

# State of Oregon Economic Indicators™



August 2019

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 -0.07 in August while the moving average measure, which smooths out the volatility, held at 0.07 (after revisions to previous months), still close to average but lower than typically experienced during an economic expansion (“zero” indicates average growth over the 1990-present period). The manufacturing and service sectors both contributed negatively to the measure. Manufacturing suffers from a slump induced by slower global growth and trade disputes. Slower job growth weighs on the services sector components; job growth may be held back by supply constraints as suggested by slower labor force growth. The measure continues to receive solid support from household sector components while the construction sector remains a nearly neutral factor.

The University of Oregon Index of Economic Indicators rose in August; the UO Index

gained in four of the last five months. Initial unemployment claims fell back while temporary help employment rose; both indicators suggest job growth will remain positive in the months ahead. Core manufacturing orders for capital goods and the Oregon weight-distance tax continue to track generally sideways. Residential housing permits and consumer sentiment were a bit softer relative to recent months. The difference between long and short-term interest rates deteriorated further; past recessions have followed such “yield curve inversions.”

The UO Index does not yet signal a recession. At this point, the combination of measures in this report suggests continued economic expansion albeit at a slower pace of growth compared to last year.

## Contributions to Oregon Measure of Economic Activity—Aug. 2019

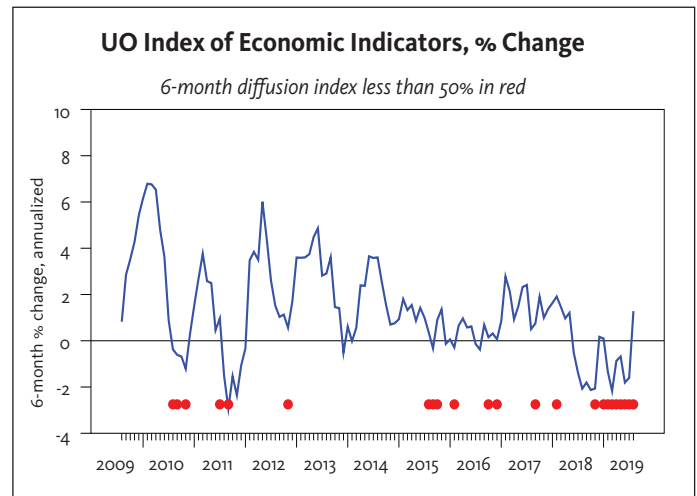
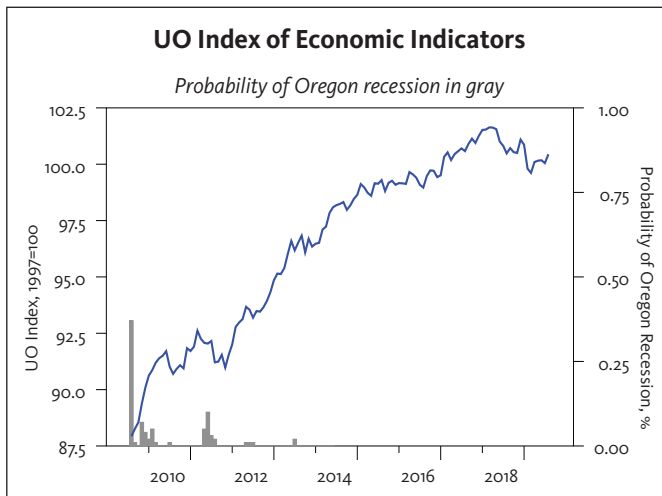
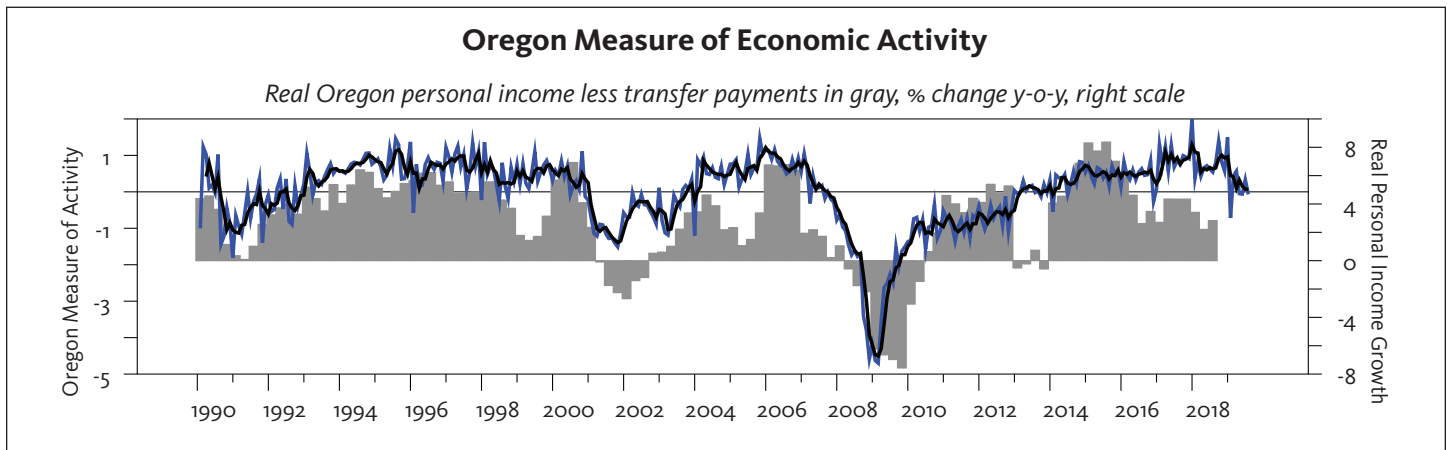
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.14			
ISM Manufacturing: Supplier Deliveries Index	-0.02			
Manufacturing Employment, Oregon	0.00			
Hours, Manufacturing Employees, Oregon	-0.17			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.00		
Construction Employment in Oregon		0.00		
Natural Resources and Mining Employment, Oregon		0.05		
Employment Services Employment, Oregon			0.09	
Initial Unemployment Claims, Oregon			0.25	
Civilian Labor Force, Oregon			-0.01	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.11	
S & P 500 Stock Index			-0.04	
Consumer Sentiment, University of Michigan—Reuters			0.03	
Educational and Health Services Employment, Oregon				-0.03
Financial Activities Employment, Oregon				-0.06
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.14
Professional and Business Services Employment, Oregon				-0.05
Other Services Employment, Oregon				-0.21
Trade, Transportation and Utilities Employment, Oregon				-0.17
<b>Total by Sector</b>	<b>-0.33</b>	<b>0.05</b>	<b>0.59</b>	<b>-0.38</b>
	Jun '19	Jul '19	Aug '19	
Oregon Measure of Economic Activity	-0.06	0.33	-0.07	
Three-Month Moving Average	0.15	0.07	0.07	

## 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™

August 2019

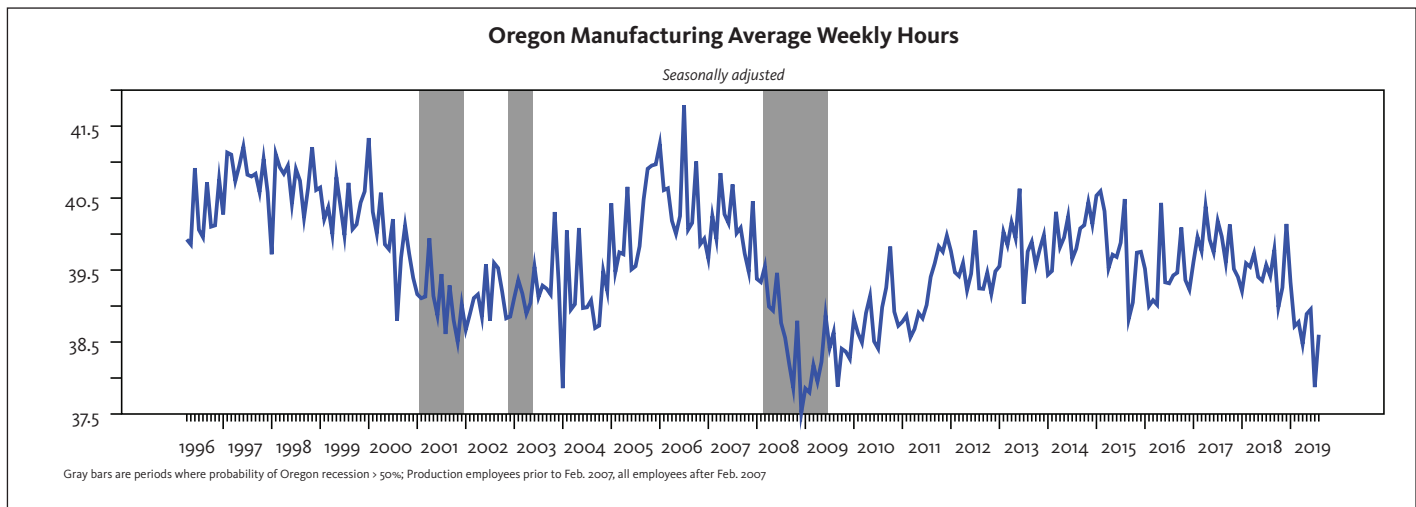
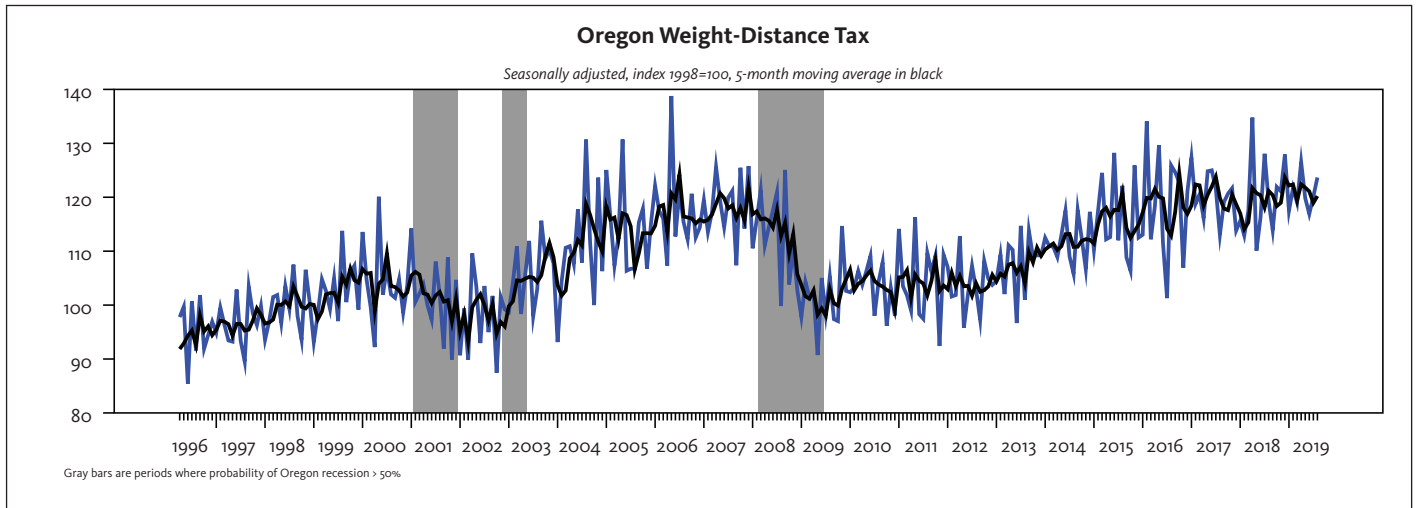


## University of Oregon Index of Economic Indicators—Summary and Components

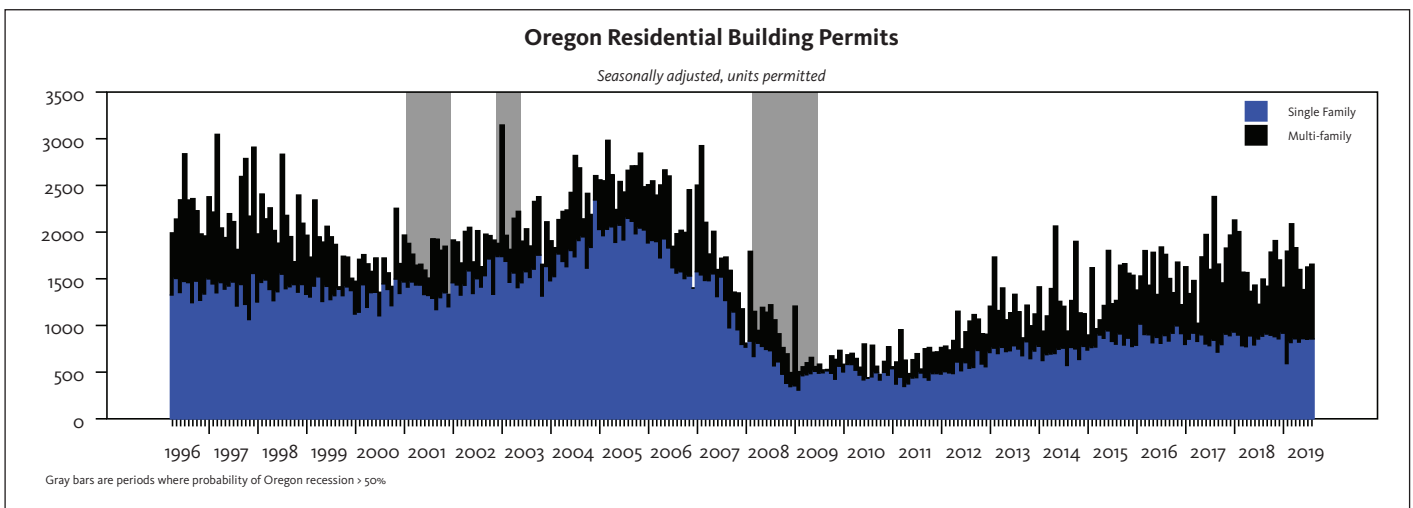
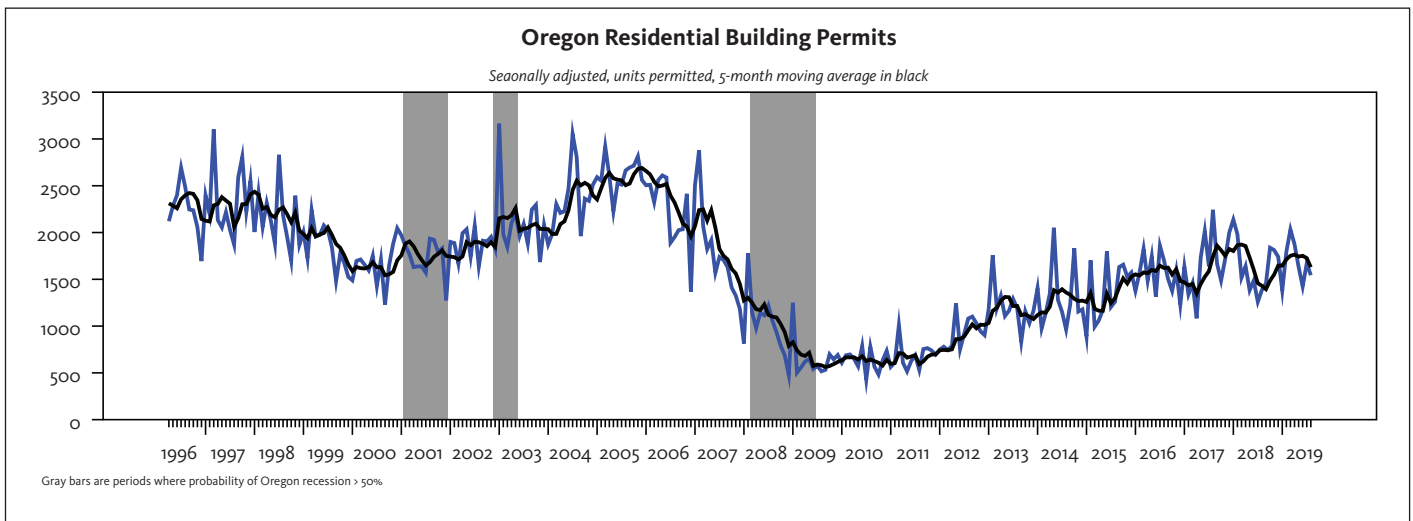
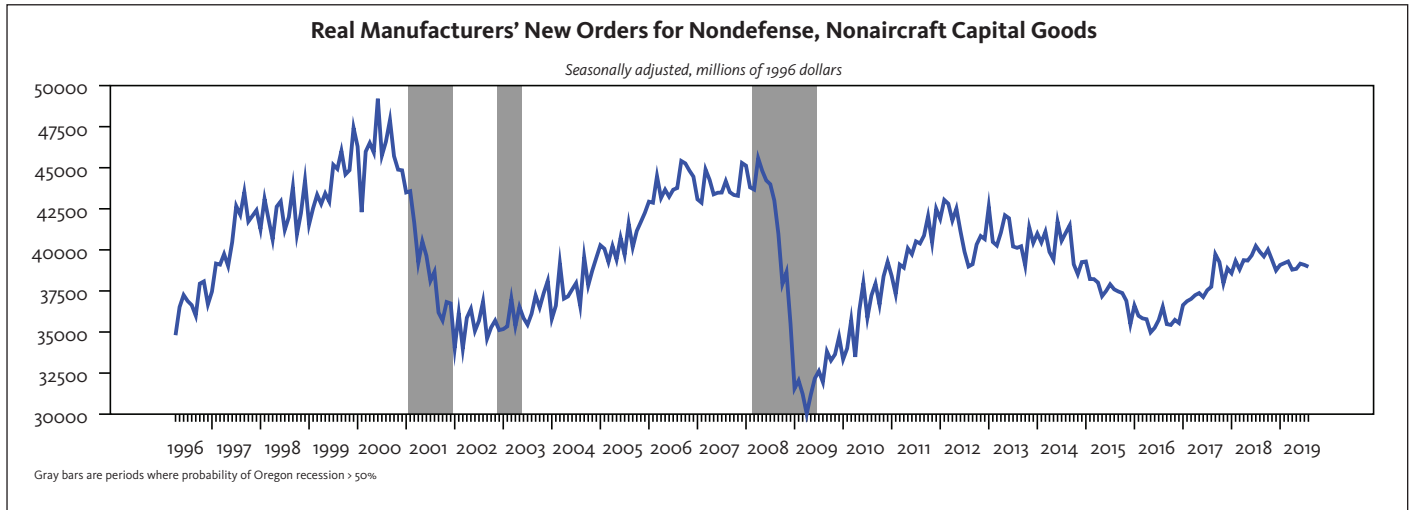
	Mar '19	Apr '19	May '19	Jun '19	Jul '19	Aug '19
UO Index of Economic Indicators, 1997 = 100™	99.6	100.1	100.2	100.2	100.1	100.4
Percentage Change	-0.2	0.5	0.1	0.0	-0.1	0.4
Oregon Initial Unemployment Claims, SA*	4,922	4,177	4,217	4,060	4,409	4,034
Oregon Employment Services Payrolls, SA	41,269	41,639	41,926	41,645	44,113	45,894
Oregon Residential Building Permits, SA, 5 MMA*	1,752	1,764	1,743	1,751	1,727	1,629
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	119.40	122.41	121.79	121.09	118.96	120.23
Oregon Manufacturing Average Weekly Hours, SA	38.78	38.47	38.89	38.95	37.87	38.60
US Consumer Sentiment, SA, 5 MMA	95.8	95.8	96.1	97.5	98.4	96.7
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,296	38,795	38,845	39,160	39,085	38,974
Interest Rate Spread	0.16	0.11	0.01	-0.31	-0.34	-0.50

SA = Seasonally Adjusted, MMA = Months Moving Average

August 2019



August 2019



August 2019

