

# State of Oregon Economic Indicators™



October 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 data flow firmed somewhat in October; the underlying economic expansion still holds. The Oregon Measure of Economic Activity rose to -0.02 while the moving average measure, which smooths out the monthly volatility, fell to an essentially neutral value of -0.1 (where 0.0 is the average pace of growth since 1990). Mixed numbers in the service sector employment components were the primary drag on the overall numbers. Outside of the service sector, the construction, manufacturing, and employment services jobs components all made solid positive contributions.

The University of Oregon Index of Economic Indicators rose in October, gaining 0.5% after two consecutive declines. Employment services payrolls, mostly temporary help employment, gained sharply while initial unemployment claims fell sharply; such moves generally foreshadow overall job gains. Housing units permitted declined and have in general softened since this summer. Single family permits have returned to pre-pandemic levels, following the path of national

activity with supply constraints weighing on building activity and slowing home construction. The weight distance tax (a measure of trucking activity) fell; this data can be volatile. New orders for core manufactured capital goods (an indicator of business expansion activity) and hours worked in manufacturing both rose while consumer sentiment declined. The decline in confidence is inconsistent with the ongoing solid pace of consumer spending and may indicate discomfort with higher inflation. In addition, the underlying data reveals that reported satisfaction with the economy is becoming increasingly dependent on political identity.

It is normal for the UO Index to move sideways after a period of rapid gains. As such the recent pattern does not signal a fundamental shift in the outlook. The expansion is likely to continue for the foreseeable future, allowing the state's economy to make up for ground lost during the pandemic.

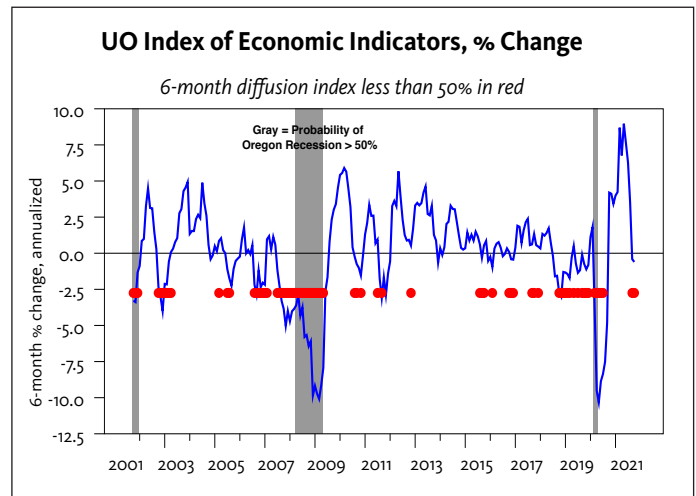
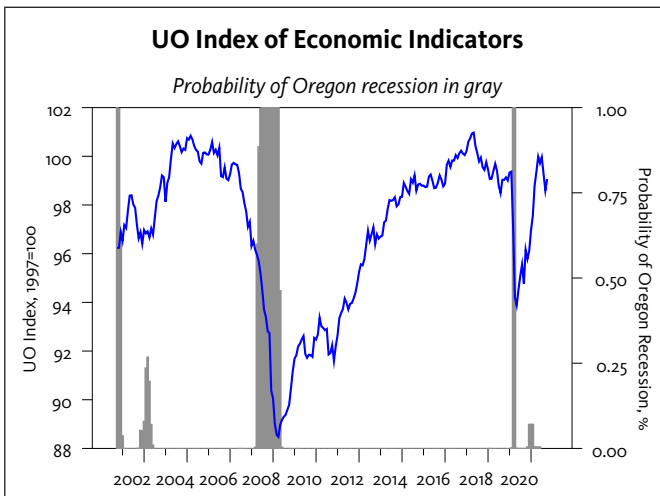
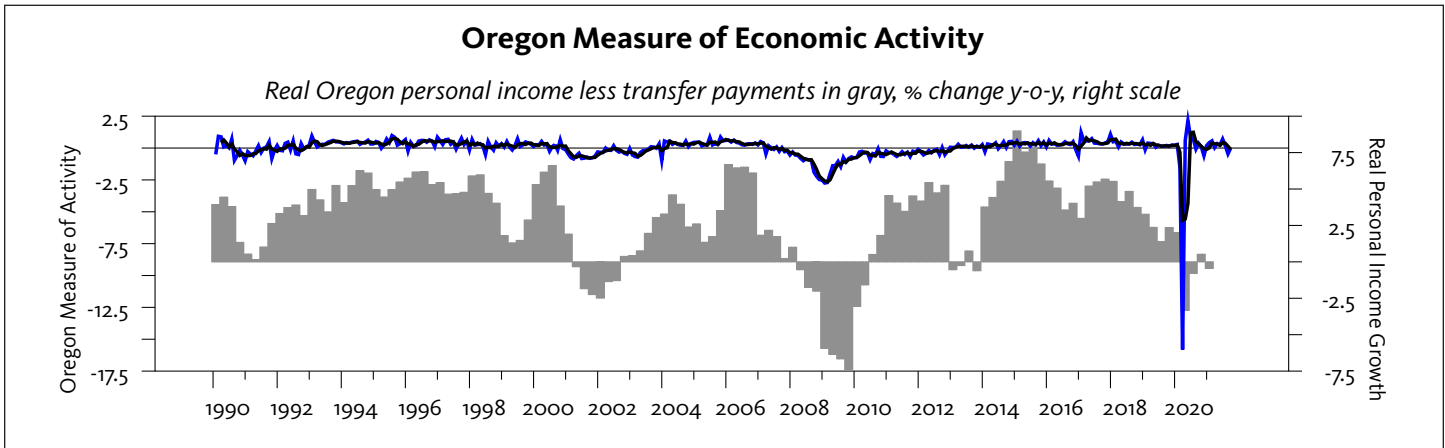
## Contributions to Oregon Measure of Economic Activity—October 2021

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.04			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.14			
Hours, Manufacturing Employees, Oregon	-0.10			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		-0.02		
Construction Employment in Oregon		0.12		
Natural Resources and Mining Employment, Oregon		0.00		
Employment Services Employment, Oregon			0.14	
Initial Unemployment Claims, Oregon			0.01	
Civilian Labor Force, Oregon			-0.03	
Unemployment Rate, Oregon			0.07	
Interest Rate Spread			0.00	
S & P 500 Stock Index			0.00	
Consumer Sentiment, University of Michigan—Reuters			-0.07	
Educational and Health Services Employment, Oregon				-0.03
Financial Activities Employment, Oregon				-0.20
Government Employment, Oregon				-0.14
Leisure and Hospitality Employment, Oregon				0.05
Professional and Business Services Employment, Oregon				0.05
Other Services Employment, Oregon				-0.08
Trade, Transportation and Utilities Employment, Oregon				0.11
<b>Total by Sector</b>	<b>-0.01</b>	<b>0.11</b>	<b>0.12</b>	<b>-0.24</b>
	Aug '21	Sep '21	Oct '21	
Oregon Measure of Economic Activity	0.17	-0.46	-0.02	
Three-Month Moving Average	0.37	0.14	-0.10	

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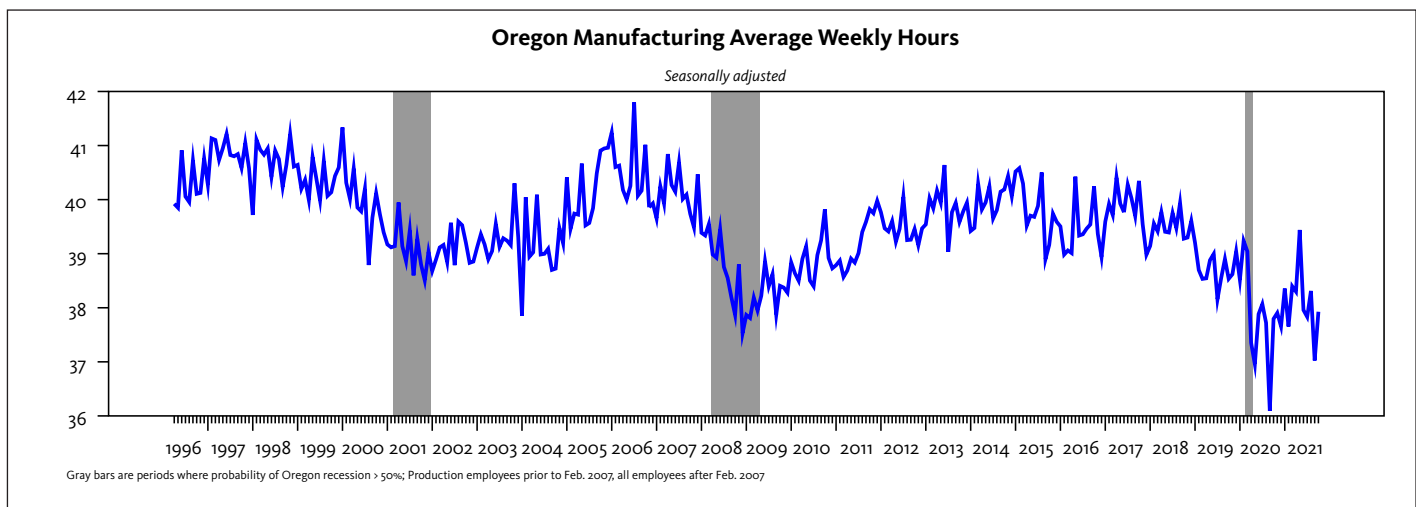
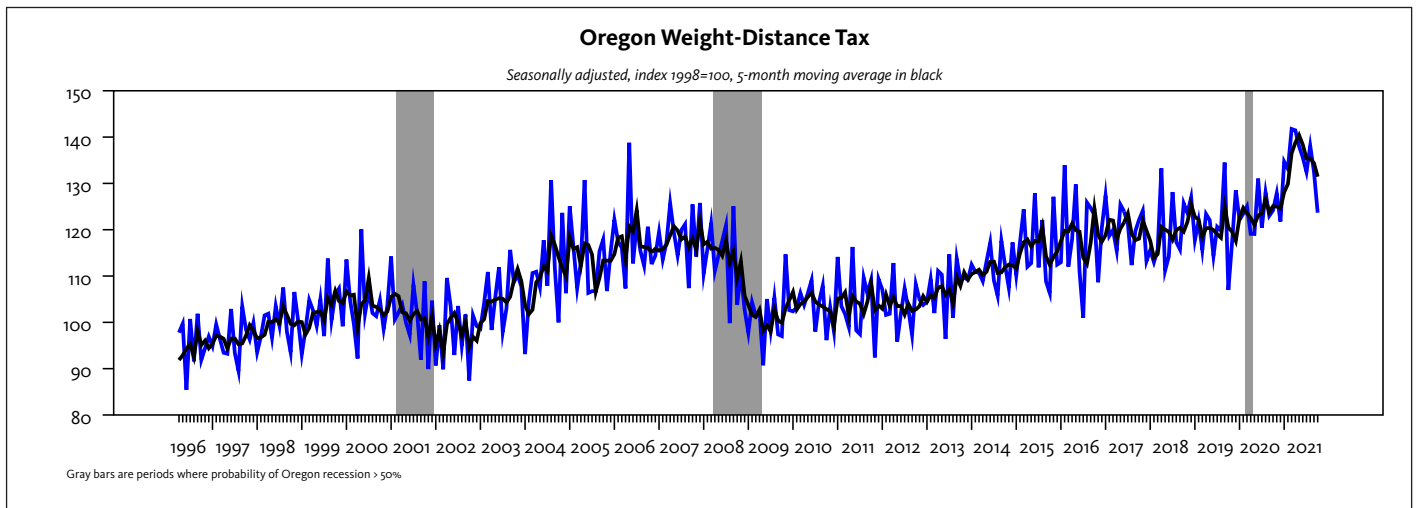
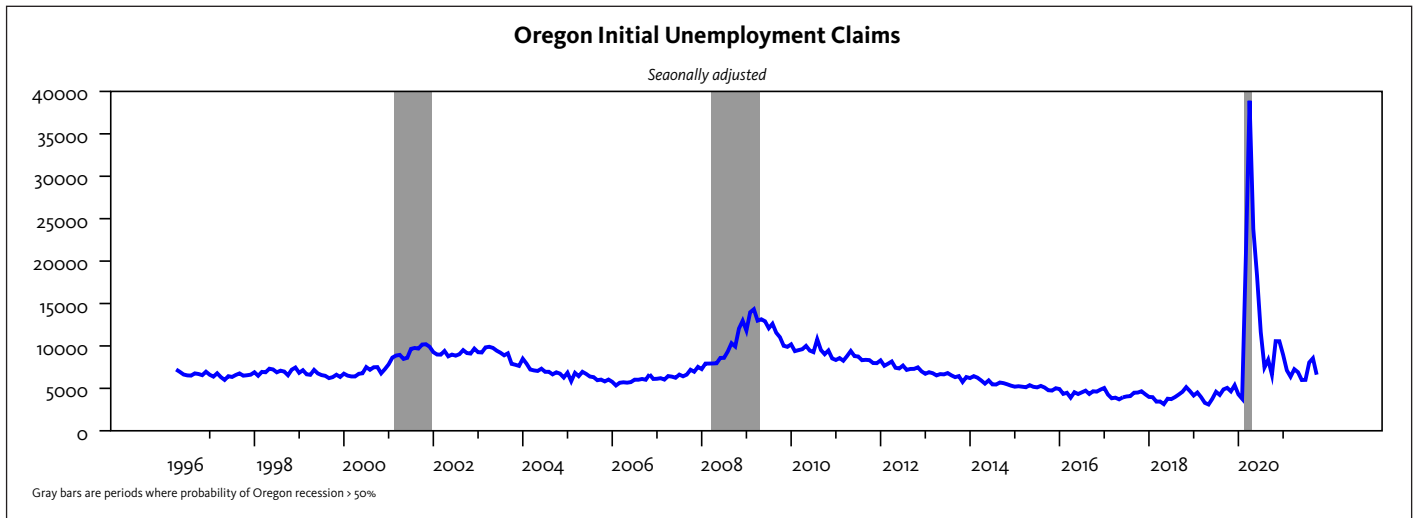


## University of Oregon Index of Economic Indicators—Summary and Components

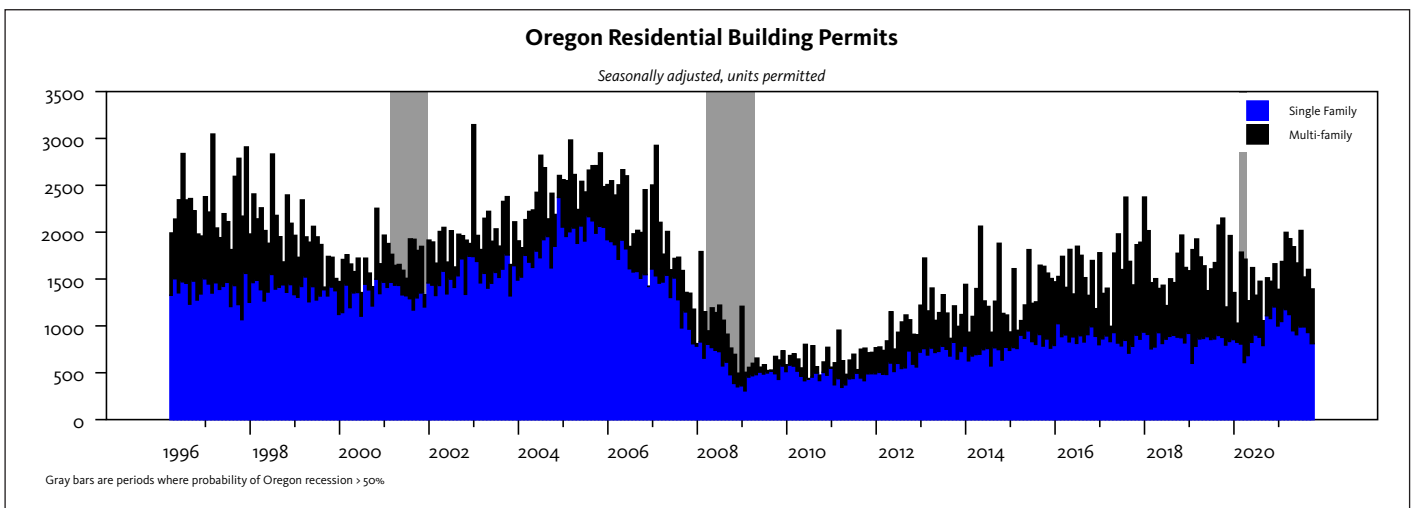
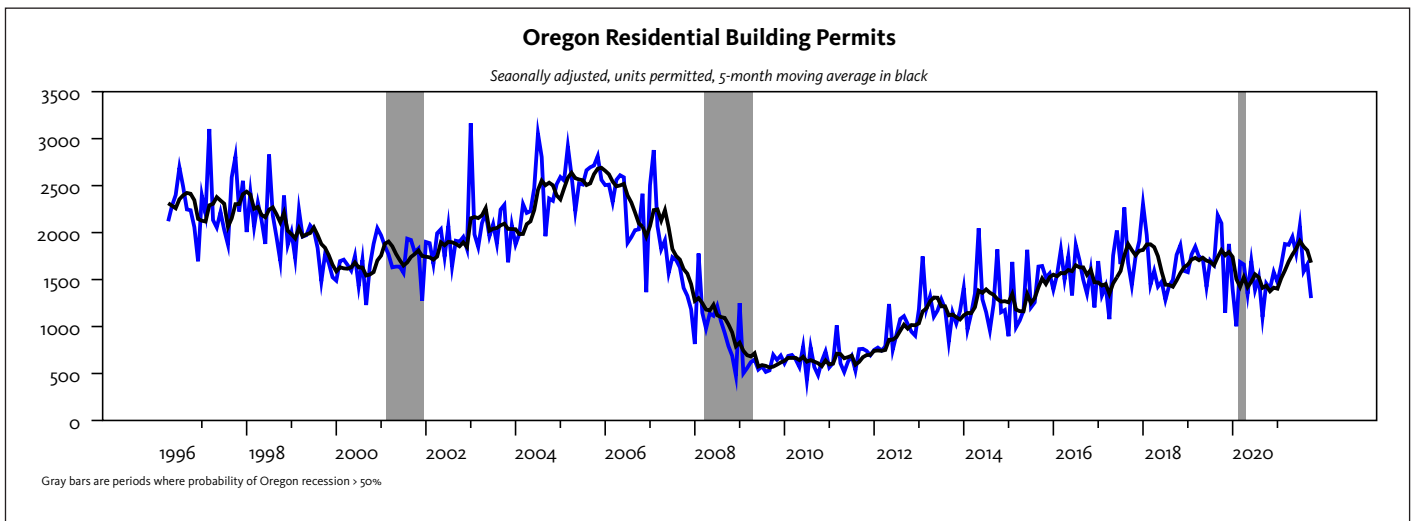
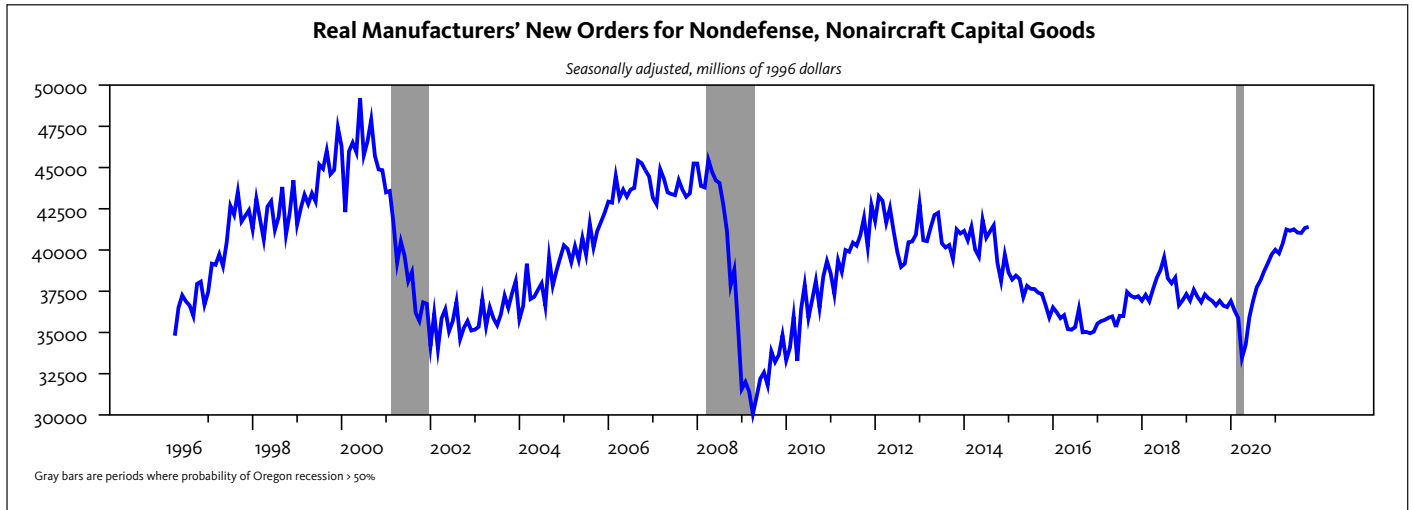
	May'21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21
UO Index of Economic Indicators, 1997 = 100	100.0	99.7	100.0	99.3	98.6	99.1
Percentage Change	0.6	-0.3	0.2	-0.7	-0.7	0.5
Oregon Initial Unemployment Claims, SA*	6,900	5,982	6,000	8,047	8,549	6,612
Oregon Employment Services Payrolls, SA	39,957	39,193	41,295	40,912	41,373	43,684
Oregon Residential Building Permits, SA, 5 MMA*	1,766	1,827	1,910	1,852	1,810	1,679
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	140.41	138.36	135.36	135.39	134.38	131.45
Oregon Manufacturing Average Weekly Hours, SA	39.44	37.96	37.83	38.31	37.03	37.93
US Consumer Sentiment, SA, 5 MMA	82.4	83.7	84.6	81.6	78.5	76.3
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	41,164	41,256	41,057	41,034	41,335	41,406
Interest Rate Spread	1.56	1.44	1.22	1.19	1.29	1.50

SA = Seasonally Adjusted, MMA = Months Moving Average

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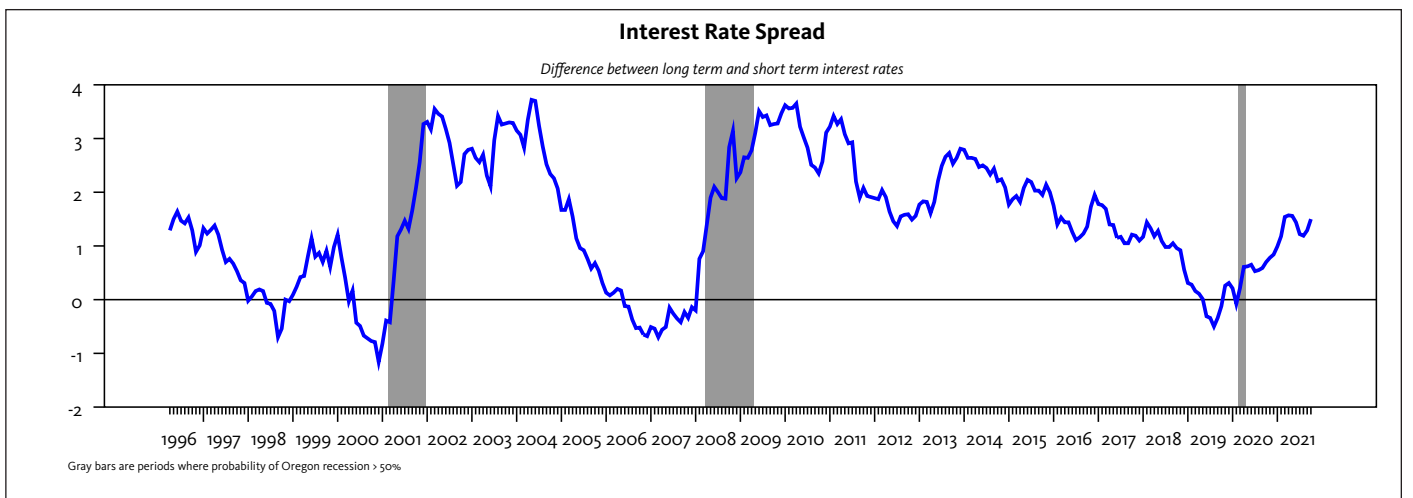
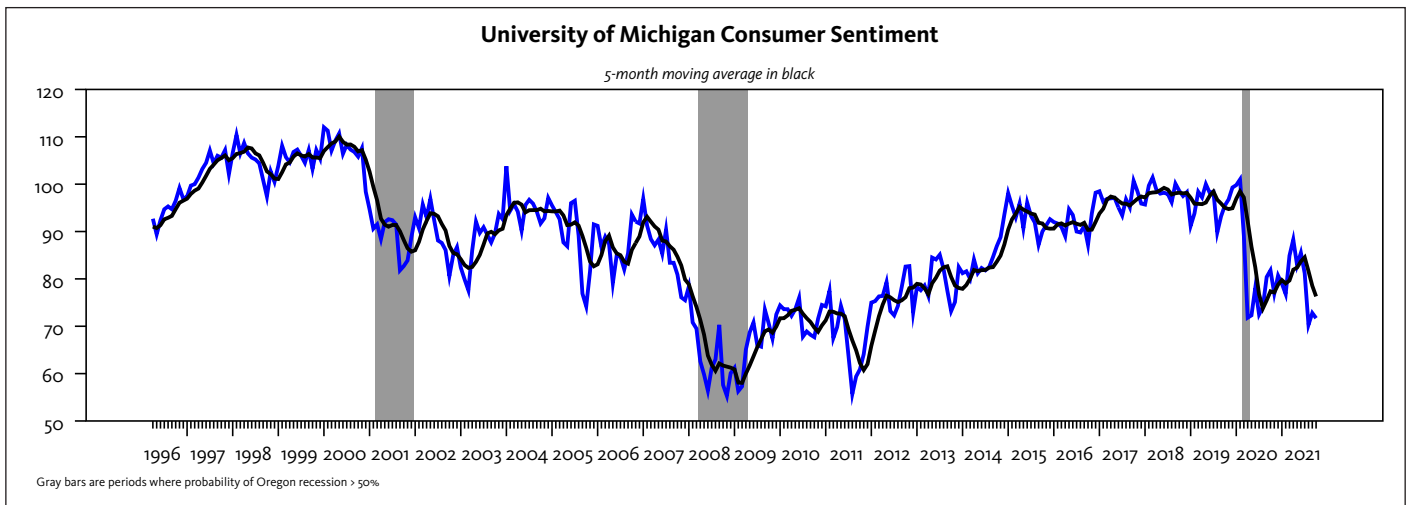


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