

State of Oregon Economic Indicators™



February 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.

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Review

The Oregon Measure of Economic Activity rose in February from 0.07 to 0.71. The moving average measure, which smooths out the volatility, remains in positive territory and indicates above average growth in Oregon. The University of Oregon Index of Economic Indicators slipped 0.2% during the month; it has been moving largely sideways for several months.

This will be the last statewide economic impact report not heavily affected by the sudden stop in activity necessitated to slow the spread of the novel coronavirus Covid-19. Recent reports on a national level reveal the depth of the economic damage associated with the shutdown. The national employment situation report revealed that firms shed on net 701,000 employees while the unemployment rose from 3.5% to 4.4%. These numbers reflect information gathered

largely prior to the majority of shutdowns of nonessential activities. Nationwide, 6.6 million unemployment claims were filed for the week ending March 28. Prior to the virus, initial claims was tracking just over 200,000 claims each week.

Oregon is experiencing a similar pattern of data with unemployment claims spiking in recent weeks. Reported claims are lagging the 92,700 filed claims due to processing delays. Many states face this problem as given that the current pace of claims compares with a prior worst-case scenario of roughly 700,000 national claims during the last recession. The economy has clearly entered a recession; the unemployment rate will likely rise to and possibly beyond that experienced in the last recession.

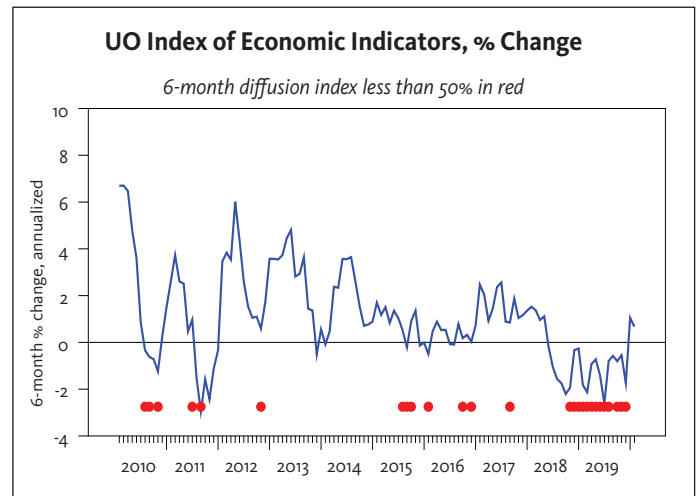
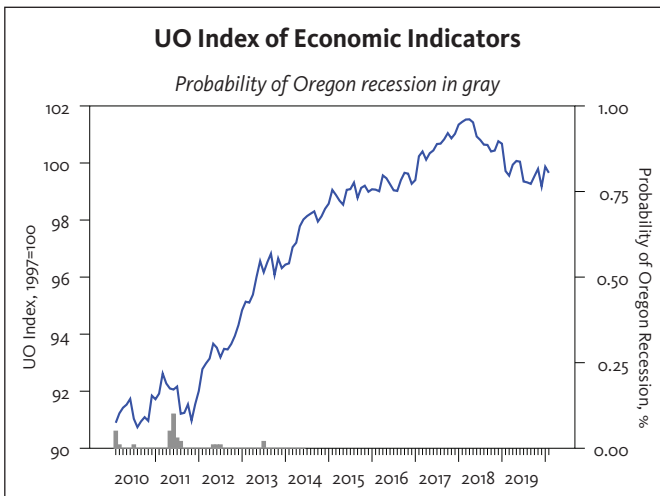
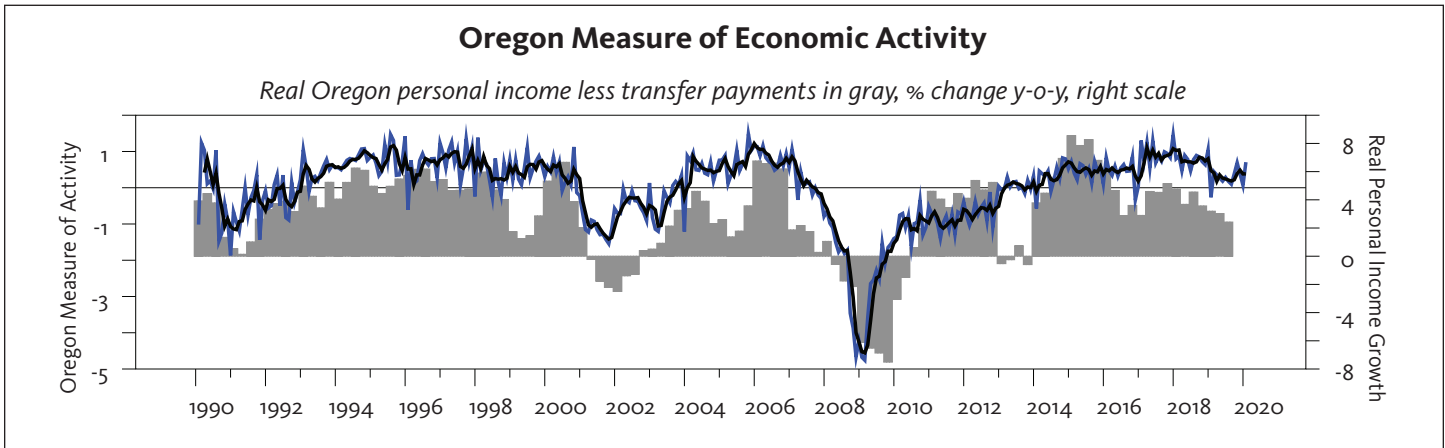
Contributions to Oregon Measure of Economic Activity—February 2020

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.23			
ISM Manufacturing: Supplier Deliveries Index	0.06			
Manufacturing Employment, Oregon	0.25			
Hours, Manufacturing Employees, Oregon	-0.05			
Manufacturing Exports, Oregon	-0.02			
New Private Housing Units Authorized by Building Permit, Oregon		-0.11		
Construction Employment in Oregon		0.18		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.04	
Initial Unemployment Claims, Oregon			0.26	
Civilian Labor Force, Oregon			-0.01	
Unemployment Rate, Oregon			0.21	
Interest Rate Spread			0.09	
S & P 500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan—Reuters			0.14	
Educational and Health Services Employment, Oregon				-0.02
Financial Activities Employment, Oregon				-0.02
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.04
Professional and Business Services Employment, Oregon				0.07
Other Services Employment, Oregon				0.03
Trade, Transportation and Utilities Employment, Oregon				-0.05
Total by Sector	0.01	0.08	0.64	-0.03
	Dec '19	Jan '20	Feb '20	
Oregon Measure of Economic Activity	0.38	0.07	0.71	
Three-Month Moving Average	0.48	0.38	0.38	



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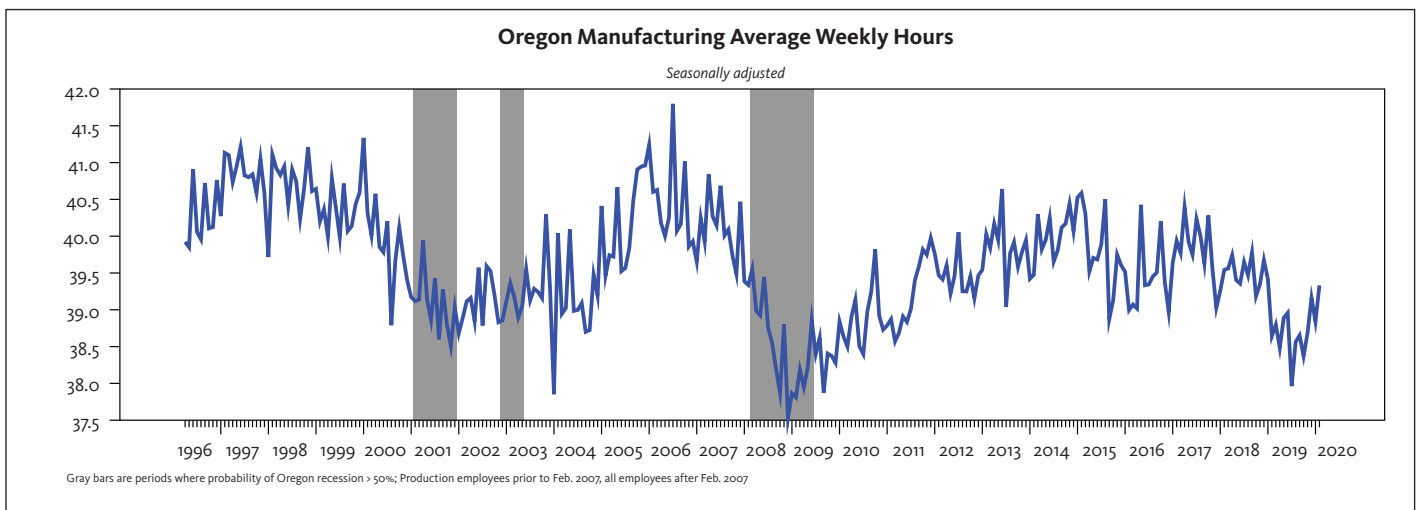
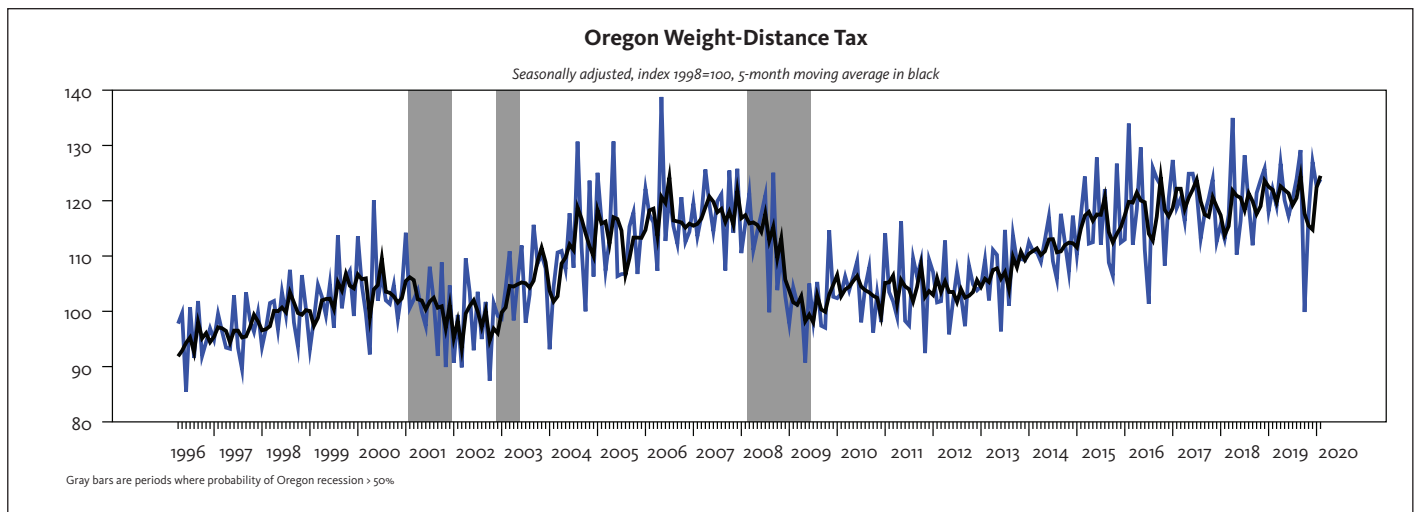
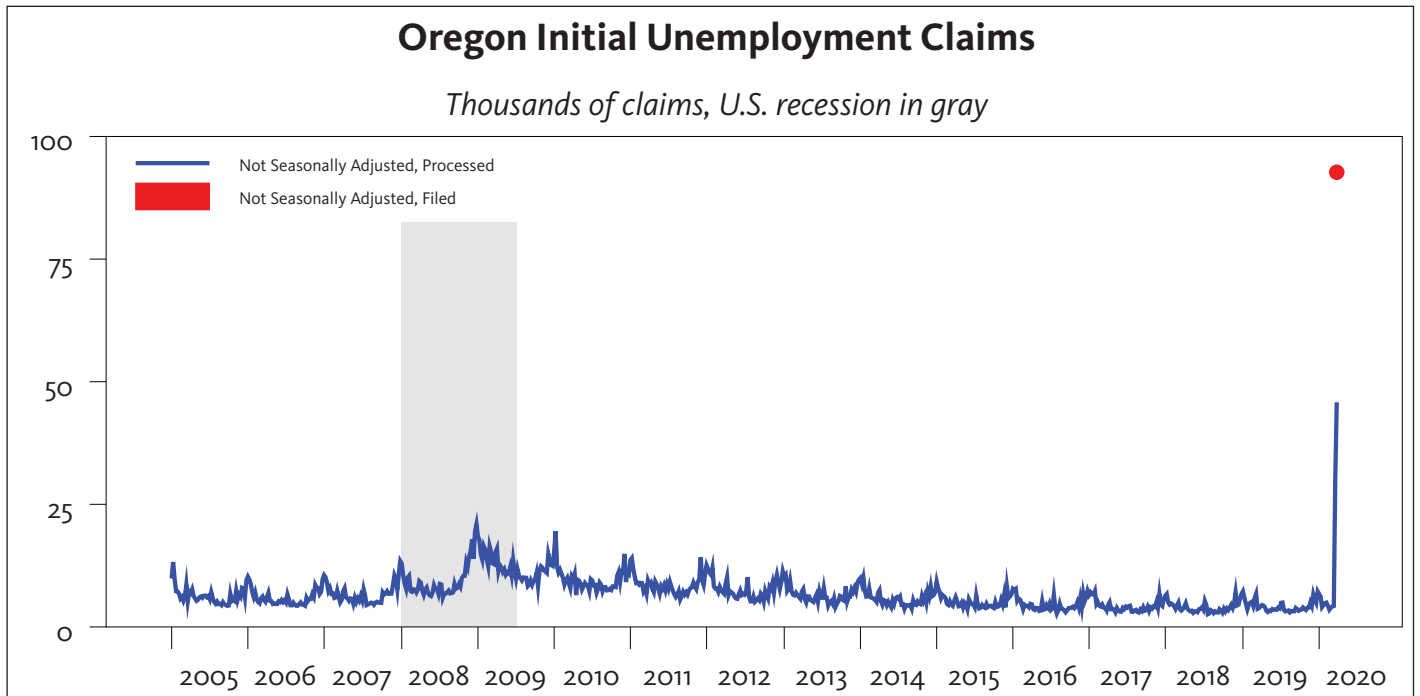


University of Oregon Index of Economic Indicators—Summary and Components

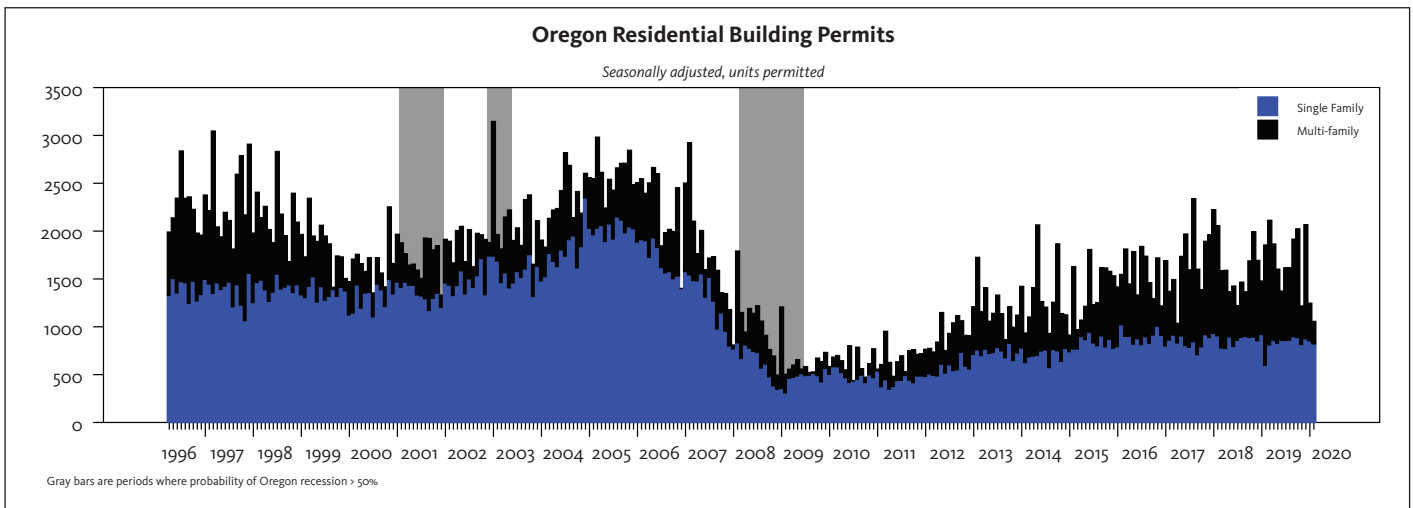
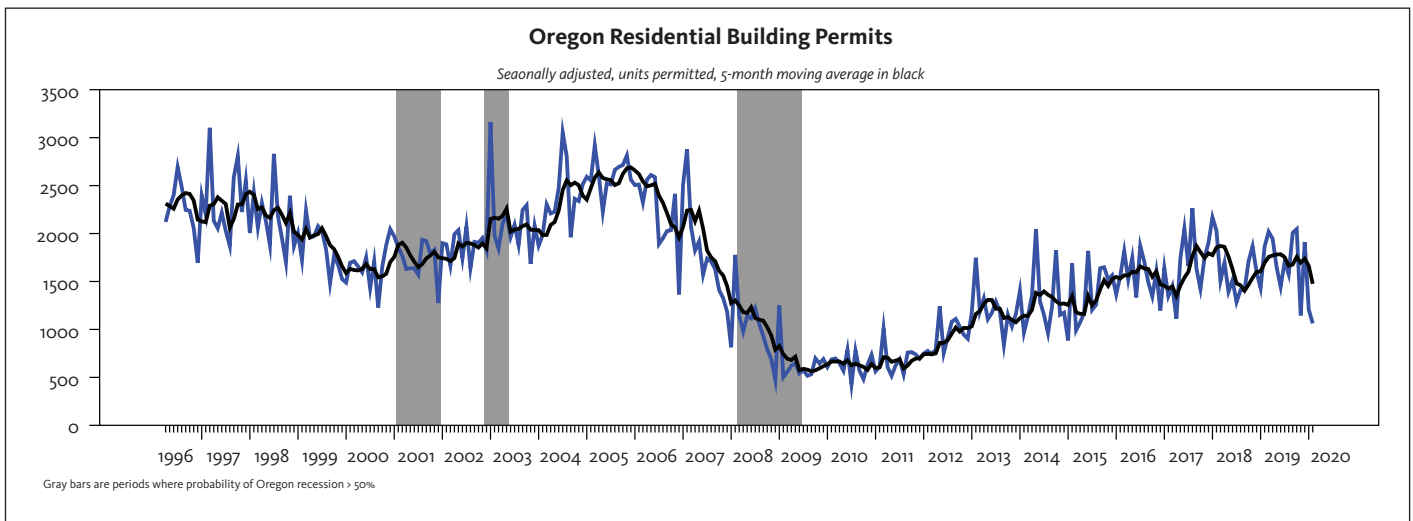
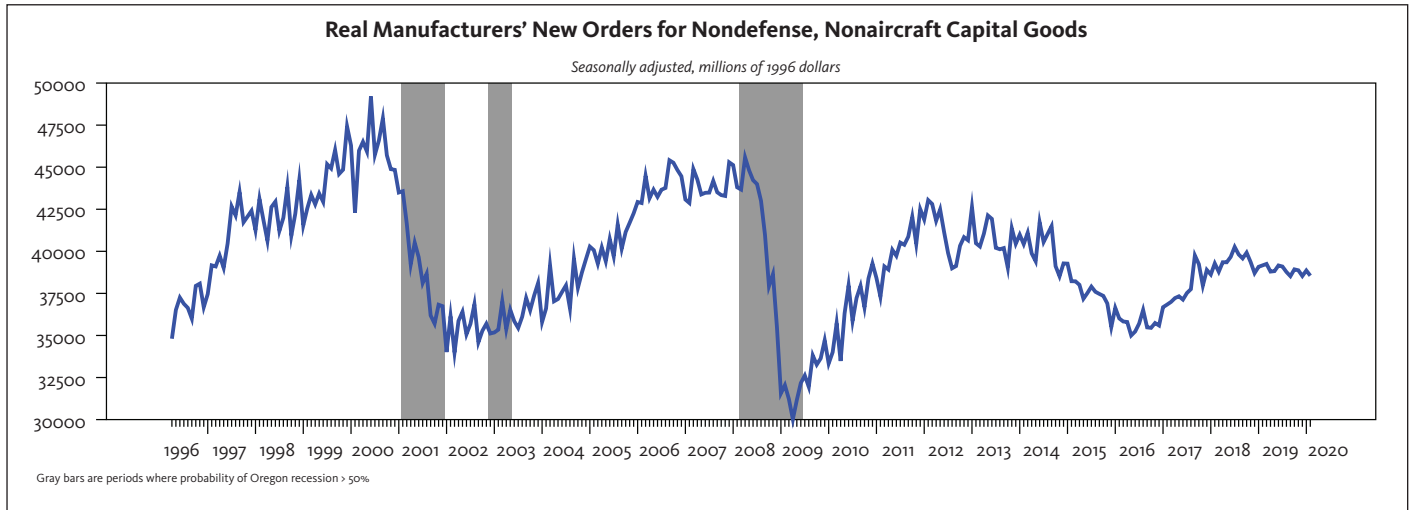
	Sep '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20
UO Index of Economic Indicators™, 1997 = 100	99.3	99.5	99.8	99.2	99.9	99.7
Percentage Change	-0.1	0.3	0.3	-0.6	0.7	-0.2
Oregon Initial Unemployment Claims, SA*	4,173	4,038	3,612	4,491	3,876	3,868
Oregon Employment Services Payrolls, SA	39,302	41,075	40,672	39,380	39,524	39,344
Oregon Residential Building Permits, SA, 5 MMA*	1,677	1,756	1,696	1,737	1,664	1,475
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	124.47	117.66	115.50	114.79	122.37	124.51
Oregon Manufacturing Average Weekly Hours, SA	38.65	38.37	38.69	39.16	38.84	39.33
US Consumer Sentiment, SA, 5 MMA	95.9	95.0	94.7	94.9	96.9	98.5
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	38,523	38,929	38,872	38,532	38,861	38,551
Interest Rate Spread	-0.34	-0.12	0.26	0.31	0.21	-0.08

SA = Seasonally Adjusted, MMA = Months Moving Average

February 2020

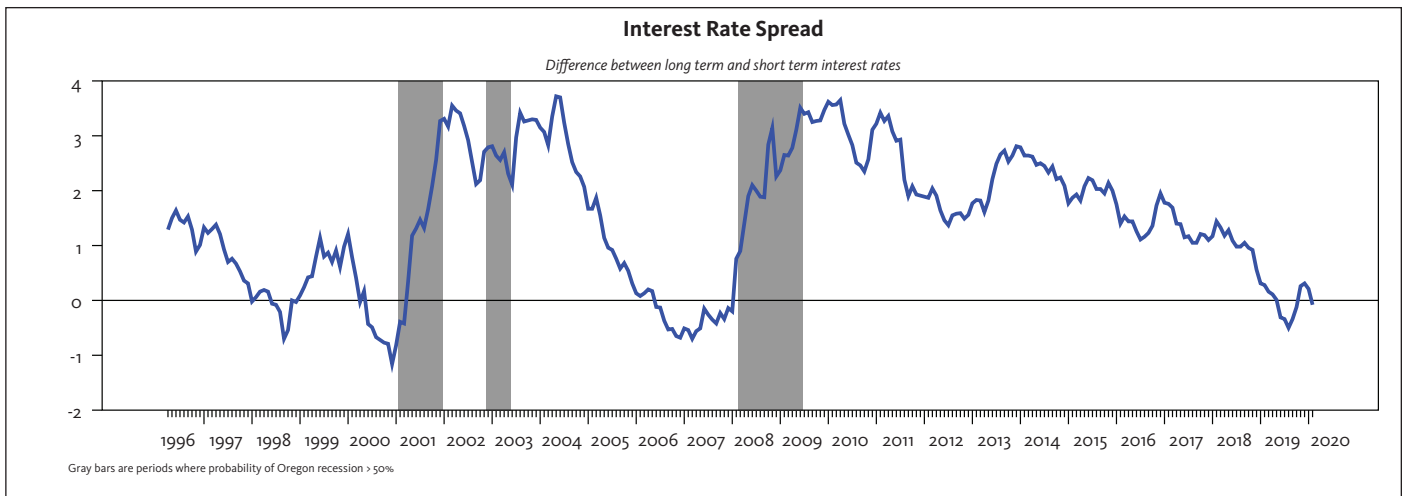
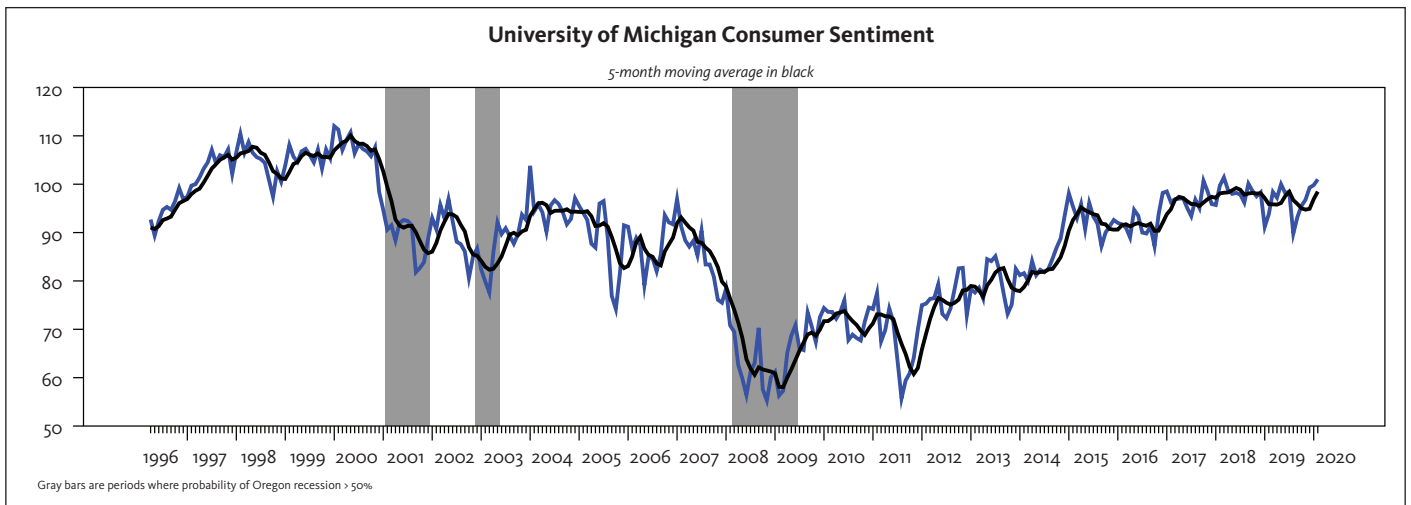
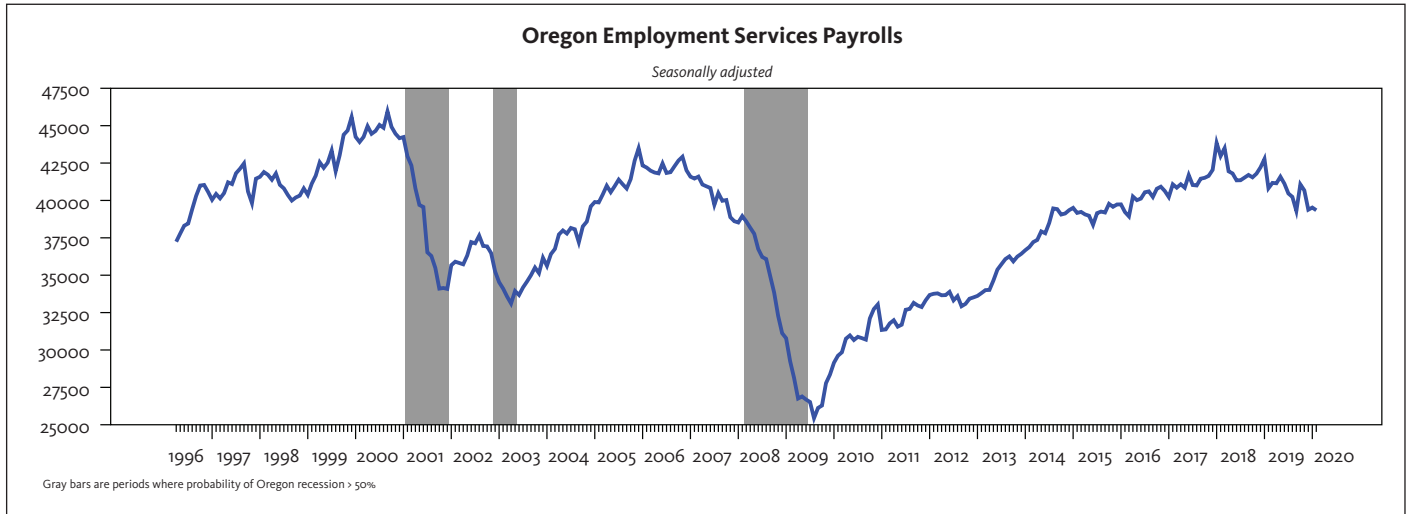


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