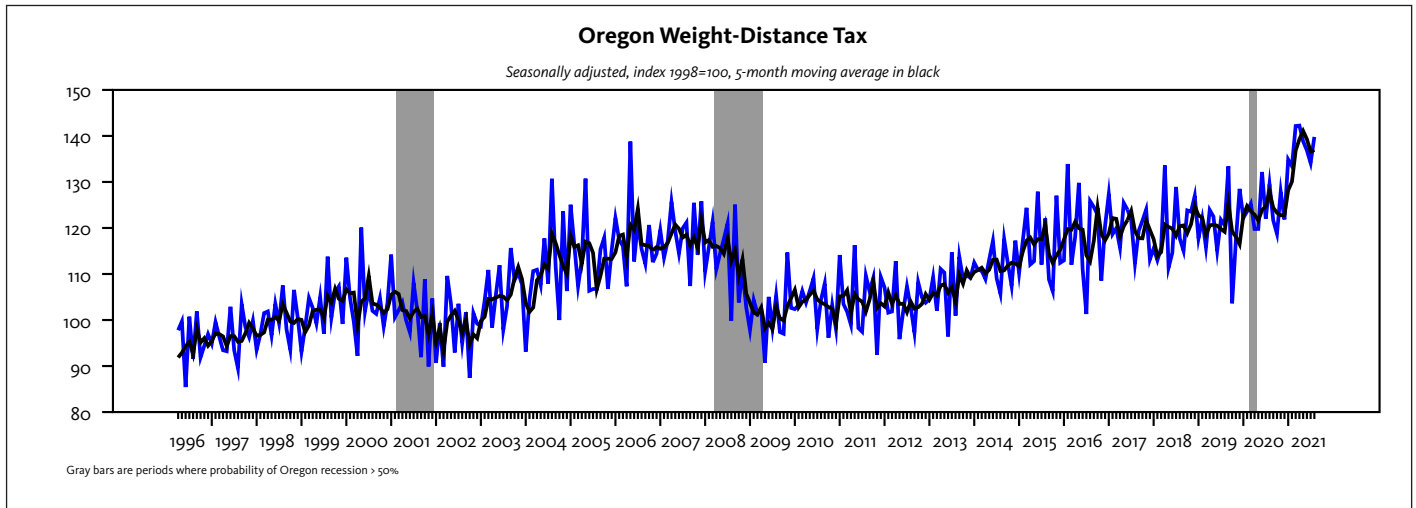
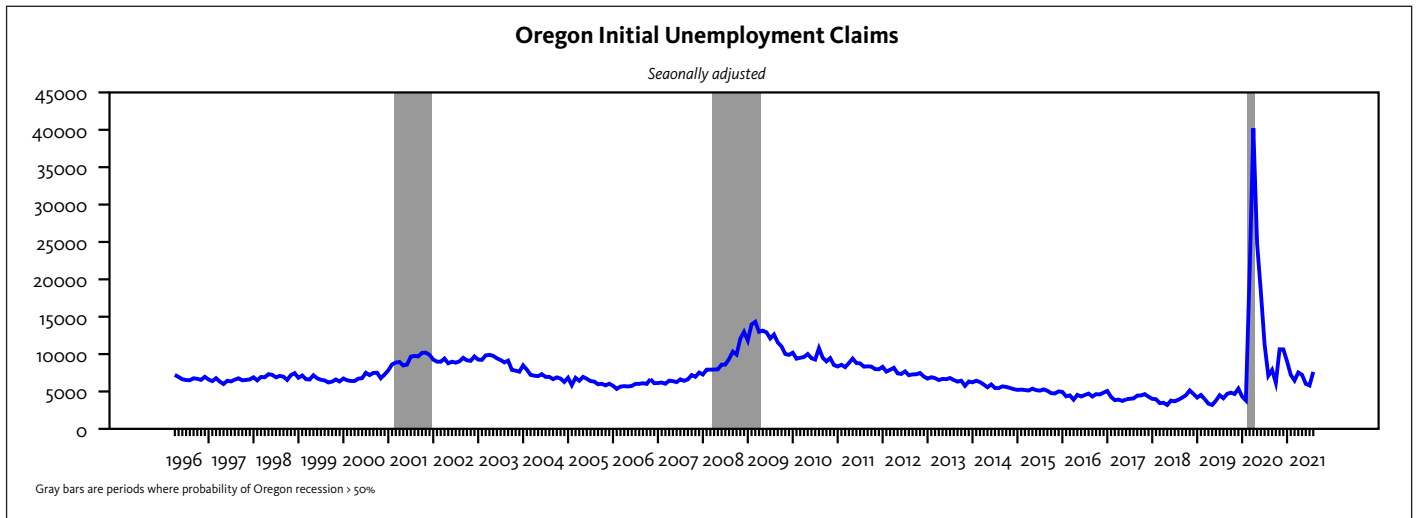


University of Oregon Index of Economic Indicators—Summary and Components

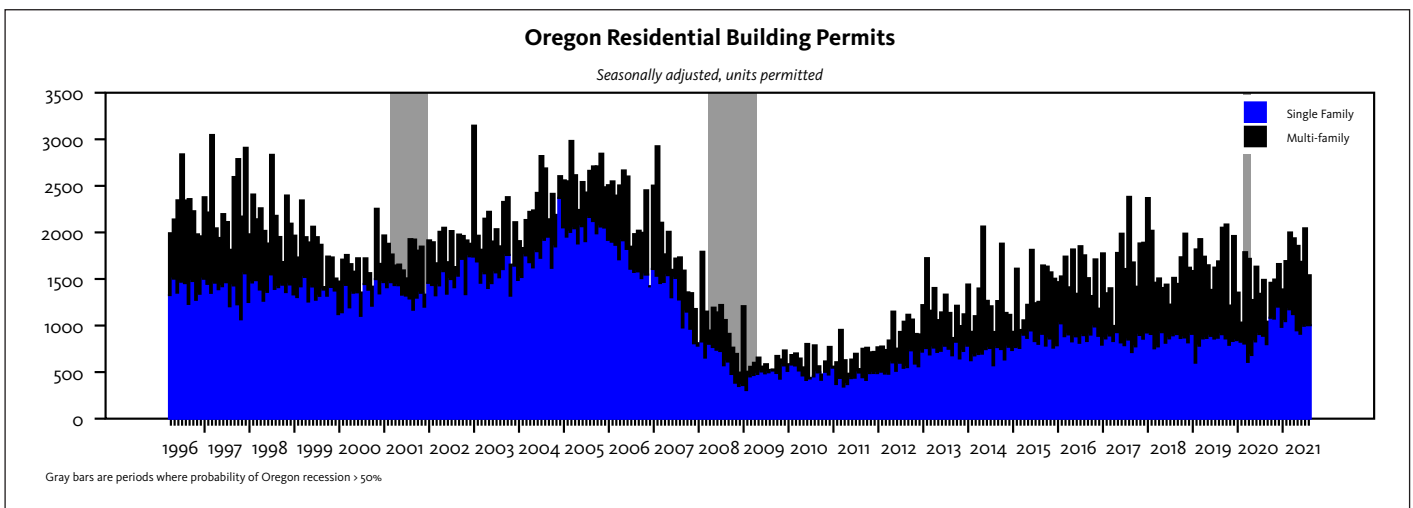
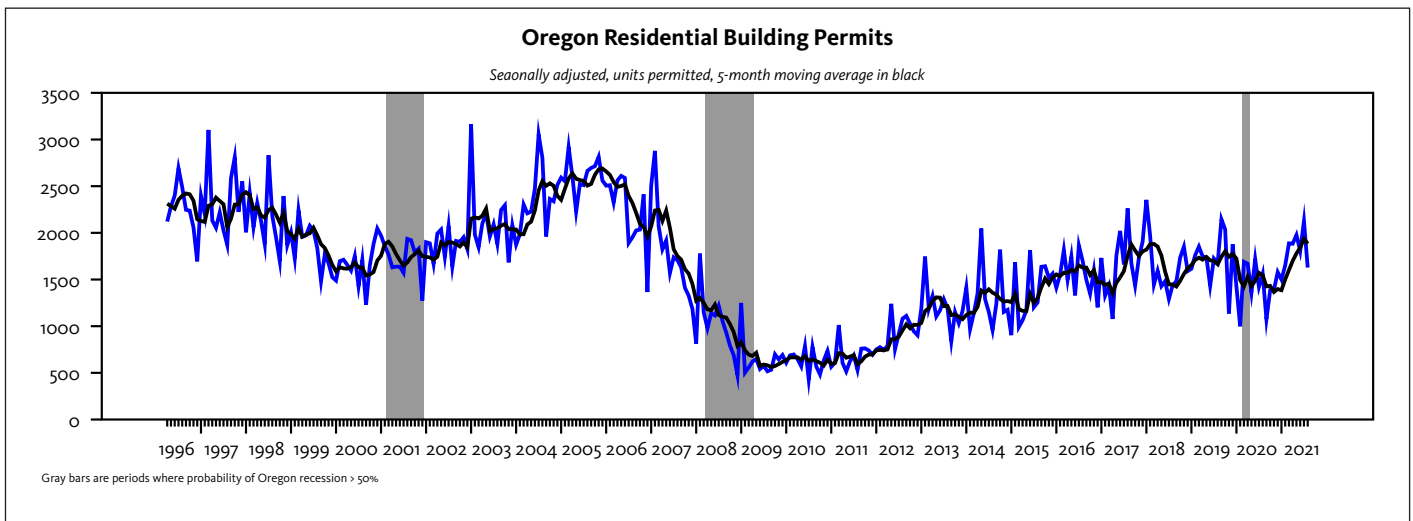
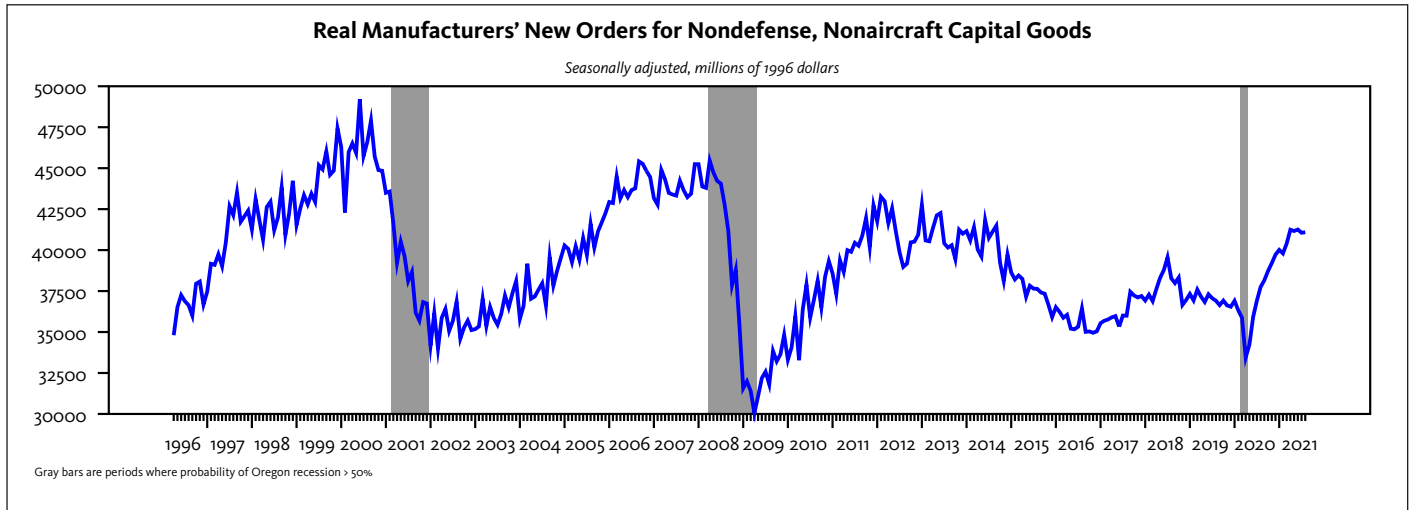
	Mar '21	Apr '21	May '21	Jun '21	Jul '21	Aug '21
UO Index of Economic Indicators, 1997 = 100™	98.6	99.3	99.8	100.2	100.5	99.9
Percentage Change	1.3	0.6	0.6	0.3	0.3	-0.6
Oregon Initial Unemployment Claims, SA*	6,467	7,543	7,230	6,021	5,804	7,625
Oregon Employment Services Payrolls, SA	37,879	39,099	38,925	41,448	43,511	43,346
Oregon Residential Building Permits, SA, 5 MMA*	1,601	1,700	1,780	1,841	1,936	1,884
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	136.82	139.28	141.08	139.31	136.61	136.93
Oregon Manufacturing Average Weekly Hours, SA	38.46	38.33	39.48	38.01	37.88	38.44
US Consumer Sentiment, SA, 5 MMA	79.7	81.9	82.4	83.7	84.6	81.6
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	40,396	41,246	41,164	41,256	41,057	41,089
Interest Rate Spread	1.54	1.57	1.56	1.44	1.22	1.19

SA = Seasonally Adjusted, MMA = Months Moving Average

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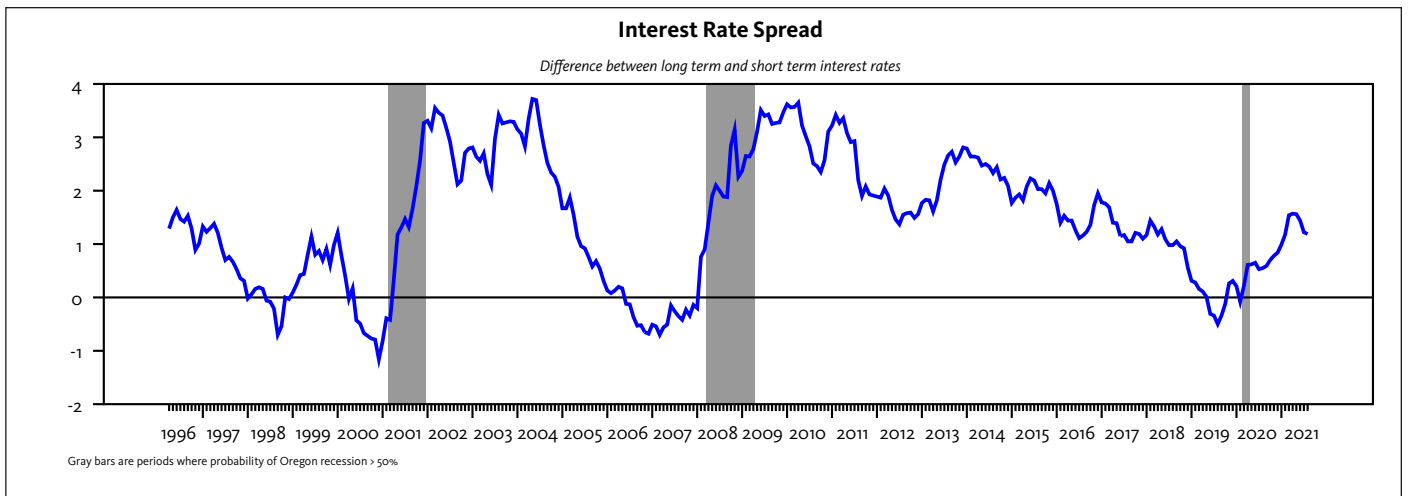
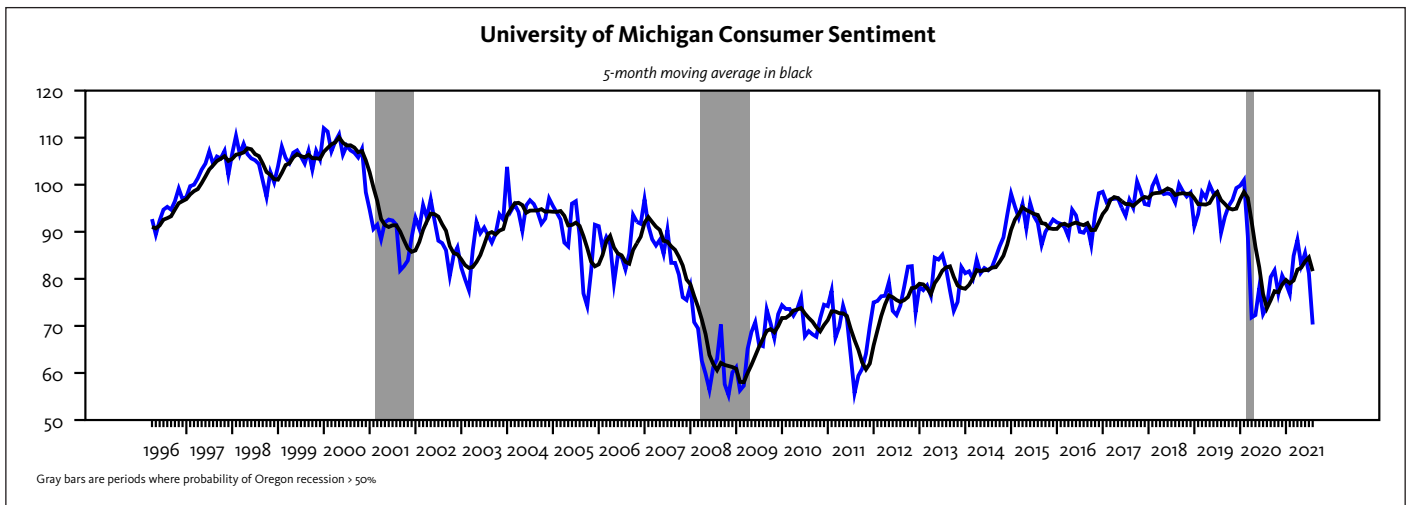


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