

# State of Oregon Economic Indicators™



November 2019

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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 was nearly unchanged in November at 0.63 compared to an upwardly revised 0.58 in October. The moving average measure, which smooths out the volatility, has risen to 0.49 – above average and closer than recent months to a level typically experienced during economic expansions (“zero” indicates average growth over the 1990-present period). The manufacturing sector made a nearly neutral contribution as manufacturing employment picked up speed in November; continued job gains in manufacturing suggest the fall in hours-worked in that sector is not related to the economic cycle. A drop in the volatile multi-family component of housing permits was a drag on the measure, but this was more than compensated for by an increase in construction employment (which reached a record high in November).

The University of Oregon Index of Economic Indicators rose 0.2 percent in November following an identical gain the previous month. Falling initial

jobless claims supported the UO index; claims have been edging down after climbing slightly last year. Employment services payrolls (mostly temporary help workers) fell but the recent trend remains positive. Housing permits slipped due to weak multi-family permits; single-family building permits have been moving sideways since 2015. Orders for core capital goods were flat while the Oregon weight distance tax (smoothed), a measure of trucking activity, has been a bit weaker in the past two months after rising to nearly its cycle high in September. Similarly, the spread between long- and short-term rates turned positive as the Federal Reserve cut short-term rates at the end of October for a third time this year. Typically, a positive spread foreshadows continued economic growth.

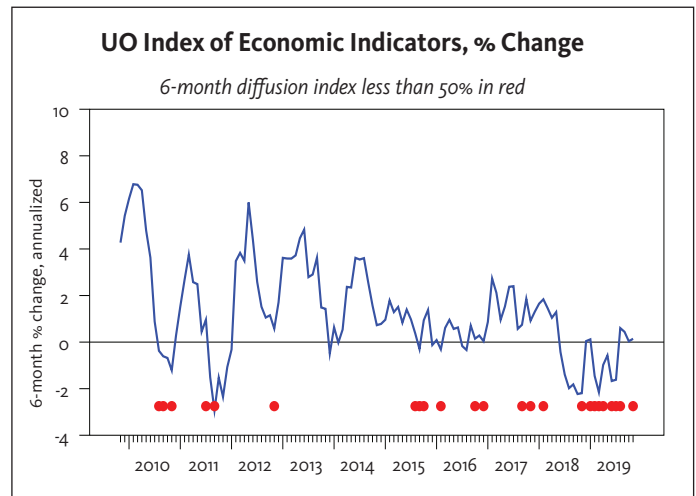
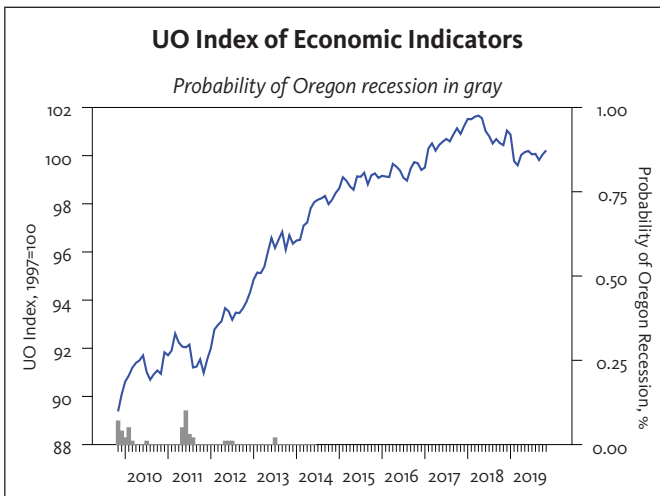
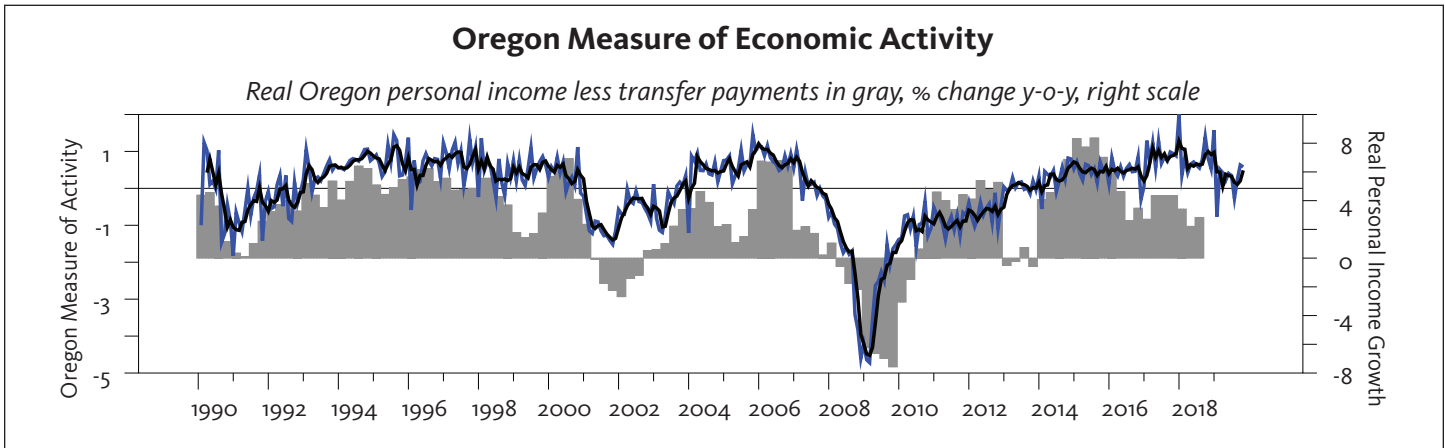
The combination of measures in this report suggests ongoing economic expansion albeit at a slower pace of growth compared to last year.

## Contributions to Oregon Measure of Economic Activity—November 2019

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.08			
ISM Manufacturing: Supplier Deliveries Index	-0.01			
Manufacturing Employment, Oregon	0.22			
Hours, Manufacturing Employees, Oregon	-0.17			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized by Building Permit, Oregon		-0.09		
Construction Employment in Oregon		0.25		
Natural Resources and Mining Employment, Oregon		-0.04		
Employment Services Employment, Oregon			-0.05	
Initial Unemployment Claims, Oregon			0.27	
Civilian Labor Force, Oregon			-0.04	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.07	
S & P 500 Stock Index			0.04	
Consumer Sentiment, University of Michigan–Reuters			0.10	
Educational and Health Services Employment, Oregon				0.03
Financial Activities Employment, Oregon				-0.04
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				0.00
Professional and Business Services Employment, Oregon				0.09
Other Services Employment, Oregon				0.01
Trade, Transportation and Utilities Employment, Oregon				-0.12
<b>Total by Sector</b>	<b>-0.05</b>	<b>0.12</b>	<b>0.56</b>	<b>-0.05</b>
	Sep '19	Oct '19	Nov '19	
Oregon Measure of Economic Activity	0.25	0.63	0.58	
Three-Month Moving Average	0.11	0.20	0.49	

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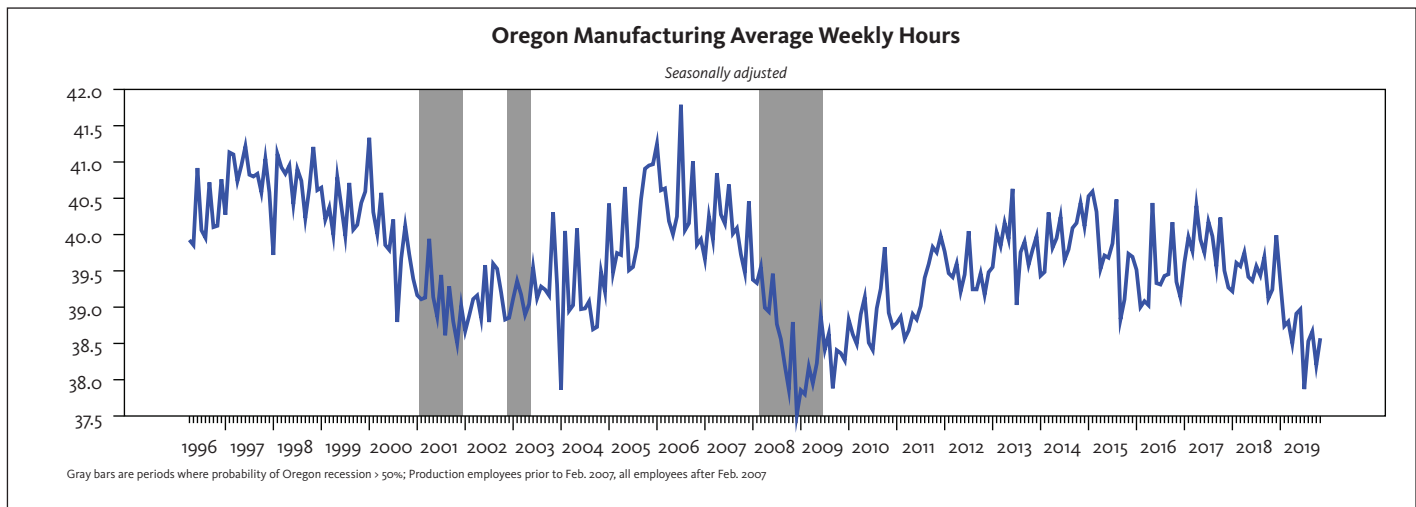
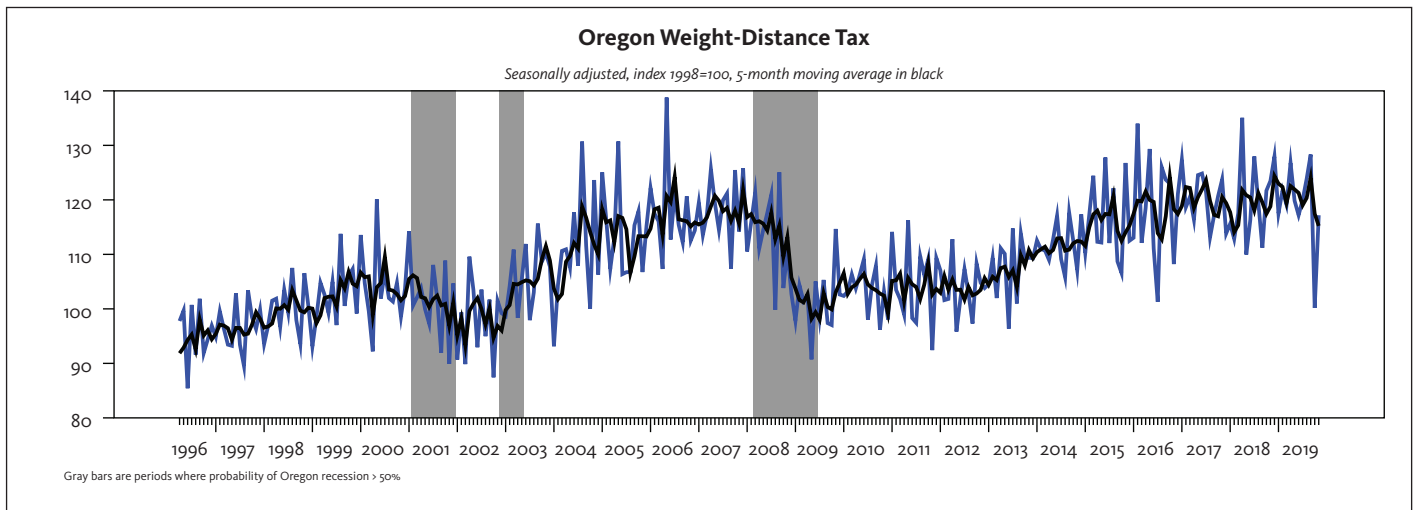
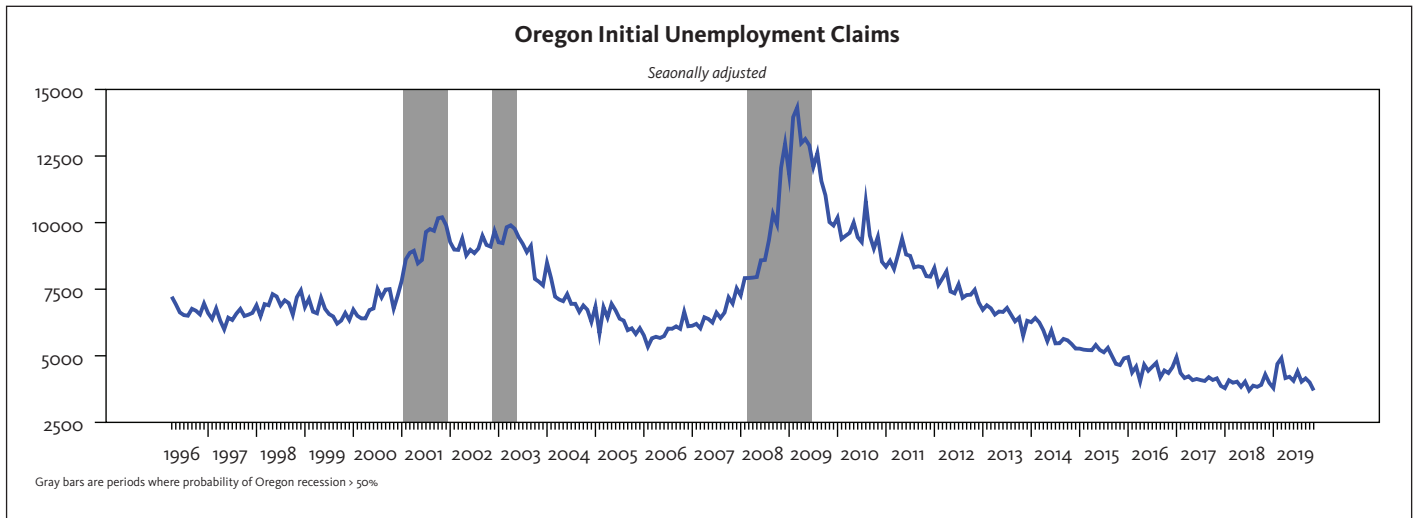


## University of Oregon Index of Economic Indicators—Summary and Components

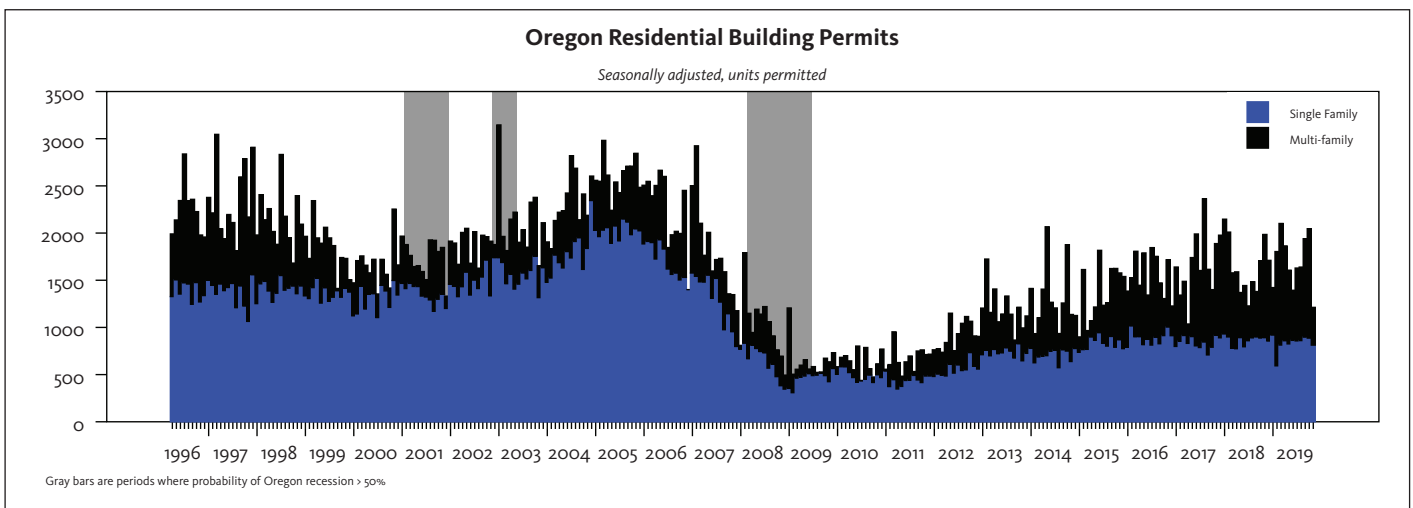
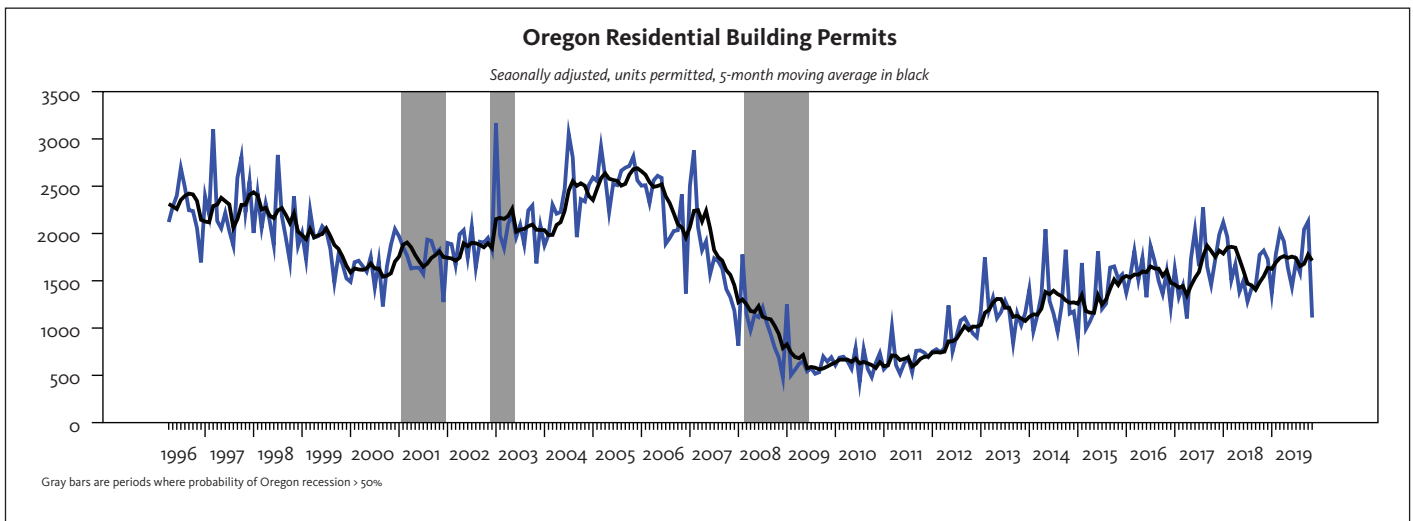
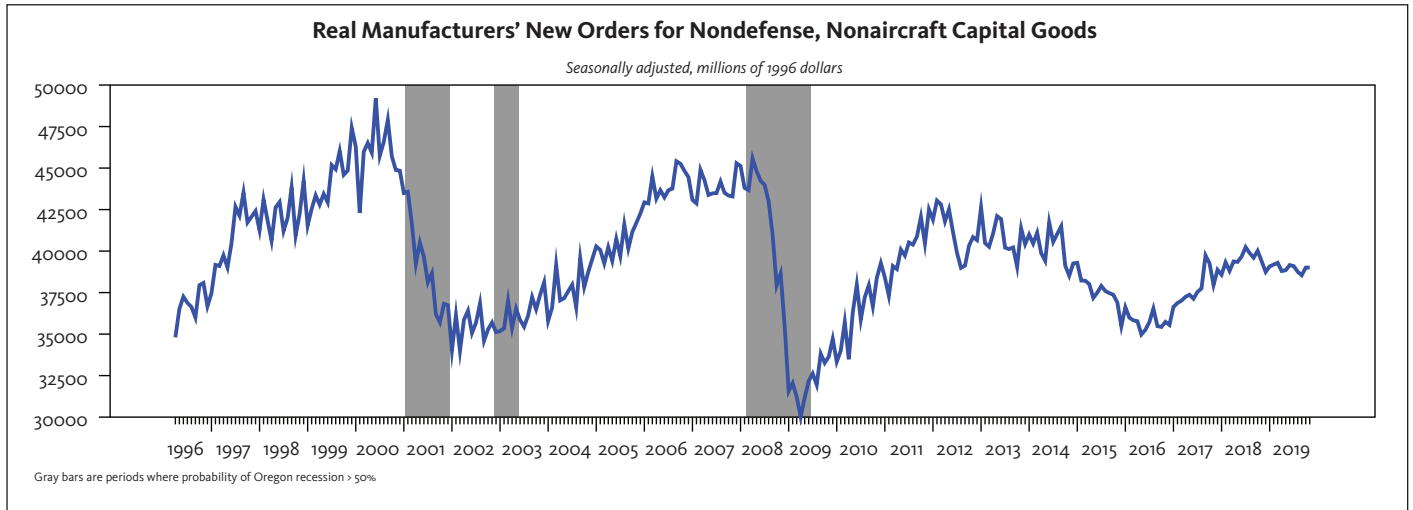
	Jun '19	Jul '19	Aug '19	Sep '19	Oct '19	Nov '19
UO Index of Economic Indicators, 1997 = 100 <sup>TM</sup>	100.2	100.1	100.1	99.8	100.0	100.2
Percentage Change	0.0	-0.1	0.0	-0.3	0.2	0.2
Oregon Initial Unemployment Claims, SA*	4,061	4,411	4,028	4,152	4,002	3,699
Oregon Employment Services Payrolls, SA	41,687	44,049	43,864	41,637	43,244	42,654
Oregon Residential Building Permits, SA, 5 MMA*	1,756	1,740	1,654	1,679	1,777	1,713
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	121.28	119.01	120.35	124.05	117.45	115.23
Oregon Manufacturing Average Weekly Hours, SA	38.97	37.87	38.53	38.66	38.20	38.57
US Consumer Sentiment, SA, 5 MMA	97.5	98.4	96.7	95.9	95.0	94.7
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,160	39,096	38,752	38,545	39,006	39,008
Interest Rate Spread	-0.31	-0.34	-0.50	-0.34	-0.12	0.26

SA = Seasonally Adjusted, MMA = Months Moving Average

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