

State of Oregon Economic Indicators™



July 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 improvement in the UO economic indicators suggest the end of the technical recession is in sight although the pace of the subsequent recovery remains in question.

The Oregon Measure of Economic Activity fell in July to 0.14 from 2.01 in June. The moving average measure, which smooths out the volatility, now stands at 0.79, or above average growth in Oregon. That said, only the services sector contributed positively to the measure as employment components continued to improve. Employment components weighed down the manufacturing and construction sectors.

The University of Oregon Index of Economic Indicators gained 1.5 percent in July, extending the improvement in June. Though still elevated, initial unemployment claims continue to fall while employment services payrolls, mostly temporary help workers, climbed higher. Residential housing permits and the Oregon weight-miles tax, a

measure of trucking activity, remain remarkably steady given the depth of the recession while new orders for core-manufacturing goods have rebounded to just shy of their pre-pandemic levels. Consumer sentiment, however, remains weak as would be expected given elevated levels of unemployment.

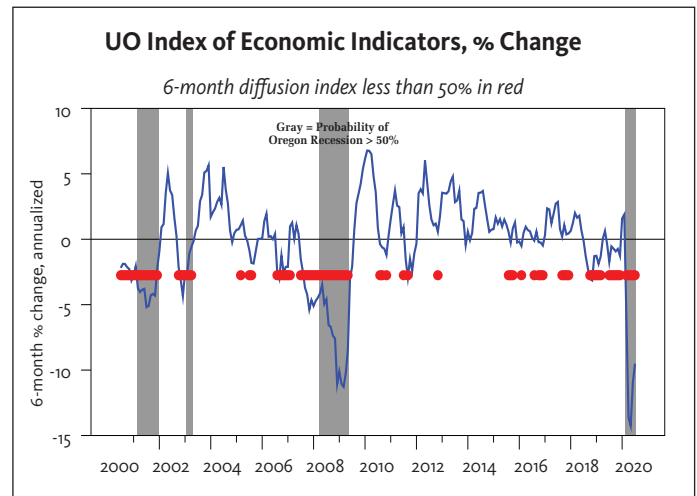
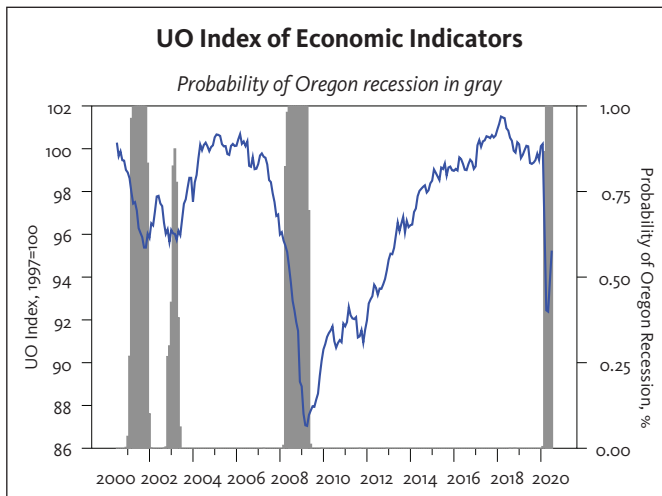
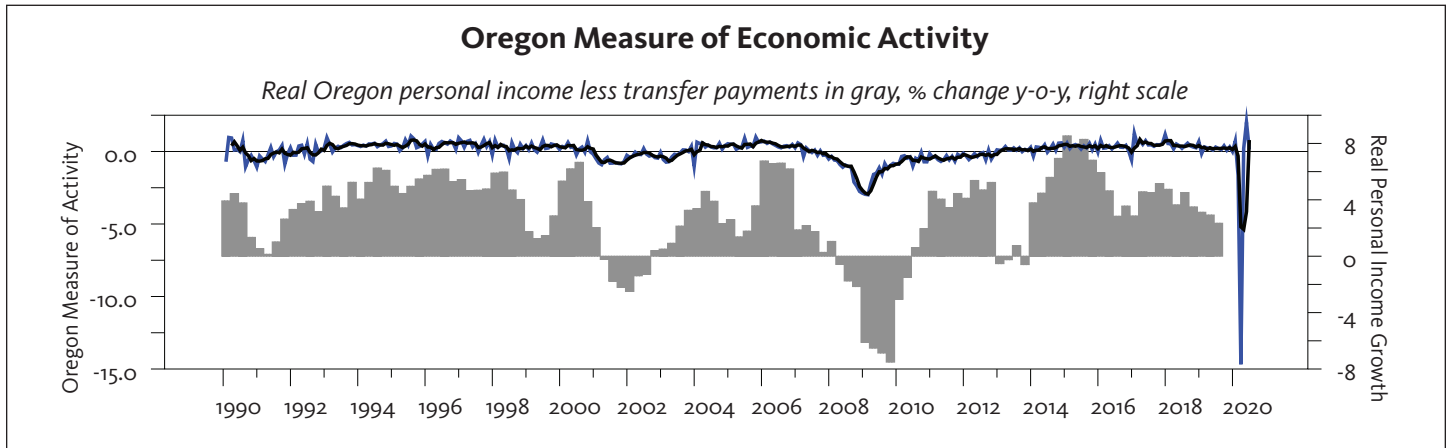
Substantial improvement in the UO Index typically signals that a recession will soon end; just as the recession began quickly in the wake of widespread business shutdowns, it will likely end quickly. In fact, the recession might technically have already ended with the surge of growth anticipated for the third quarter of this year. In addition, typical monthly recession dating indicators have all turned what appears to be sustainably higher. The pace of the recovery, however, is still expected to slow as some sectors, particularly leisure and hospitality, remain negatively impacted by the Covid-19 pandemic.

Contributions to Oregon Measure of Economic Activity—July 2020

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.02			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	-0.14			
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		-0.20		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.26	
Initial Unemployment Claims, Oregon			-0.13	
Civilian Labor Force, Oregon			-0.22	
Unemployment Rate, Oregon			-0.15	
Interest Rate Spread			0.02	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan–Reuters			-0.08	
Educational and Health Services Employment, Oregon				0.16
Financial Activities Employment, Oregon				0.09
Government Employment, Oregon				0.16
Leisure and Hospitality Employment, Oregon				0.12
Professional and Business Services Employment, Oregon				-0.09
Other Services Employment, Oregon				0.23
Trade, Transportation and Utilities Employment, Oregon				0.25
Total by Sector	-0.31	-0.20	-0.28	0.92
	May '20	Jun '20	Jul '20	
Oregon Measure of Economic Activity	0.21	2.01	0.14	
Three-Month Moving Average	-5.37	-4.15	0.79	

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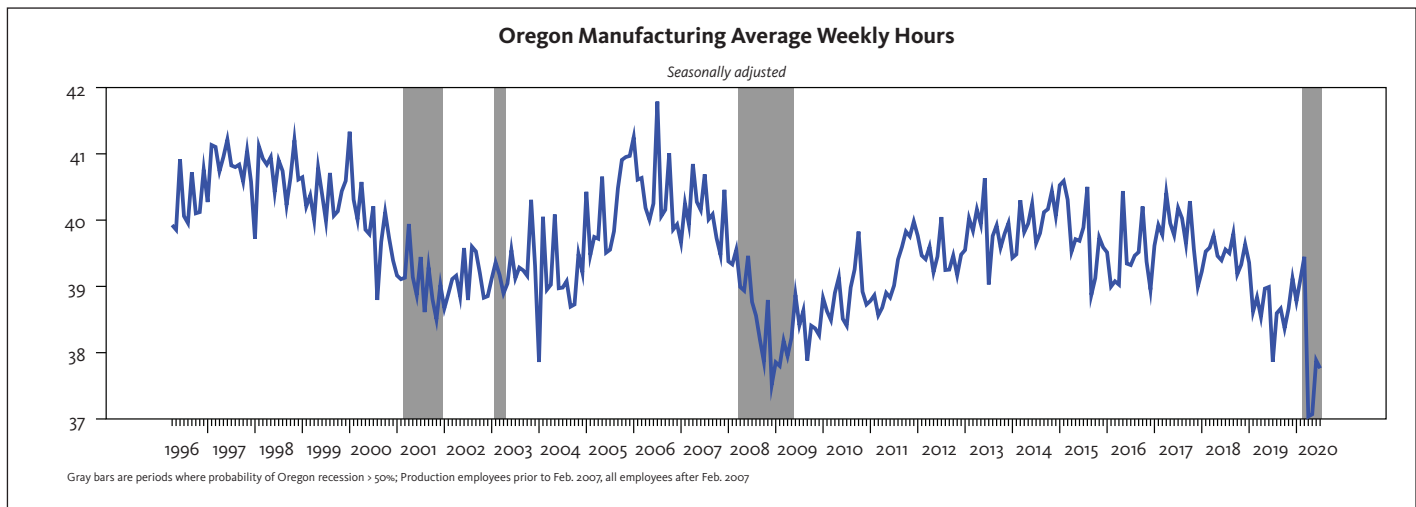
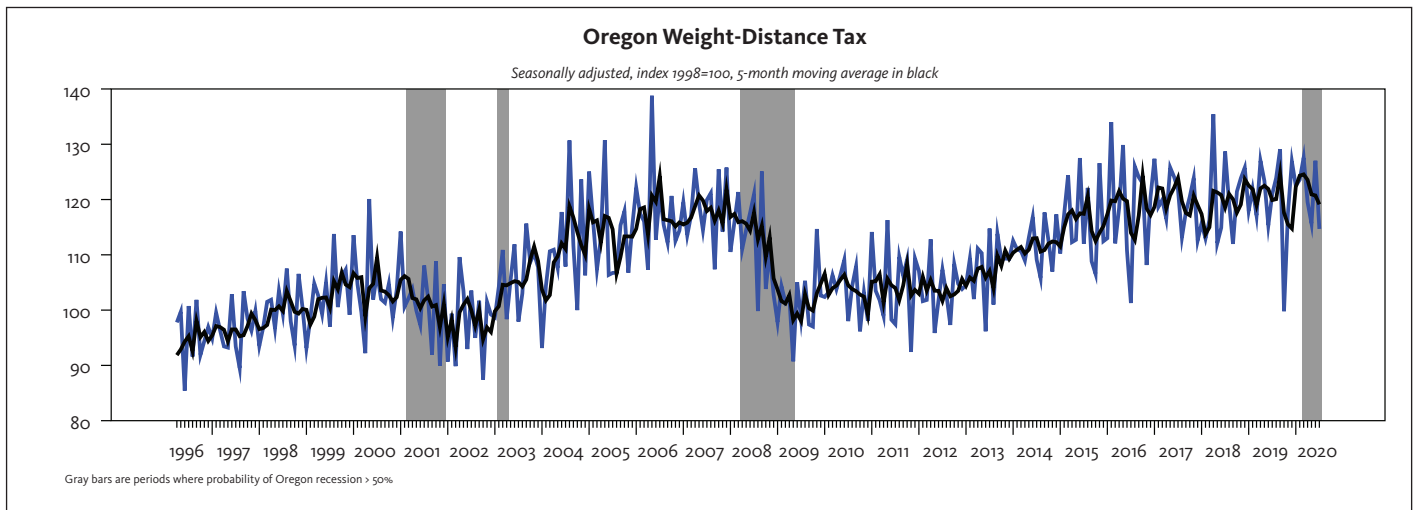
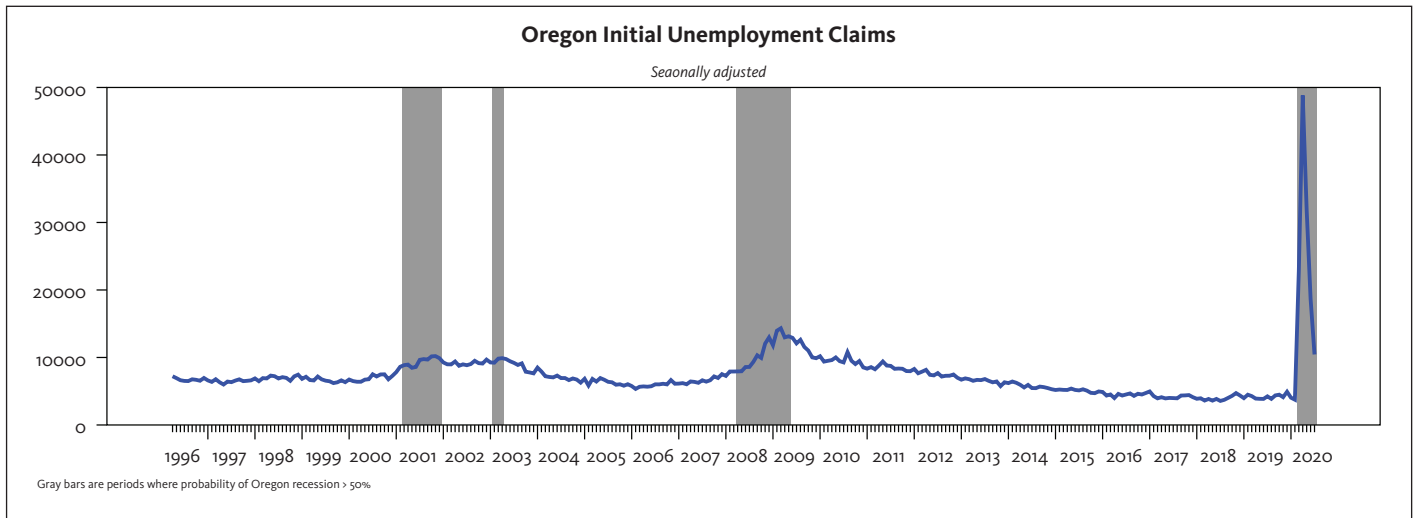


University of Oregon Index of Economic Indicators—Summary and Components

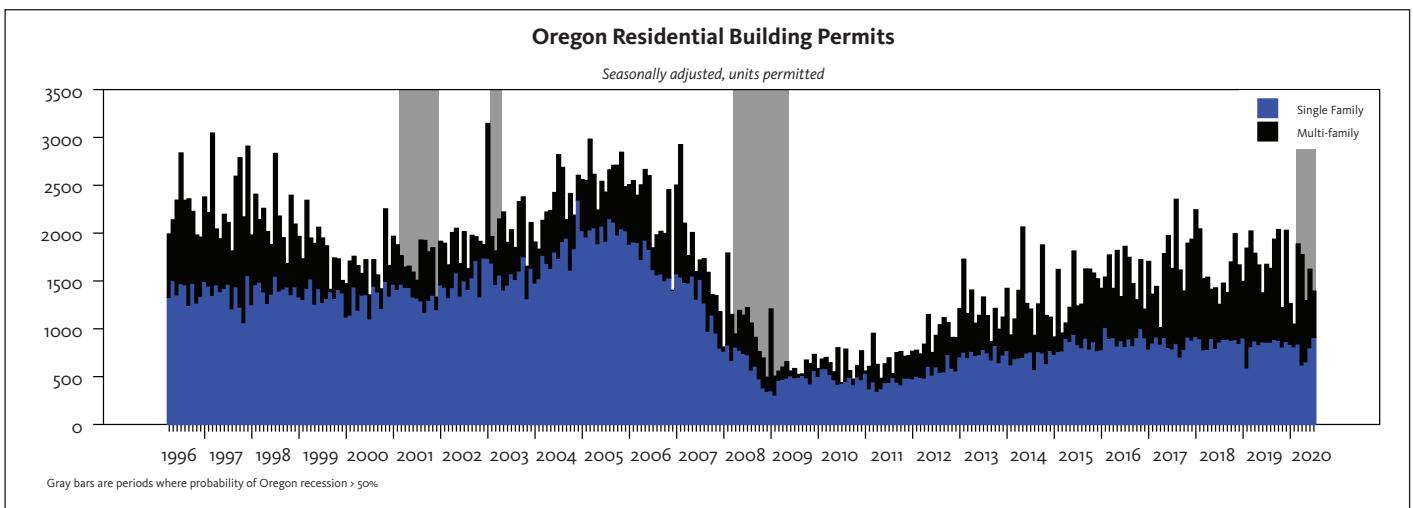
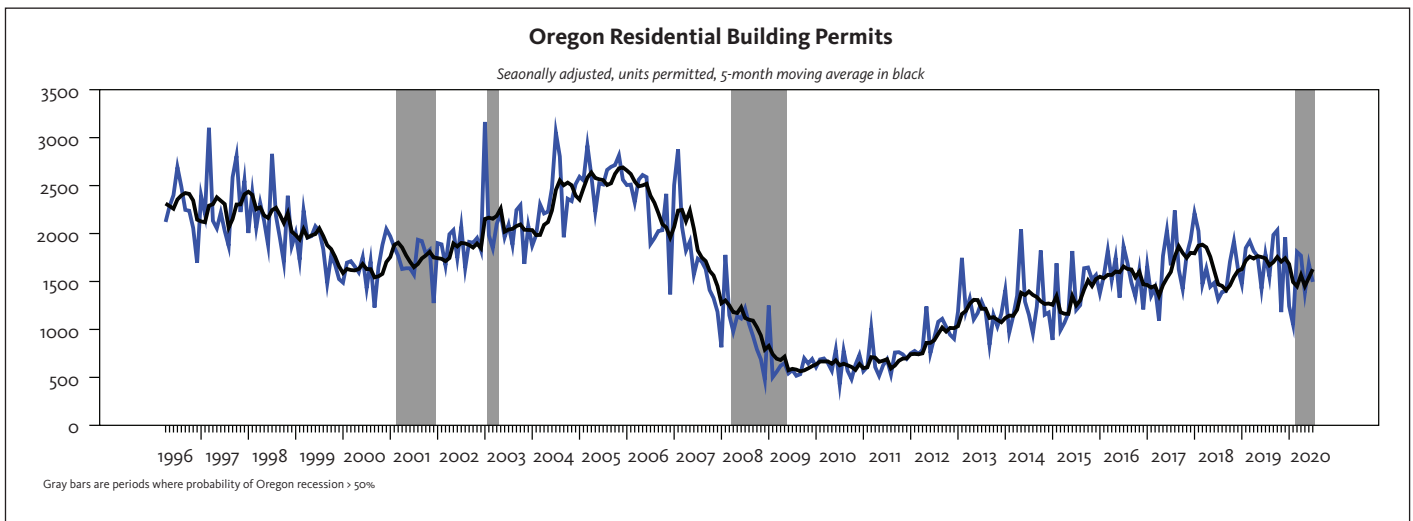
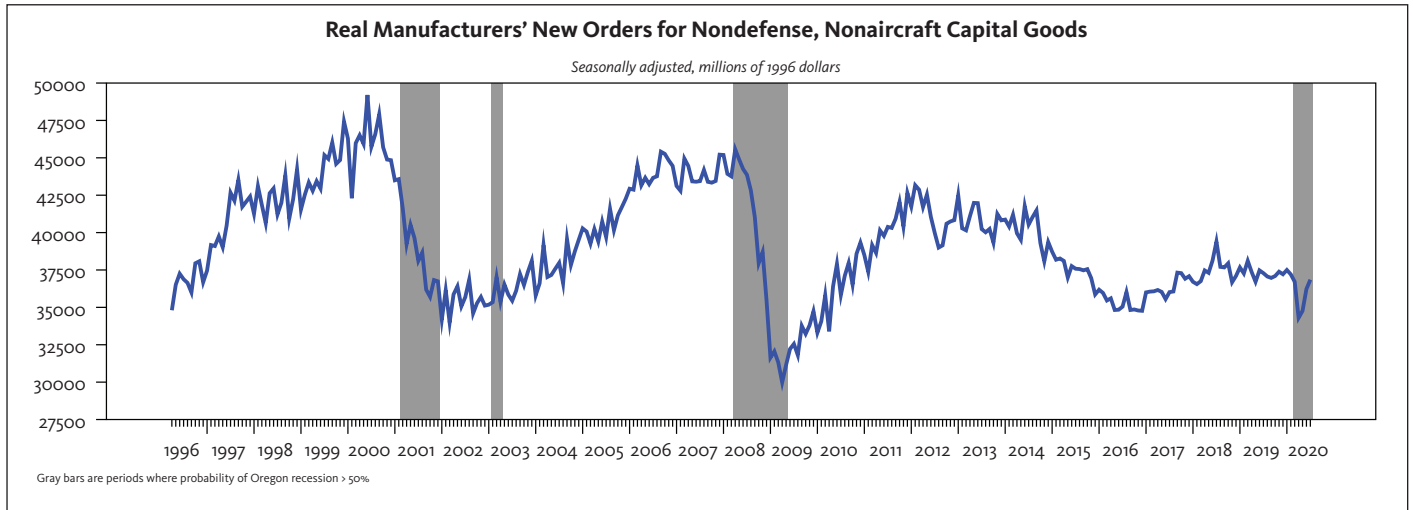
	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20
UO Index of Economic Indicators™, 1997 = 100	100.2	96.3	92.5	92.4	93.9	95.2
Percentage Change	0.1	-3.9	-4.0	-0.1	1.6	1.5
Oregon Initial Unemployment Claims, SA*	3,746	22,795	48,817	31,836	18,702	10,445
Oregon Employment Services Payrolls, SA	42,800	40,269	34,364	33,068	33,678	36,413
Oregon Residential Building Permits, SA, 5 MMA*	1,494	1,449	1,567	1,451	1,540	1,628
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	124.32	124.55	123.57	120.93	120.74	119.12
Oregon Manufacturing Average Weekly Hours, SA	39.11	39.45	37.04	37.07	37.88	37.76
US Consumer Sentiment, SA, 5 MMA	98.5	97.2	92.2	86.8	82.5	76.8
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	37,208	36,714	34,303	34,763	36,228	36,852
Interest Rate Spread	-0.08	0.22	0.61	0.62	0.65	0.53

SA = Seasonally Adjusted, MMA = Months Moving Average

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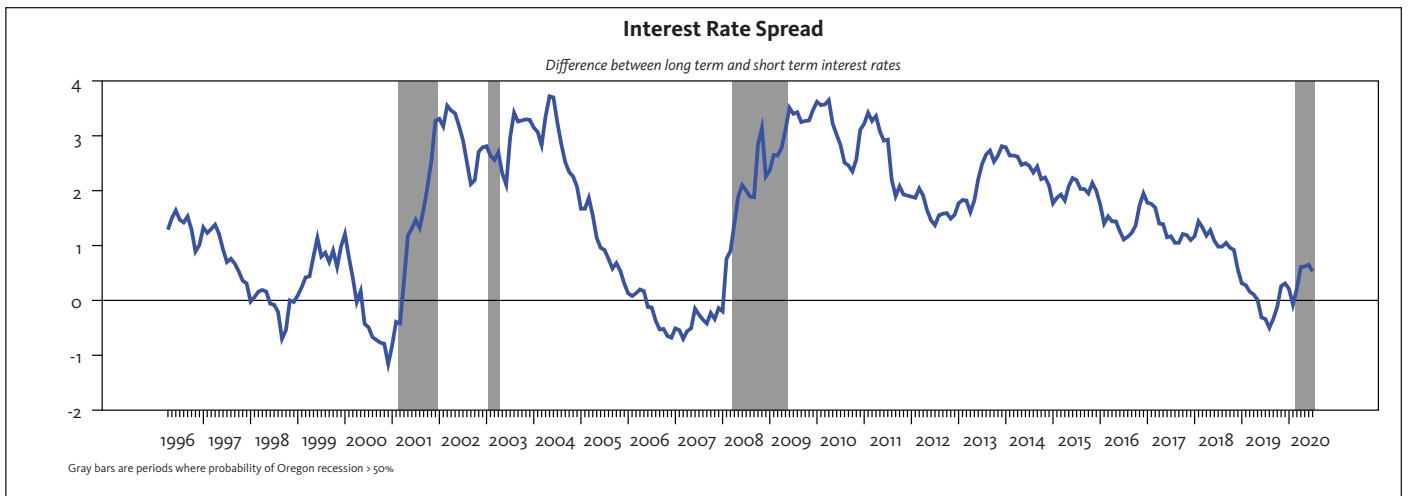
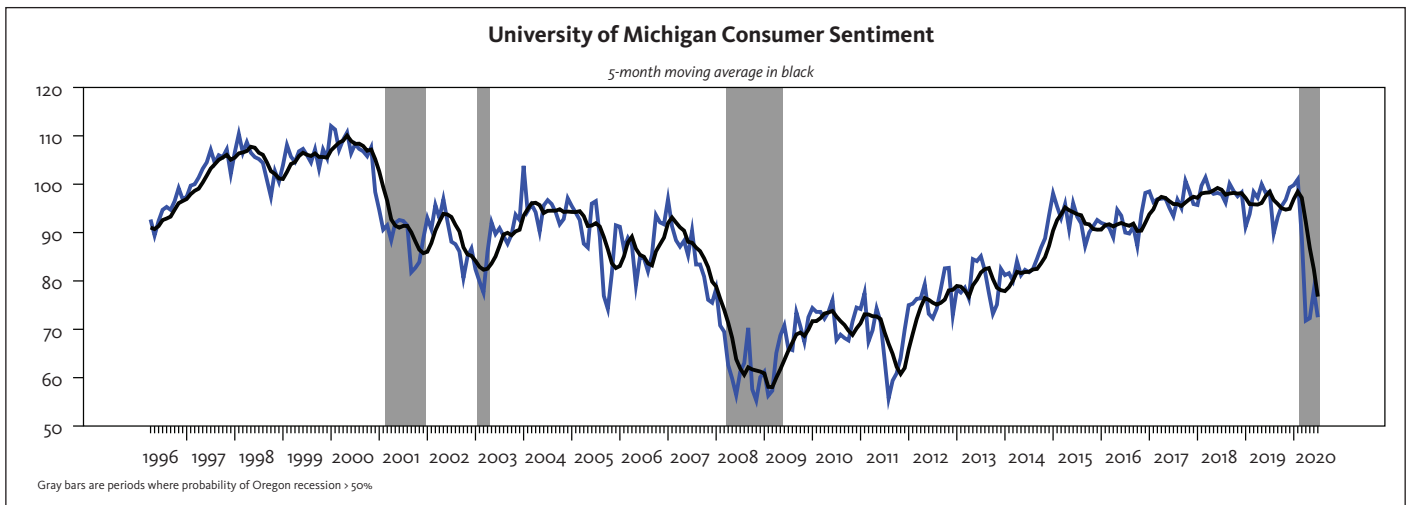
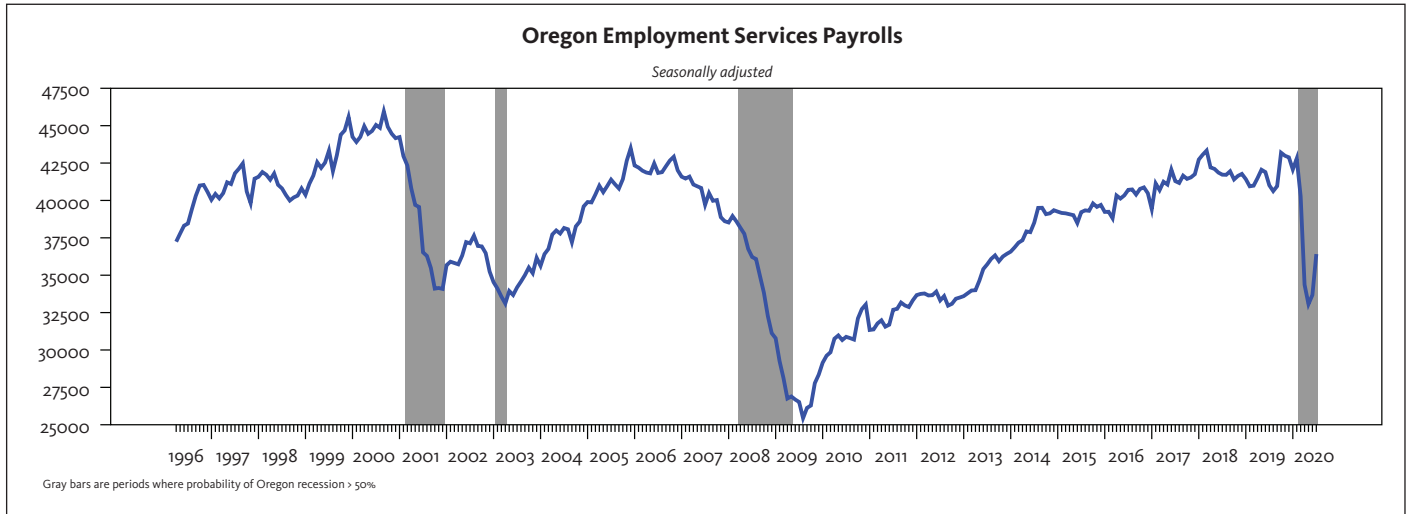


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