

# State of Oregon Economic Indicators™



May 2020

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.

## CONTACT

Timothy A. Duy  
 Director, Oregon Economic Forum  
 Department of Economics, University of Oregon  
 541-346-4660 · duy@uoregon.edu  
 econforum.uoregon.edu



## Review

The Oregon Measure of Economic Activity rebounded from -14.7 in April to 0.07 in May while the moving average measure, which smooths out the volatility, edged down further -5.23 and indicates below average growth for the Oregon economy. Employment data is creating the volatility in the index. After a historic jobs decline in April, some sectors rebounded in May as firms reopened. This created a “start-stop” dynamic in the data that can create large shifts in the measure of activity. The moving average measure more likely reflects the underlying economic trend of substantial below economic growth as the state navigates the Covid-19 pandemic.

The University of Oregon Index of Economic Indicators was virtually unchanged in May relative to April. A substantial decline in initial unemployment claims helped support the index, but note that claims still remained at very elevated levels. Remaining indicators

were largely unchanged to weaker. The most notable declines were in employment services payrolls (largely temporary help workers) and consumer sentiment. In a positive development, core manufacturing orders for capital goods edged higher. This indicates that business investment remains resilient despite the widespread declines throughout much of the economy. New housing units permitted fell but remain in their recent range.

The May jobs gain coupled with resiliency in sectors such as manufacturing and housing indicate that the economy is capable of staging a solid rebound across many sectors even as sectors such as leisure and hospitality remain slow to adapt to the virus. That said, the rising number of Covid-19 cases highlights the fragility of the recovery; some states are reversing their reopenings. Expect a slow and choppy recovery while we struggle to contain the pandemic.

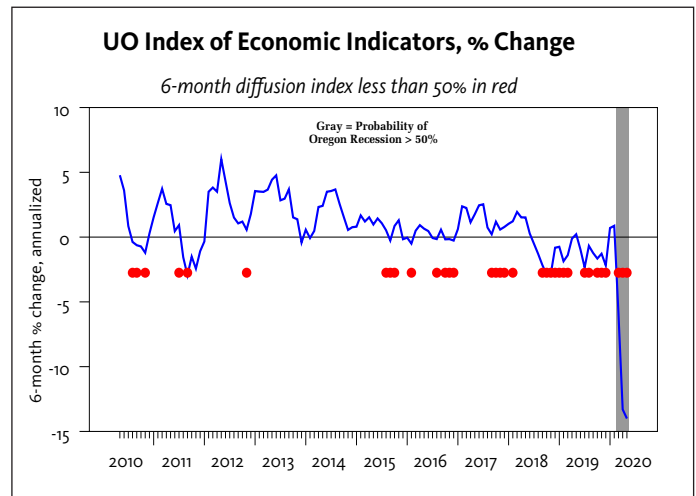
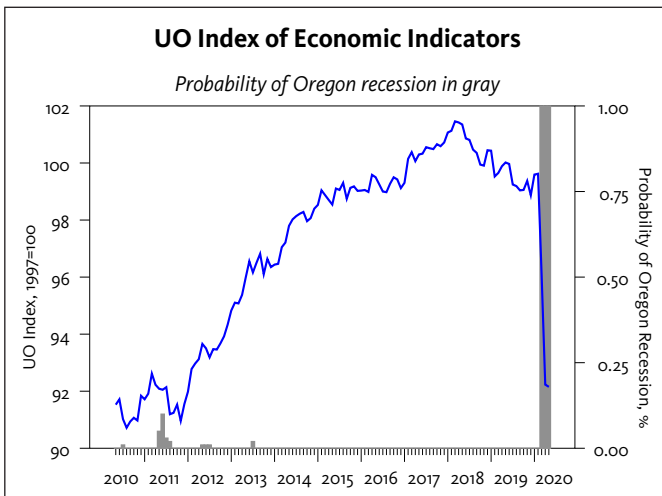
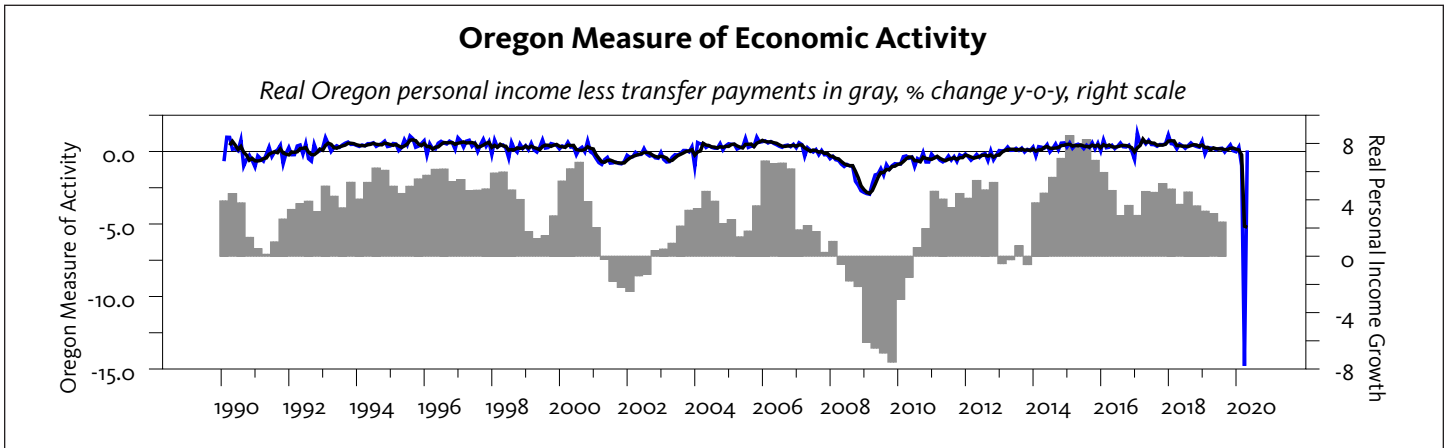
## Contributions to Oregon Measure of Economic Activity—May 2020

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.15			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	-0.45			
Hours, Manufacturing Employees, Oregon	-0.26			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized by Building Permit, Oregon		-0.01		
Construction Employment in Oregon		0.50		
Natural Resources and Mining Employment, Oregon		-0.04		
Employment Services Employment, Oregon			-0.11	
Initial Unemployment Claims, Oregon			-0.52	
Civilian Labor Force, Oregon			0.06	
Unemployment Rate, Oregon			-0.31	
Interest Rate Spread			0.02	
S & P 500 Stock Index			0.02	
Consumer Sentiment, University of Michigan–Reuters			-0.08	
Educational and Health Services Employment, Oregon				0.41
Financial Activities Employment, Oregon				0.05
Government Employment, Oregon				-0.29
Leisure and Hospitality Employment, Oregon				-0.43
Professional and Business Services Employment, Oregon				-0.01
Other Services Employment, Oregon				0.46
Trade, Transportation and Utilities Employment, Oregon				0.39
<b>Total by Sector</b>	<b>-0.87</b>	<b>0.44</b>	<b>-0.93</b>	<b>1.44</b>
	Mar '20	Apr '20	May '20	
Oregon Measure of Economic Activity	-0.98	-14.79	0.07	
Three-Month Moving Average	-0.23	-5.15	-5.23	



# State of Oregon Economic Indicators™

May 2020

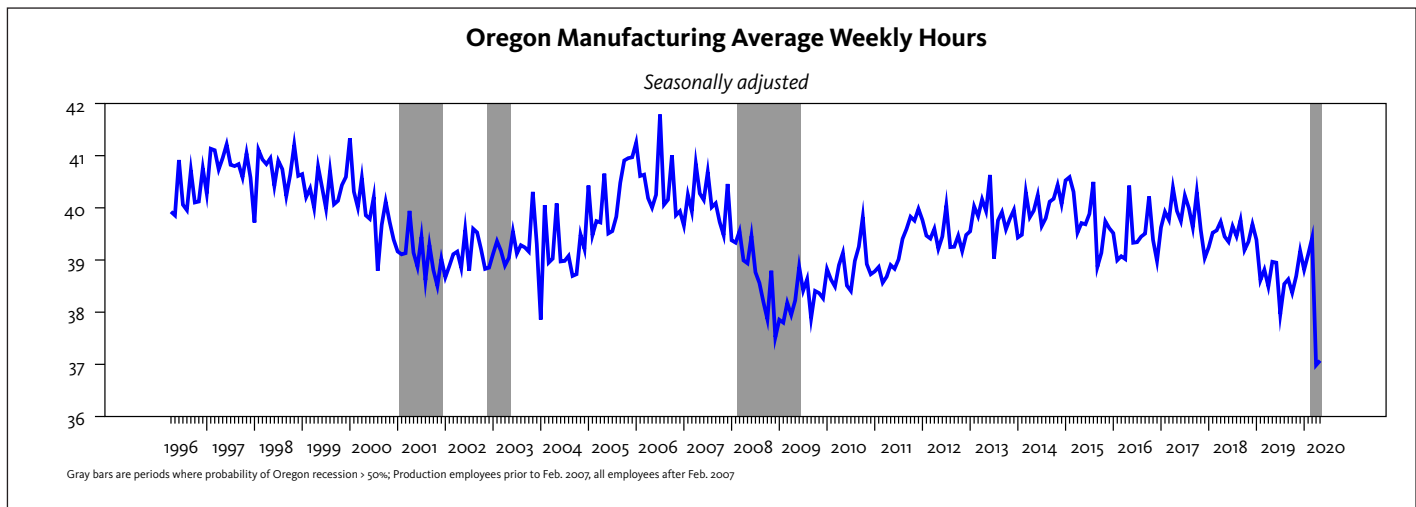
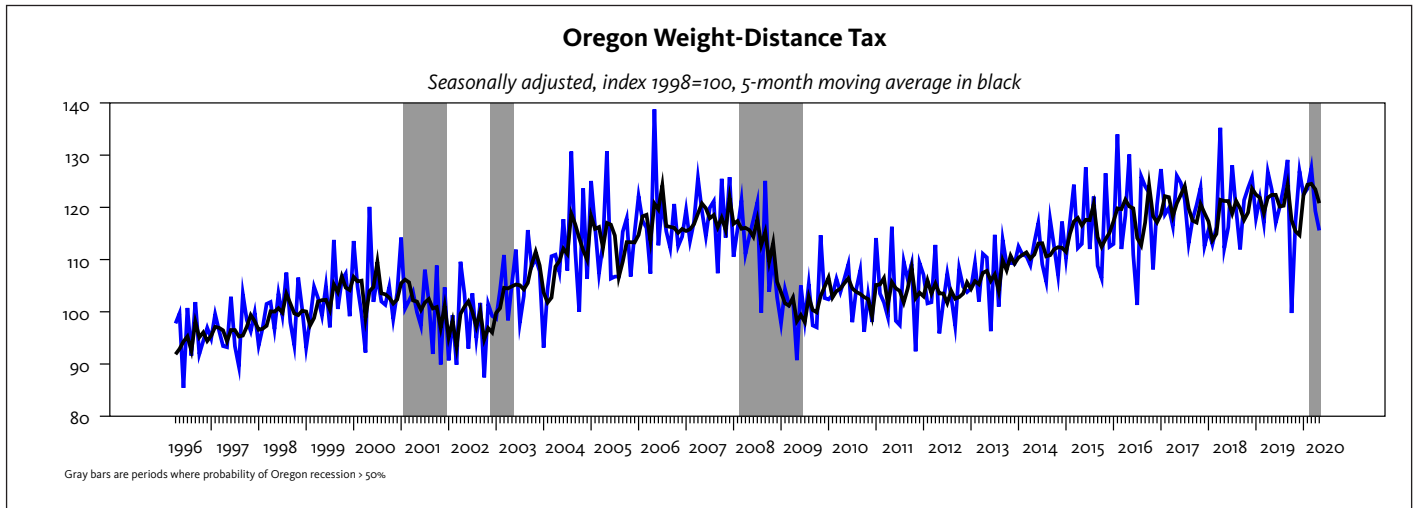
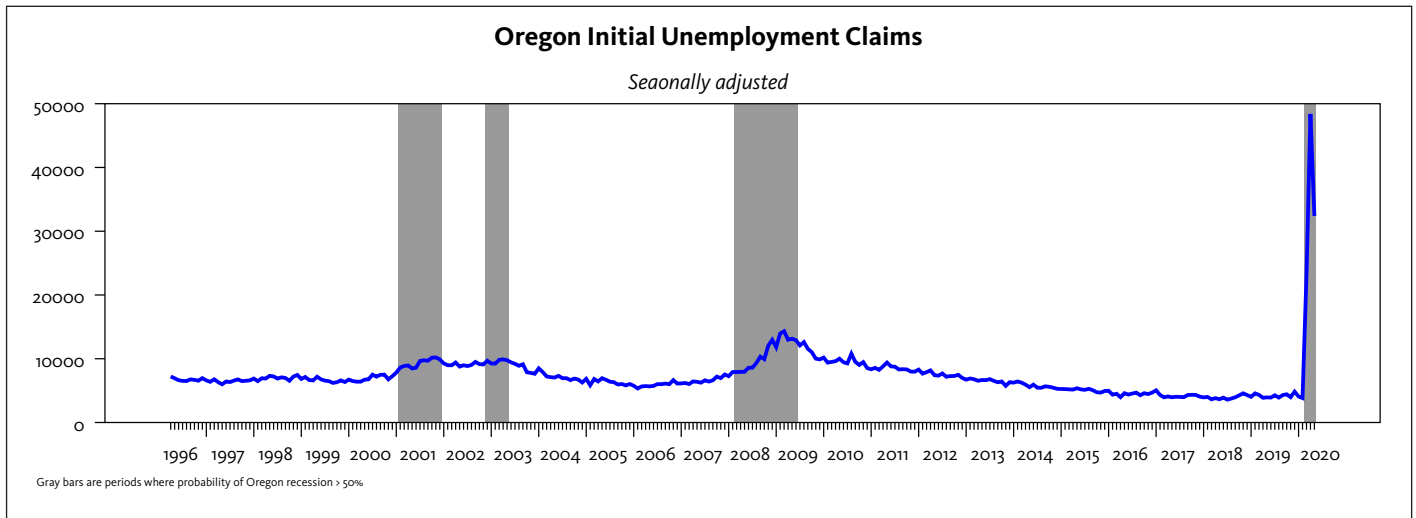


## University of Oregon Index of Economic Indicators—Summary and Components

	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20
UO Index of Economic Indicators™, 1997 = 100	98.9	99.6	99.6	96.1	92.2	92.2
Percentage Change	-0.5	0.7	0.0	-3.6	-4.0	-0.1
Oregon Initial Unemployment Claims, SA*	4,837	4,080	3,829	23,089	48,389	32,394
Oregon Employment Services Payrolls, SA	39,408	39,448	39,895	39,301	33,299	32,163
Oregon Residential Building Permits, SA, 5 MMA*	1,752	1,689	1,503	1,454	1,568	1,452
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	114.70	122.27	124.32	124.51	123.46	120.80
Oregon Manufacturing Average Weekly Hours, SA	39.17	38.81	39.10	39.42	36.98	37.07
US Consumer Sentiment, SA, 5 MMA	94.9	96.9	98.5	97.2	92.2	86.8
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	37,213	37,457	37,249	36,653	34,475	34,787
Interest Rate Spread	0.31	0.21	-0.08	0.22	0.61	0.65

SA = Seasonally Adjusted, MMA = Months Moving Average

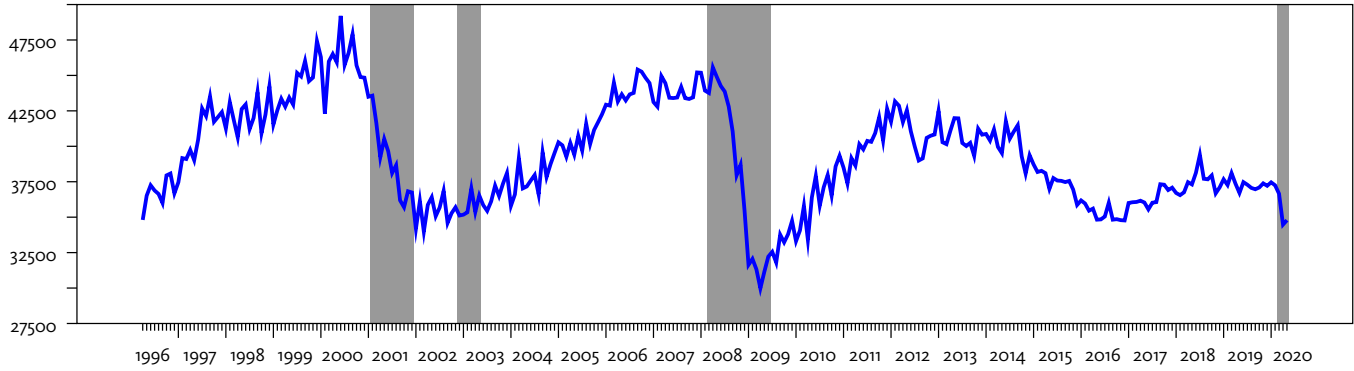
May 2020



May 2020

## Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods

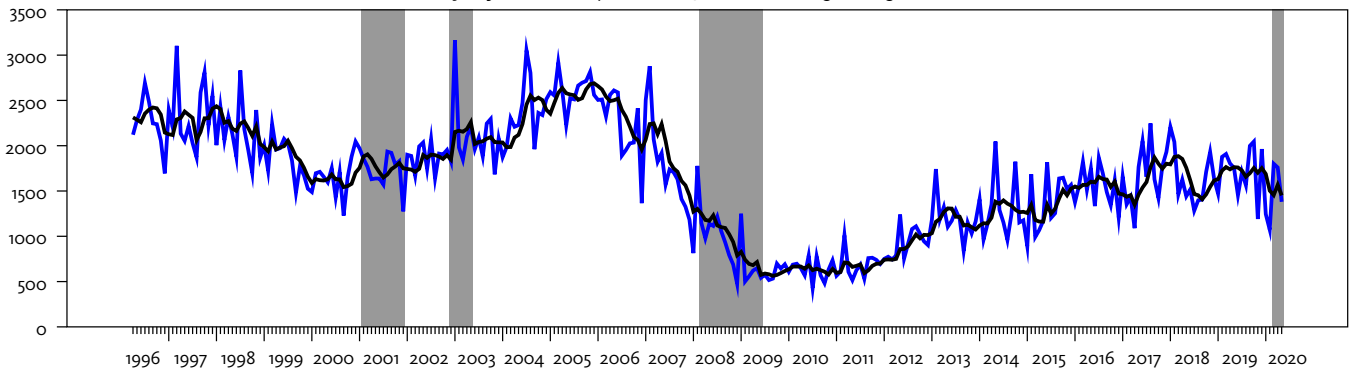
Seasonally adjusted, millions of 1996 dollars



Gray bars are periods where probability of Oregon recession > 50%

## Oregon Residential Building Permits

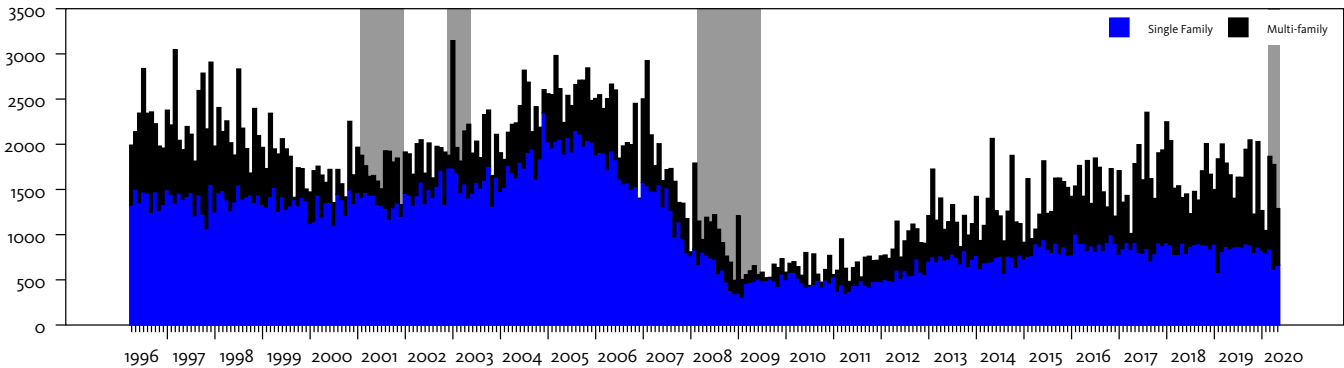
Seasonally adjusted, units permitted, 5-month moving average in black



Gray bars are periods where probability of Oregon recession > 50%

## Oregon Residential Building Permits

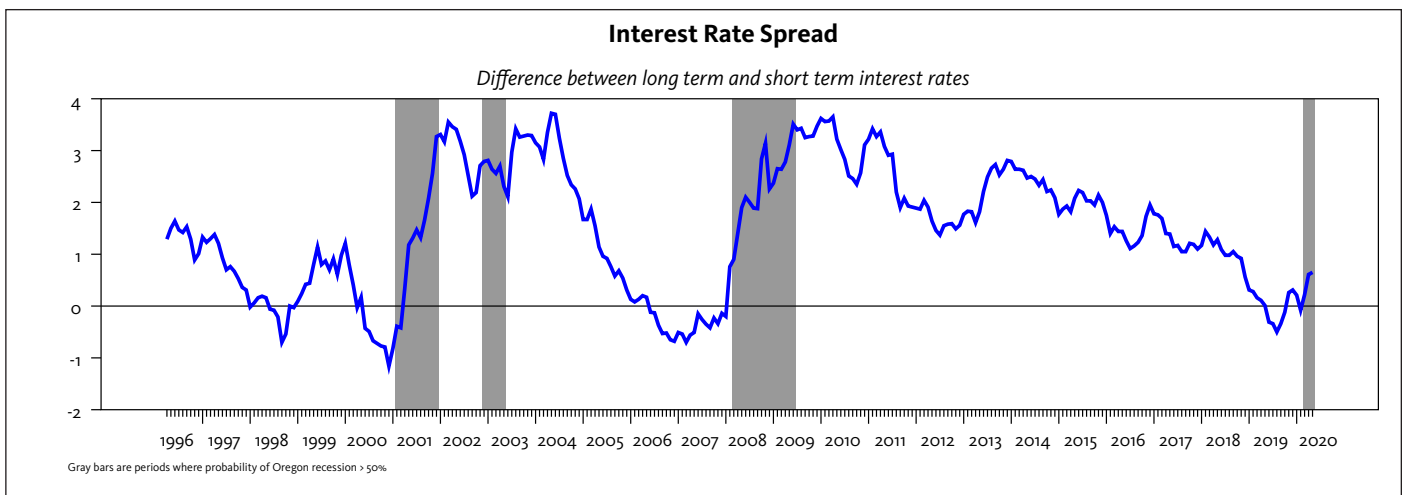
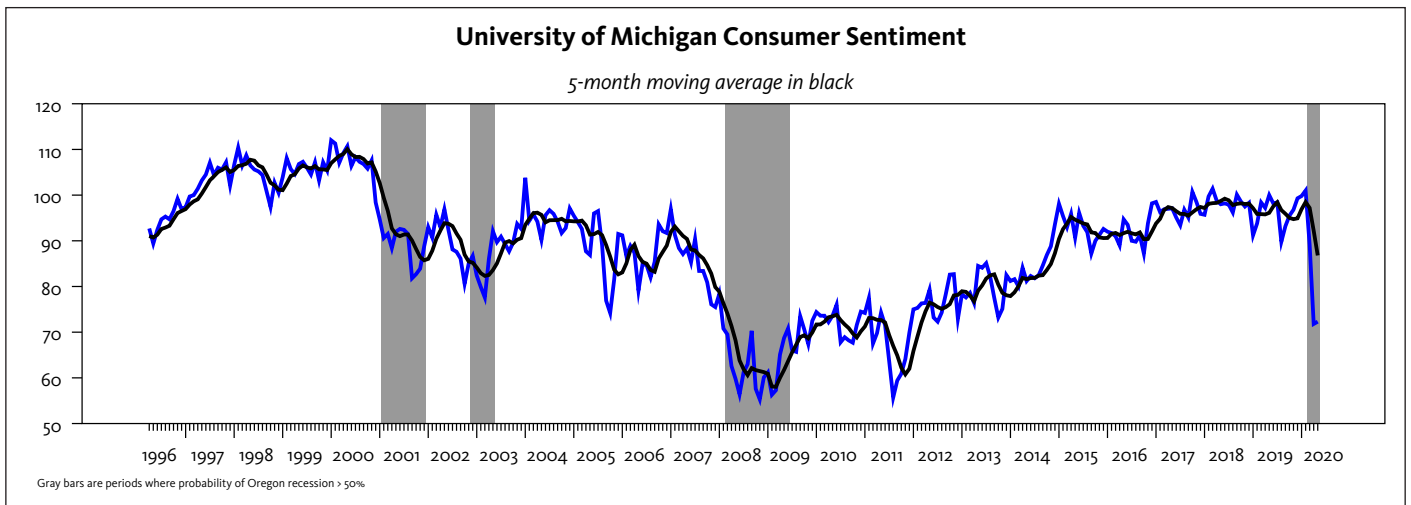
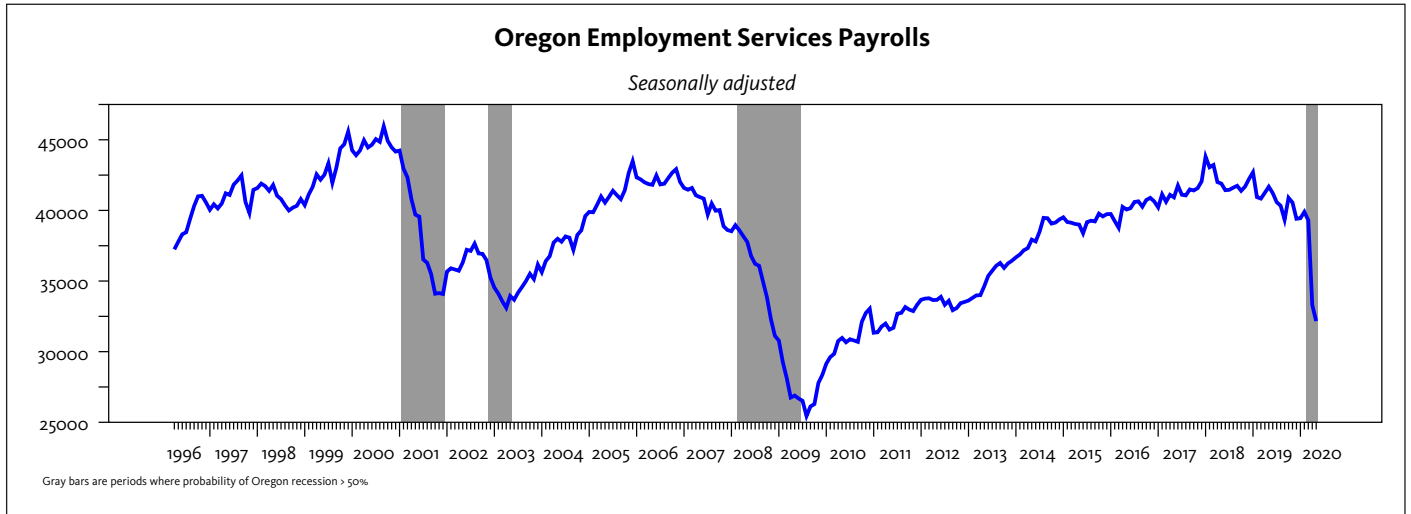
Seasonally adjusted, units permitted



Gray bars are periods where probability of Oregon recession > 50%

# State of Oregon Economic Indicators™

May 2020



oregon  
economic  
forum