

State of Oregon Economic Indicators™



June 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.

Review

The Oregon Measure of Economic Activity rose in June to 0.41 from a downwardly revised -0.23 in May. Despite the gain over the past two months, the moving average measure, which smooths out the volatility, stands at -4.56, mired deep below average growth for the Oregon economy (0.0 on this scale). Like last month, the improvement is predominantly attributable to employment gains that supported neutral or positive contributions from all sectors but households. High unemployment, high levels of initial jobless claims and weak consumer sentiment weigh heavily on the household sector.

The University of Oregon Index of Economic Indicators gained 1.6% in June, the first increase since February. Falling (though still high) jobless claims, rising hours in manufacturing, and a gain in orders for core manufactured capital goods all helped support the UO Index this month. The data reveal the unusual nature of this recession. Two indicators that traditionally fall during recessions,

housing permits and the Oregon Weight-Distance tax (a measure of trucking activity) remain steady. Similarly, core capital goods orders have not fallen as much as might have been expected. The pattern of the data is consistent with a primarily consumer-led recession where demand for nondurable services such as leisure and hospitality are impacted more heavily than demand for goods.

While the initial phase of firm re-openings supported the economy in May and June, the road ahead is more difficult. A rise in Covid-19 cases both statewide and nationally prevents a full-reopening of the economy. Moreover, layoffs continue at an elevated pace and high-frequency data from the Census indicate that employment might fall while Congress has yet to pass a continuation of now-expired enhanced unemployment benefits. Until the pandemic is contained, expect a slow and choppy recovery.

Contributions to Oregon Measure of Economic Activity—June 2020

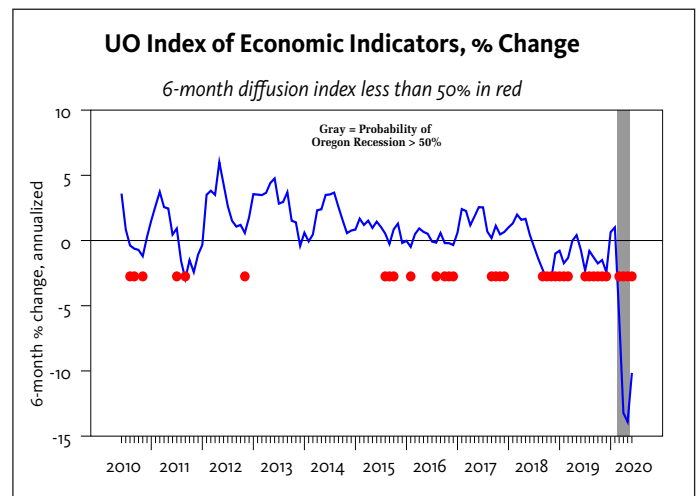
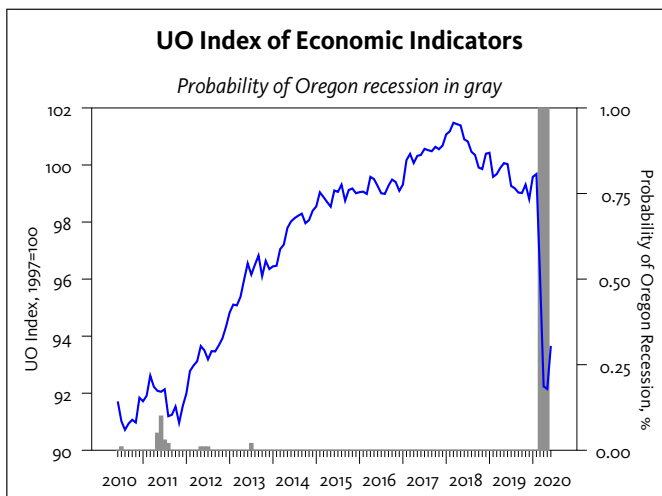
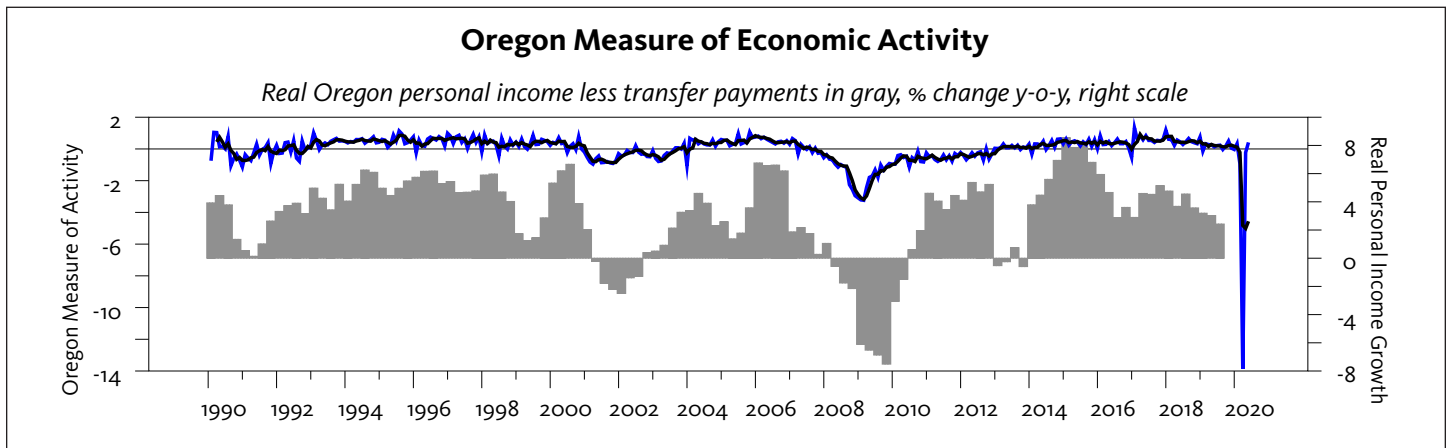
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.05			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.18			
Hours, Manufacturing Employees, Oregon	-0.15			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.02		
Construction Employment in Oregon		0.08		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.06	
Initial Unemployment Claims, Oregon			-0.37	
Civilian Labor Force, Oregon			0.16	
Unemployment Rate, Oregon			-0.21	
Interest Rate Spread			0.02	
S & P 500 Stock Index			0.03	
Consumer Sentiment, University of Michigan–Reuters			-0.06	
Educational and Health Services Employment, Oregon				0.35
Financial Activities Employment, Oregon				0.19
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				-1.06
Professional and Business Services Employment, Oregon				0.04
Other Services Employment, Oregon				0.76
Trade, Transportation and Utilities Employment, Oregon				0.44
Total by Sector	-0.01	0.10	-0.38	0.69
	Apr '20	May '20	Jun '20	
Oregon Measure of Economic Activity	-13.87	-0.23	0.41	
Three-Month Moving Average	-4.82	-5.01	-4.56	

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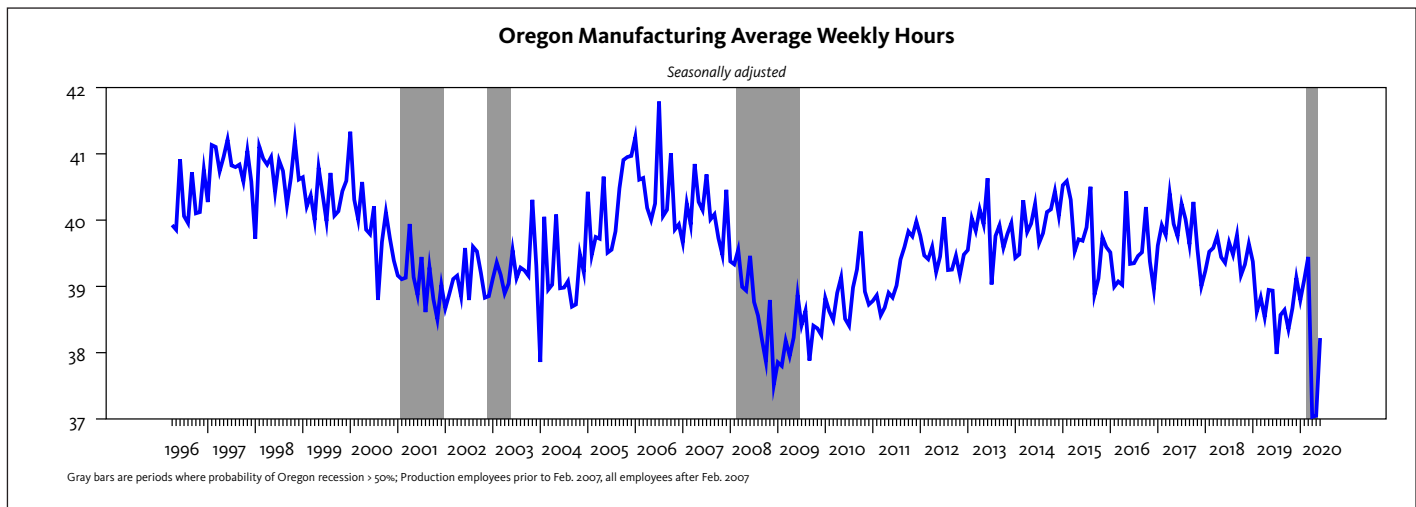
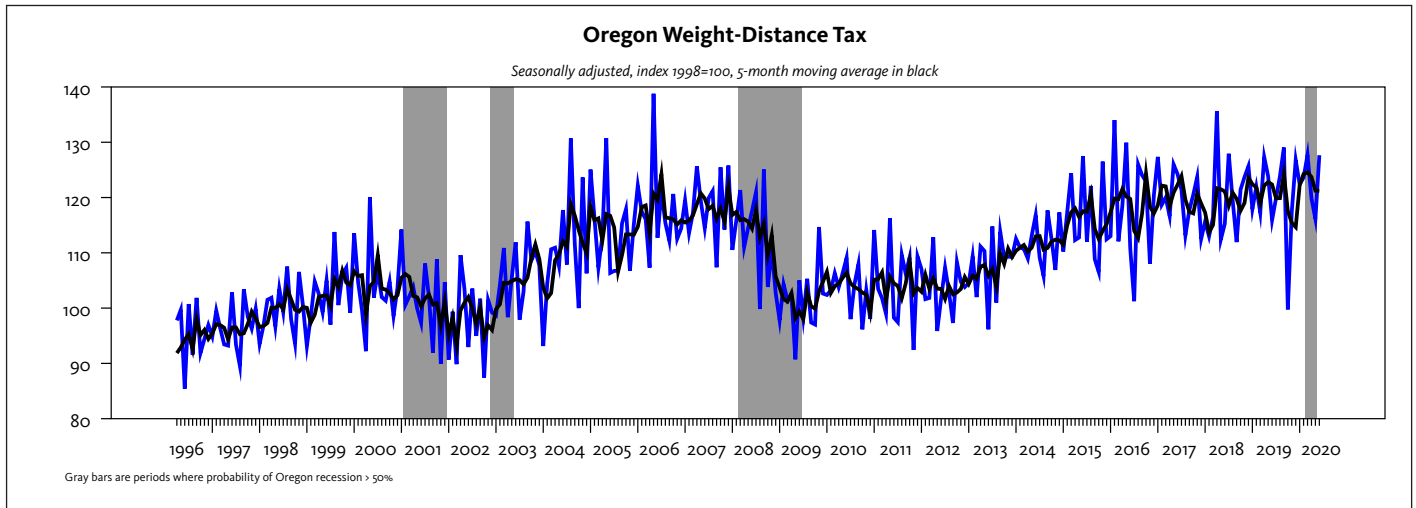
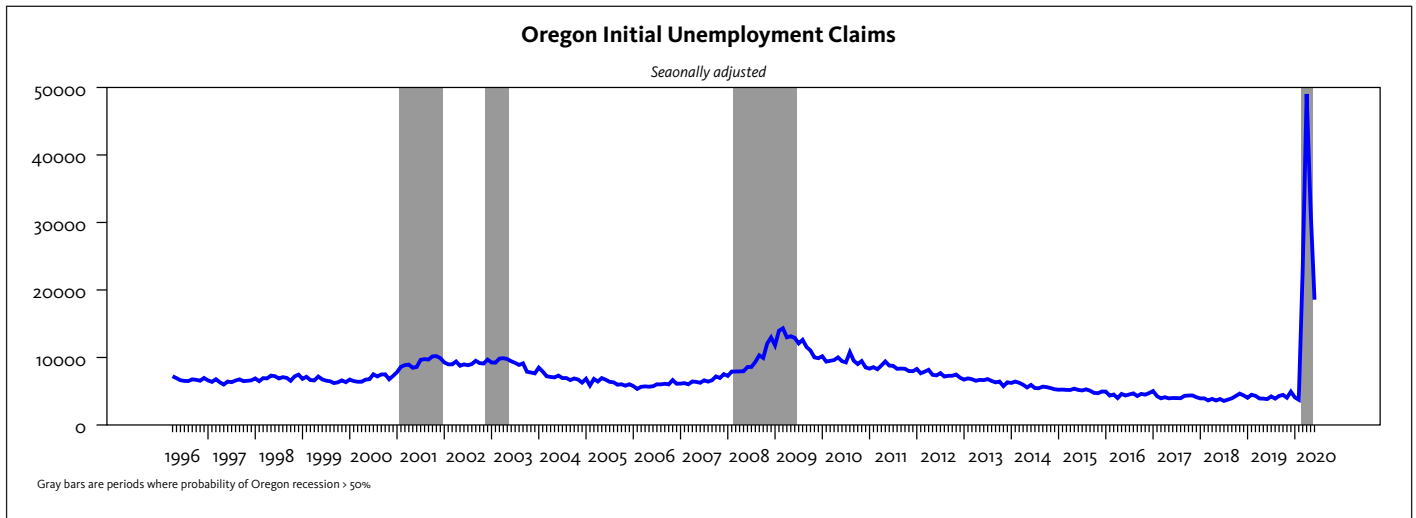


University of Oregon Index of Economic Indicators—Summary and Components

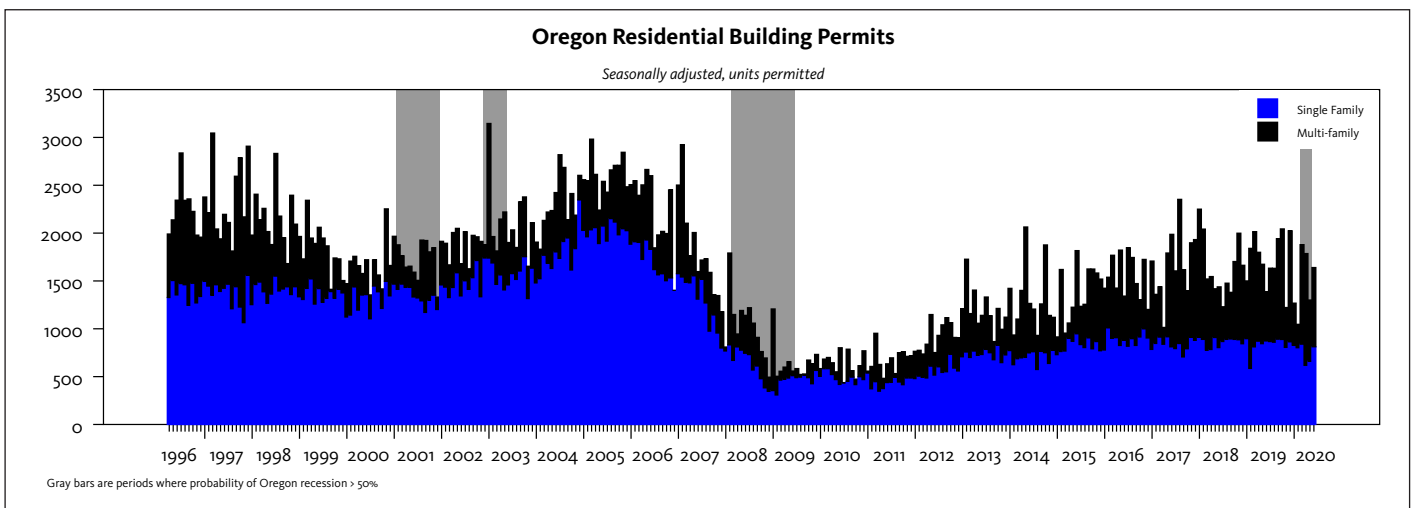
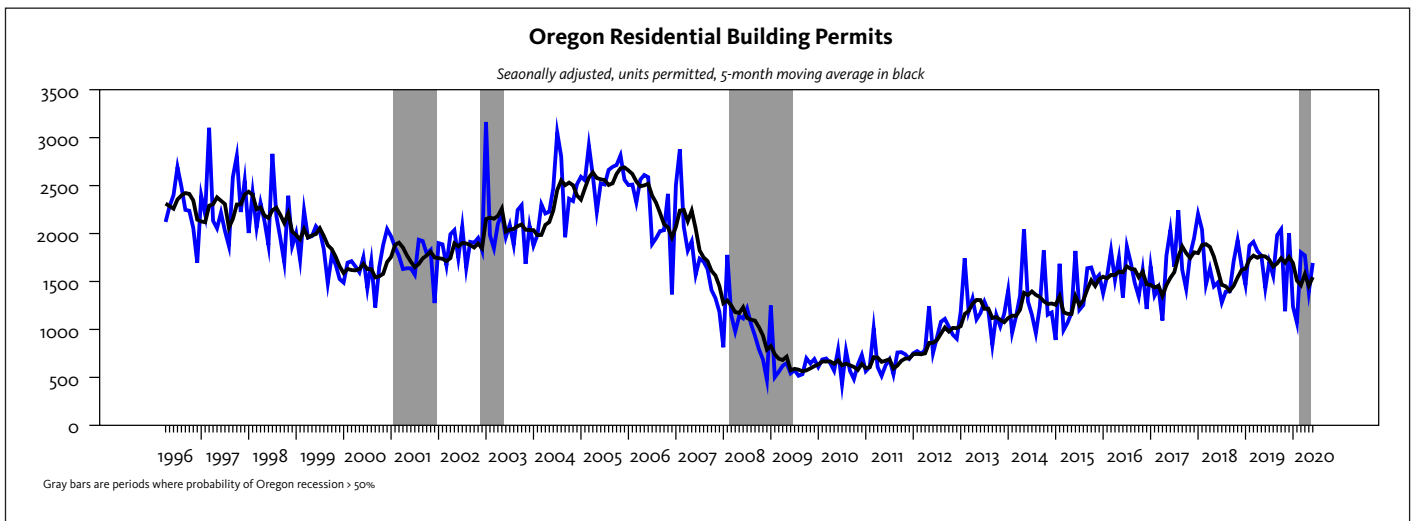
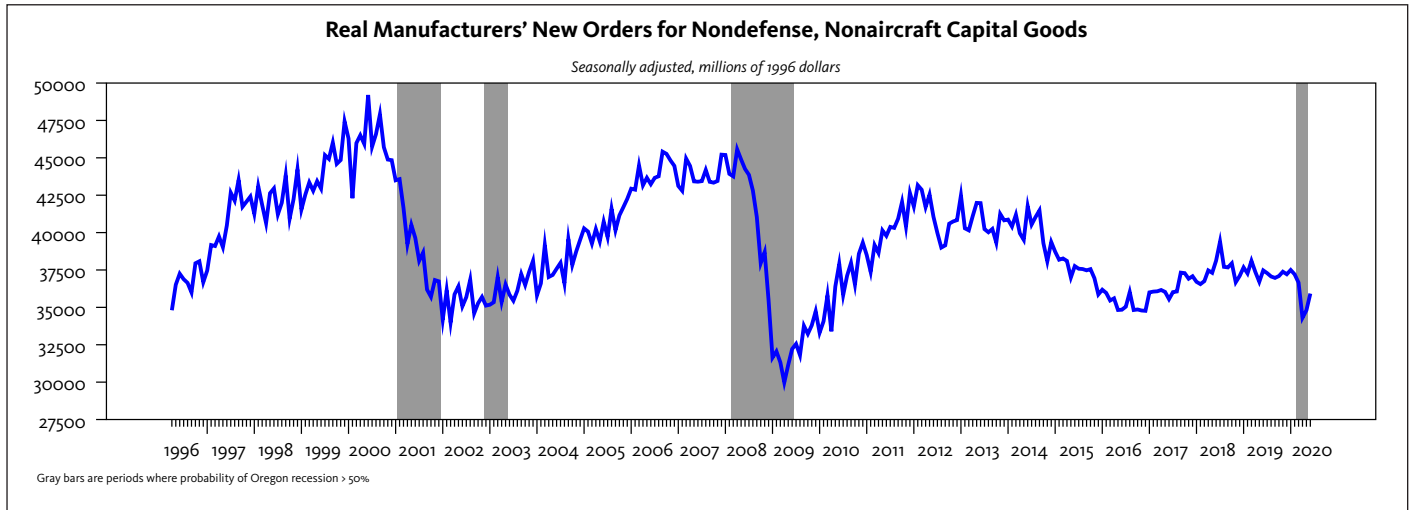
	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20
UO Index of Economic Indicators™, 1997 = 100	99.6	99.7	96.1	92.2	92.2	93.7
Percentage Change	0.8	0.1	-3.6	-4.0	-0.1	1.6
Oregon Initial Unemployment Claims, SA*	4,092	3,741	23,040	49,034	32,093	18,560
Oregon Employment Services Payrolls, SA	39,412	39,882	39,307	33,308	31,970	32,343
Oregon Residential Building Permits, SA, 5 MMA*	1,692	1,509	1,461	1,577	1,455	1,546
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	122.20	124.26	124.57	123.72	121.24	121.22
Oregon Manufacturing Average Weekly Hours, SA	38.79	39.11	39.44	37.03	37.05	38.22
US Consumer Sentiment, SA, 5 MMA	96.9	98.5	97.2	92.2	86.8	82.5
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	37,499	37,208	36,653	34,303	34,805	35,924
Interest Rate Spread	0.21	-0.08	0.22	0.61	0.62	0.65

SA = Seasonally Adjusted, MMA = Months Moving Average

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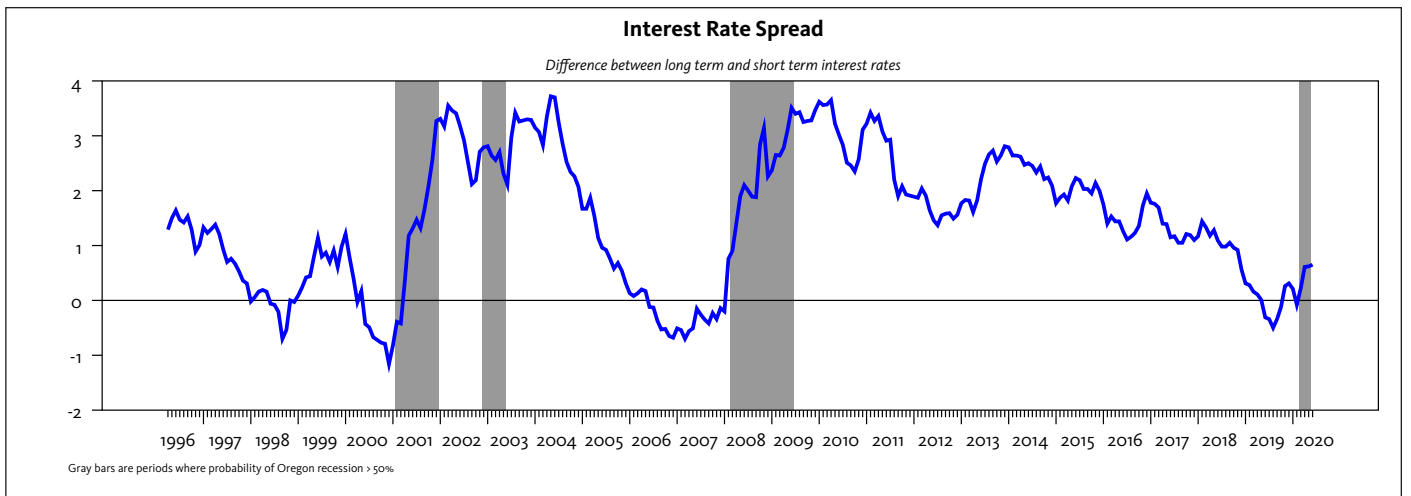
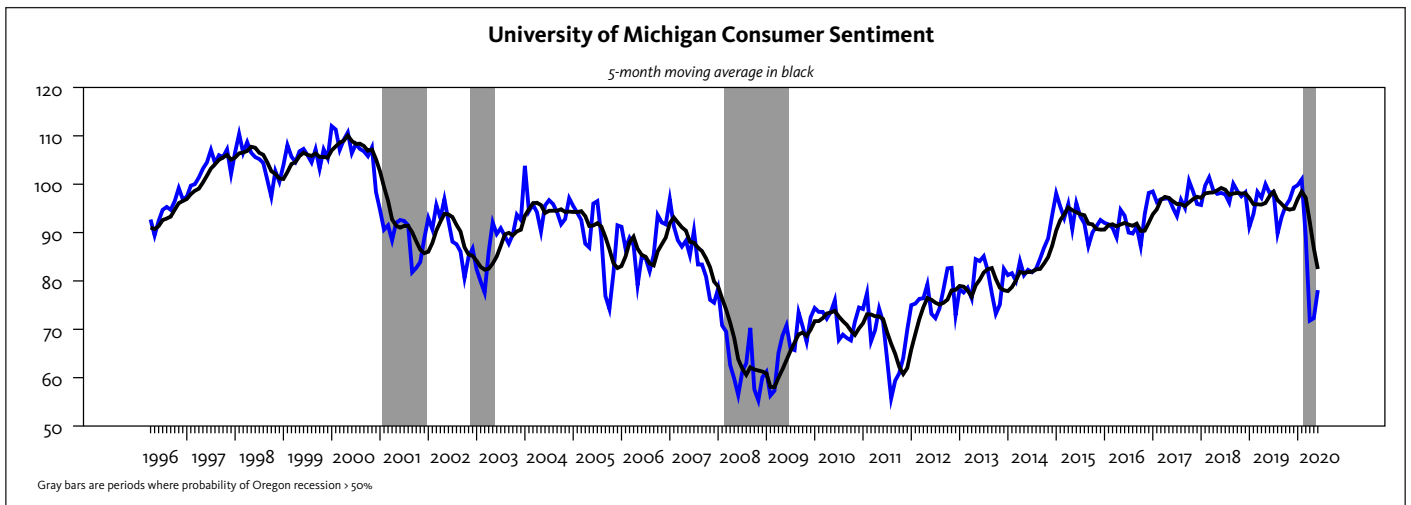
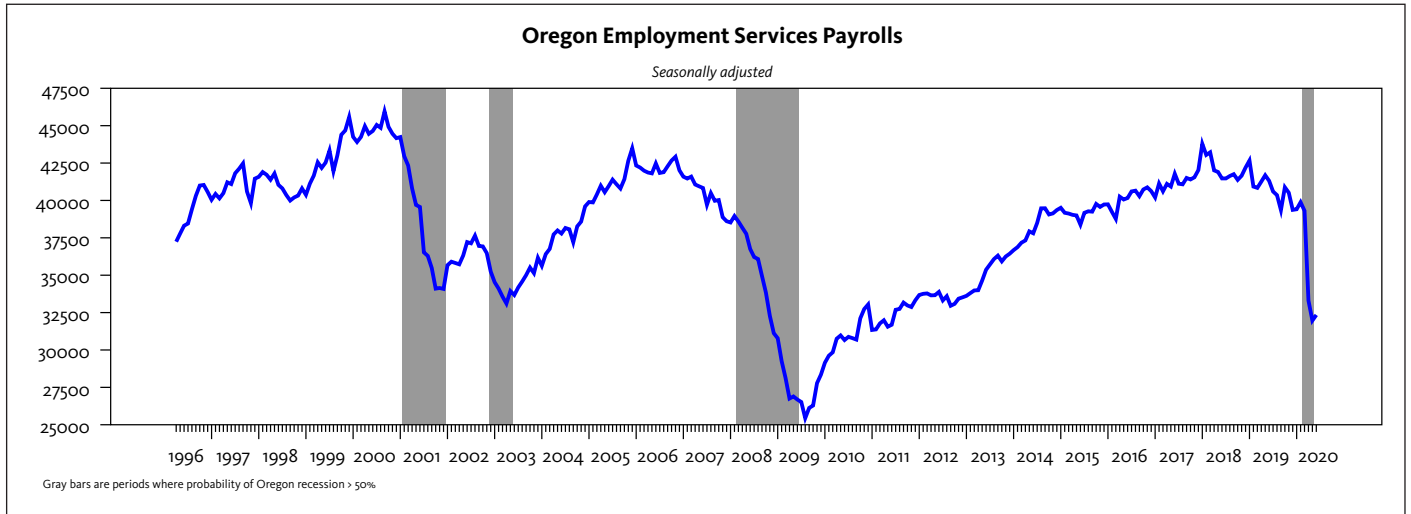


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