

State of Oregon Economic Indicators™



November 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 fell to -0.07 in November from an upwardly revised 0.80 in October. The moving average measure, which smooths out the volatility, was 0.22, above average but low relative to past economic expansions. The largest components weighing down the measure were construction employment and initial jobless claims. Construction employment has been volatile in recent months; last month this component made a large positive contribution and the general trend of construction employment is up. Initial jobless claim made a large negative contribution. Claims rose as pandemic-induced restrictions led firms to close or scale back operations.

The University of Oregon Index of Economic Indicators fell 1.1% in November after a 2% gain in October. Interestingly, initial unemployment claims were up sharply due to additional measures to contain the pandemic

but employment services (largely temporary help) workers rose. This suggests that while firms impacted by the new restrictions contracted employment there was some compensating demand in other sectors. Housing units permitted has drifted lower overall but single-family permits have risen; the single-family market is experiencing robust demand. Core capital goods manufacturing orders rose again and are well-above pre-pandemic levels.

The economy entered the fourth quarter with solid momentum that was soon dampened by the winter wave of the pandemic. So far, however, the damage is considerably less than that experienced last spring as fewer firms are directly impacted. The rollout of Covid-19 vaccines supports an optimistic medium-term outlook but the pandemic is a headwind for the economy in the near-term.

Contributions to Oregon Measure of Economic Activity—November 2020

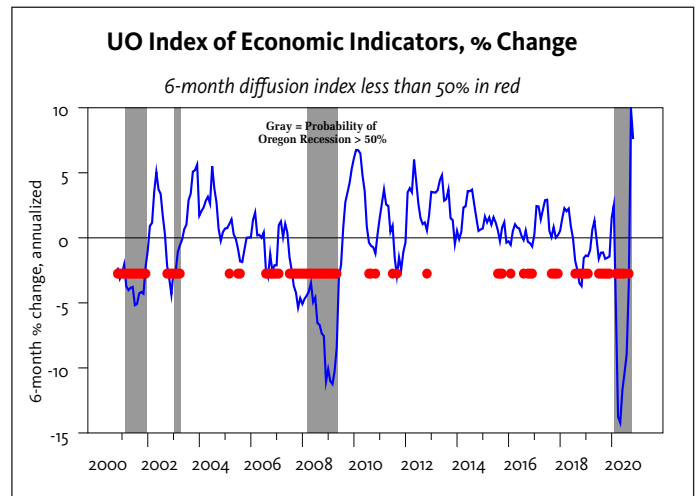
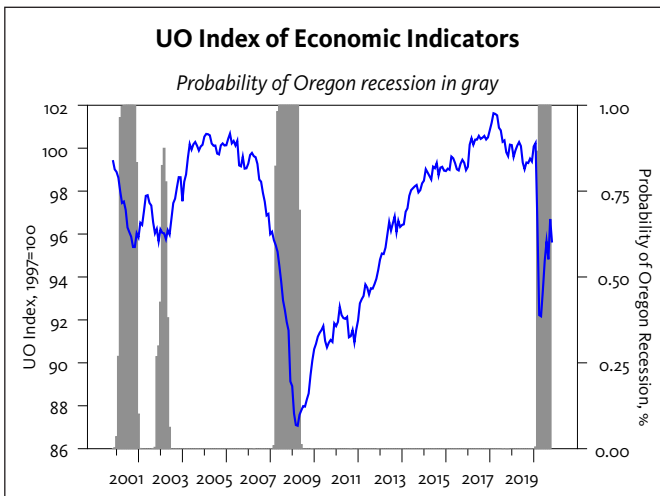
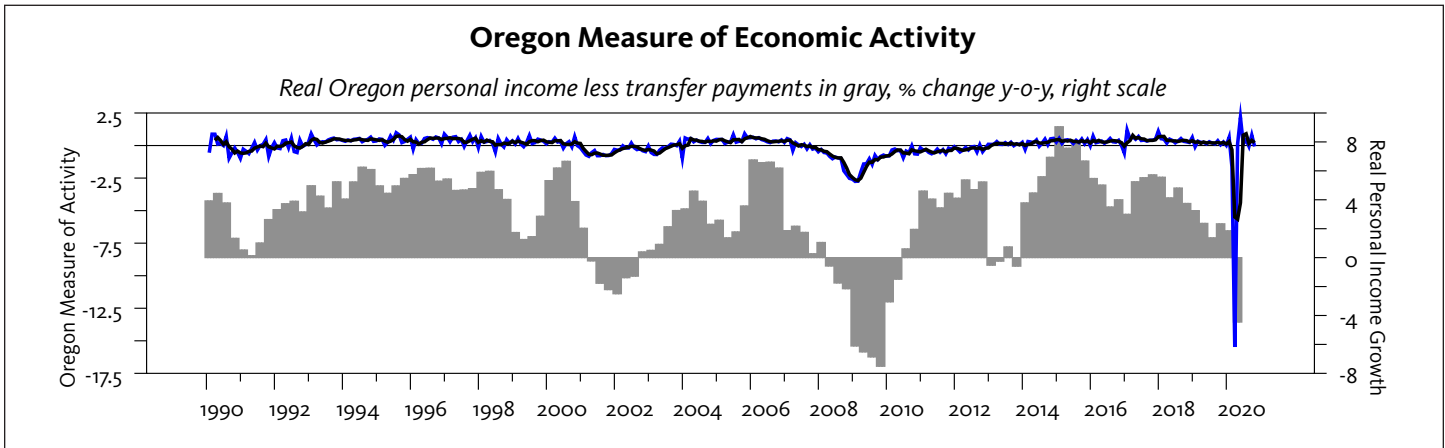
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.04			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.17			
Hours, Manufacturing Employees, Oregon	-0.13			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		-0.01		
Construction Employment in Oregon		-0.21		
Natural Resources and Mining Employment, Oregon		0.00		
Employment Services Employment, Oregon			0.06	
Initial Unemployment Claims, Oregon			-0.13	
Civilian Labor Force, Oregon			-0.04	
Unemployment Rate, Oregon			0.02	
Interest Rate Spread			0.01	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan—Reuters			-0.05	
Educational and Health Services Employment, Oregon				0.04
Financial Activities Employment, Oregon				0.04
Government Employment, Oregon				-0.06
Leisure and Hospitality Employment, Oregon				0.00
Professional and Business Services Employment, Oregon				0.11
Other Services Employment, Oregon				-0.06
Trade, Transportation and Utilities Employment, Oregon				0.11
Total by Sector	0.07	-0.22	-0.12	0.19
	Sep '20	Oct '20	Nov '20	
Oregon Measure of Economic Activity	-0.06	0.80	-0.07	
Three-Month Moving Average	0.17	0.40	0.22	

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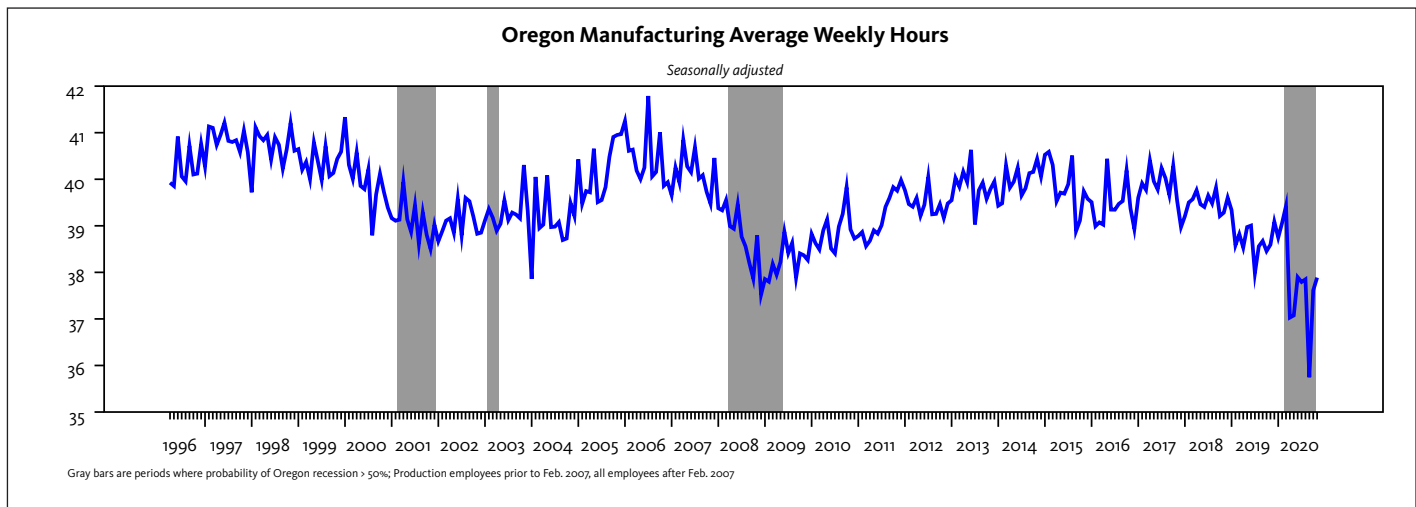
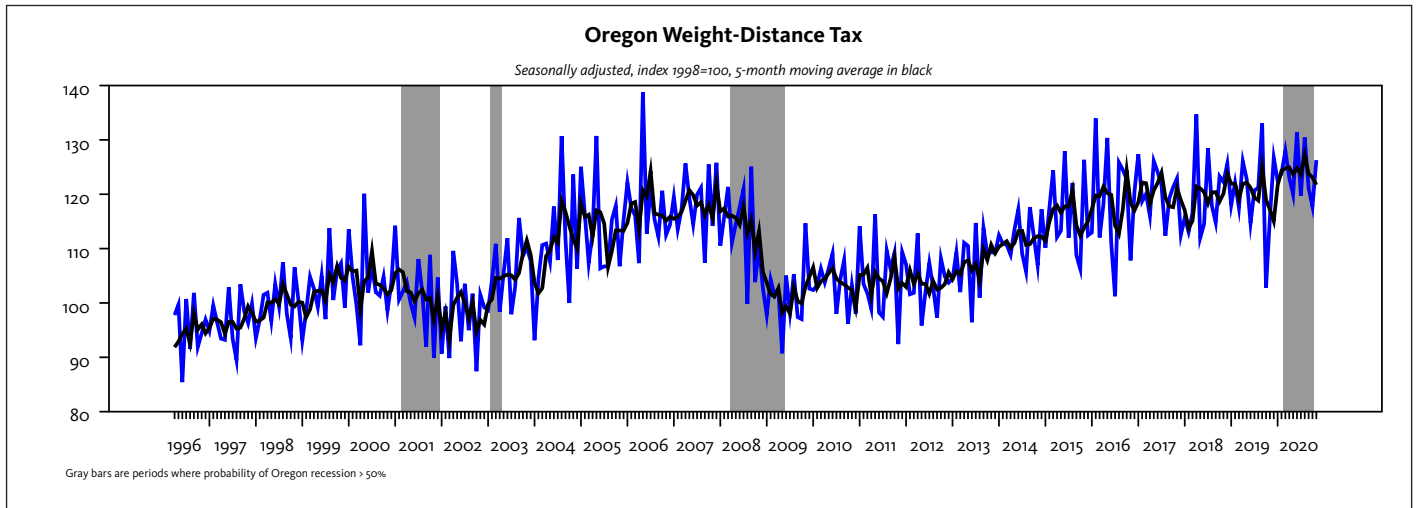
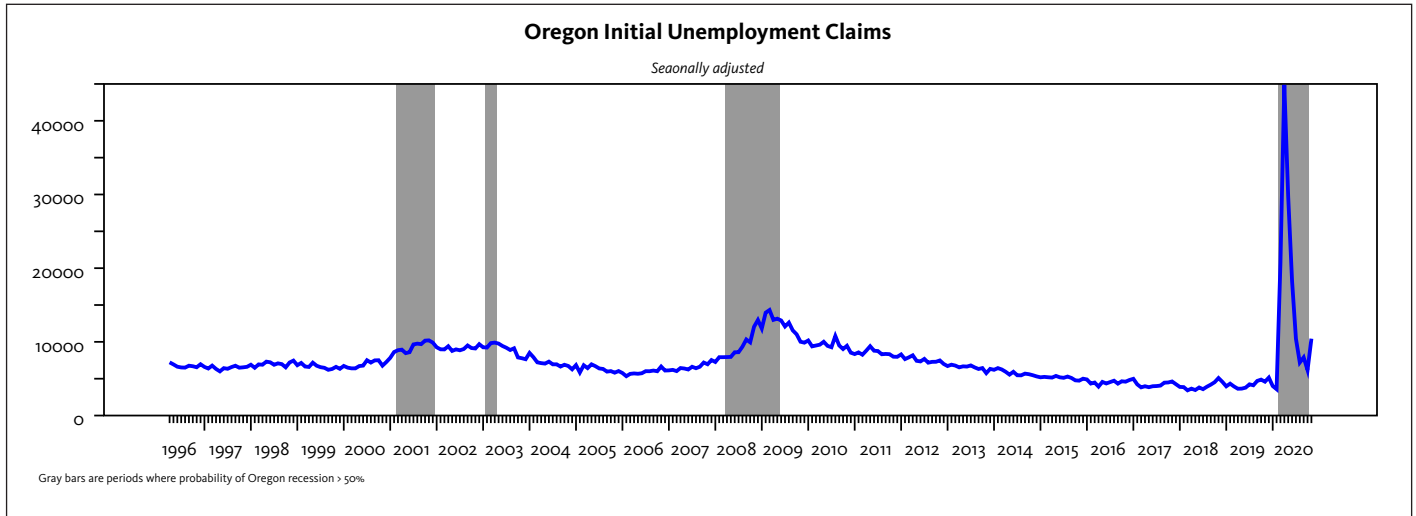


University of Oregon Index of Economic Indicators–Summary and Components

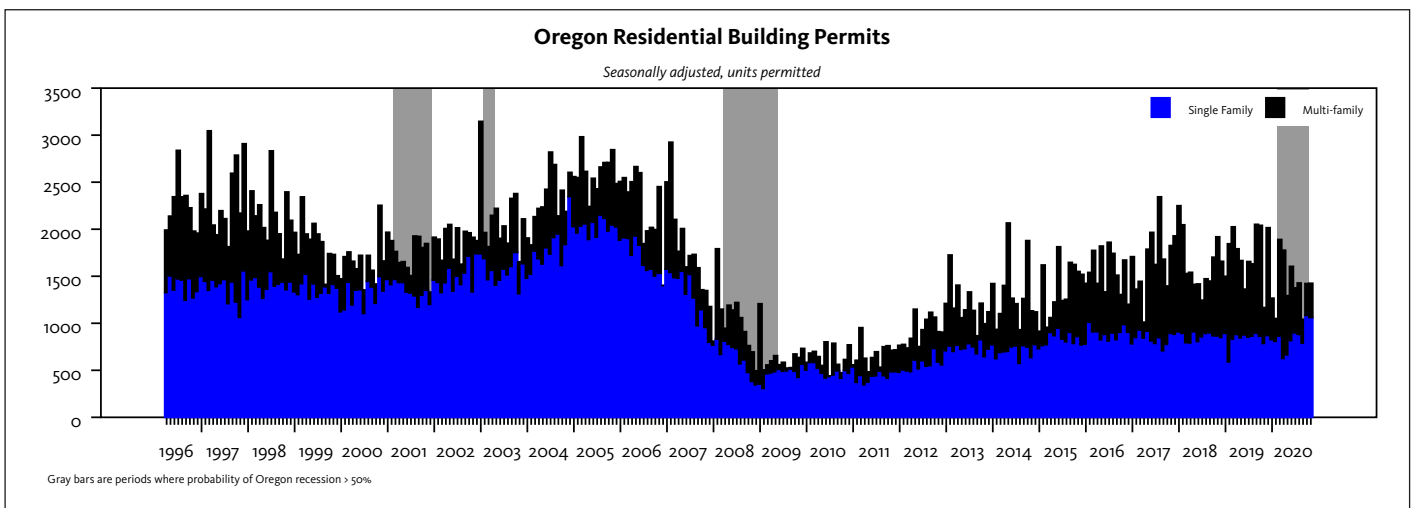
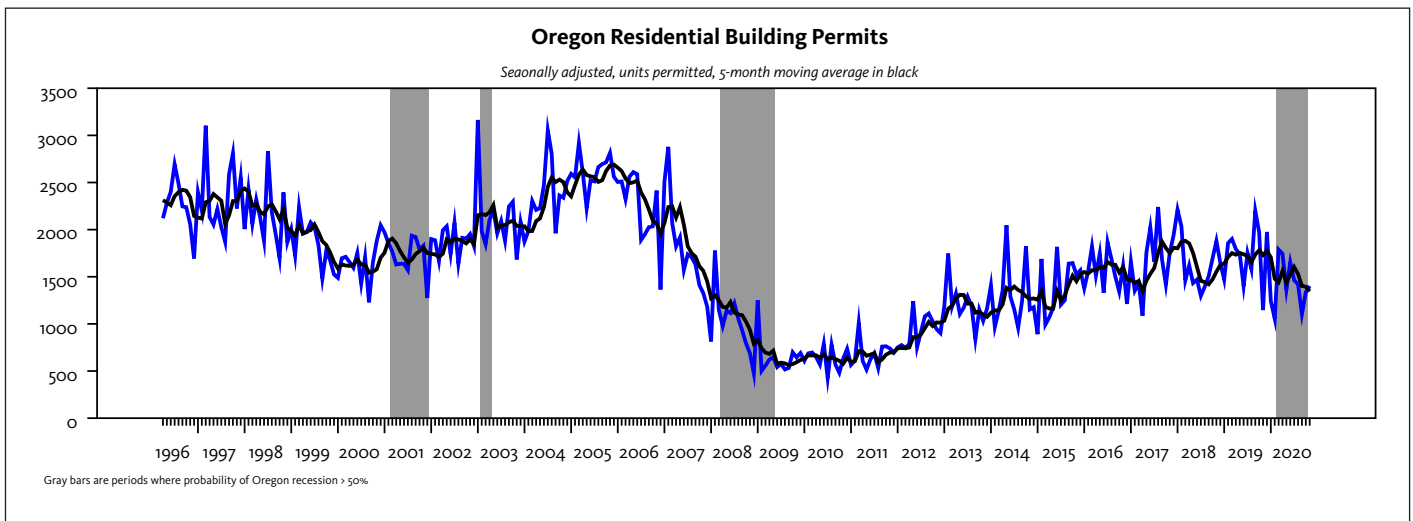
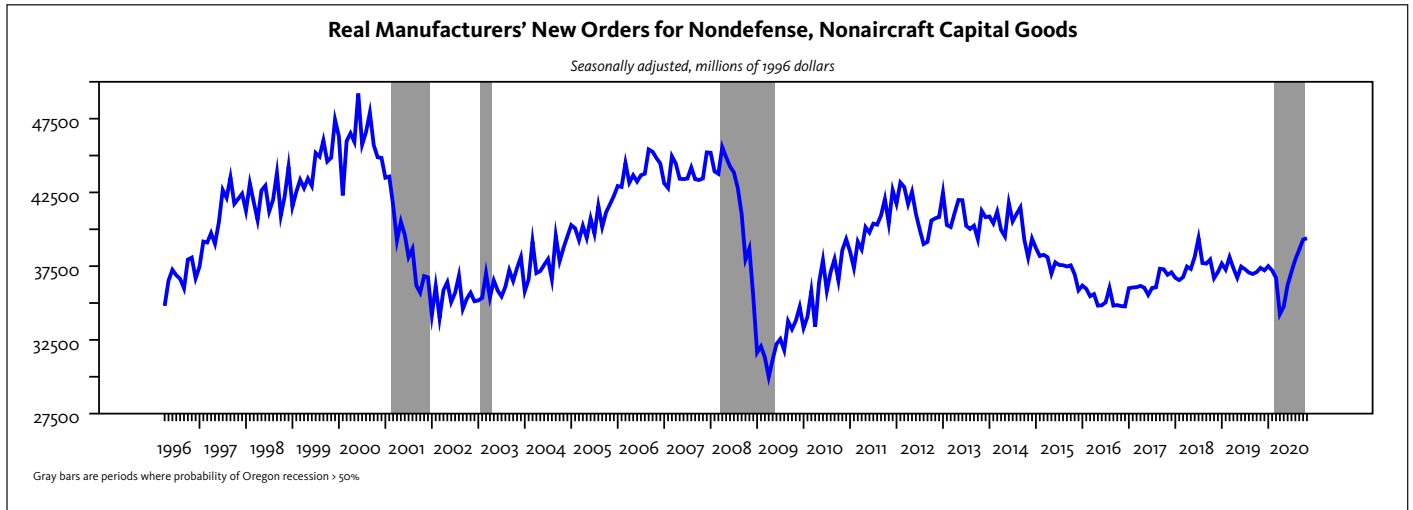
	Jun '20	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20
UO Index of Economic Indicators™, 1997 = 100	93.4	94.7	95.7	94.8	96.7	95.6
Percentage Change	1.3	1.5	1.0	-0.9	2.0	-1.1
Oregon Initial Unemployment Claims, SA*	18,278	10,427	7,199	7,896	6,179	10,432
Oregon Employment Services Payrolls, SA	30,935	33,438	34,542	34,758	37,092	37,818
Oregon Residential Building Permits, SA, 5 MMA*	1,521	1,603	1,529	1,401	1,396	1,345
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	124.82	123.69	127.20	123.76	123.11	121.72
Oregon Manufacturing Average Weekly Hours, SA	37.90	37.79	37.85	35.75	37.61	37.89
US Consumer Sentiment, SA, 5 MMA	82.5	76.8	73.8	75.5	77.4	77.1
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	36,228	37,115	37,964	38,615	39,304	39,389
Interest Rate Spread	0.65	0.53	0.55	0.59	0.70	0.78

SA = Seasonally Adjusted, MMA = Months Moving Average

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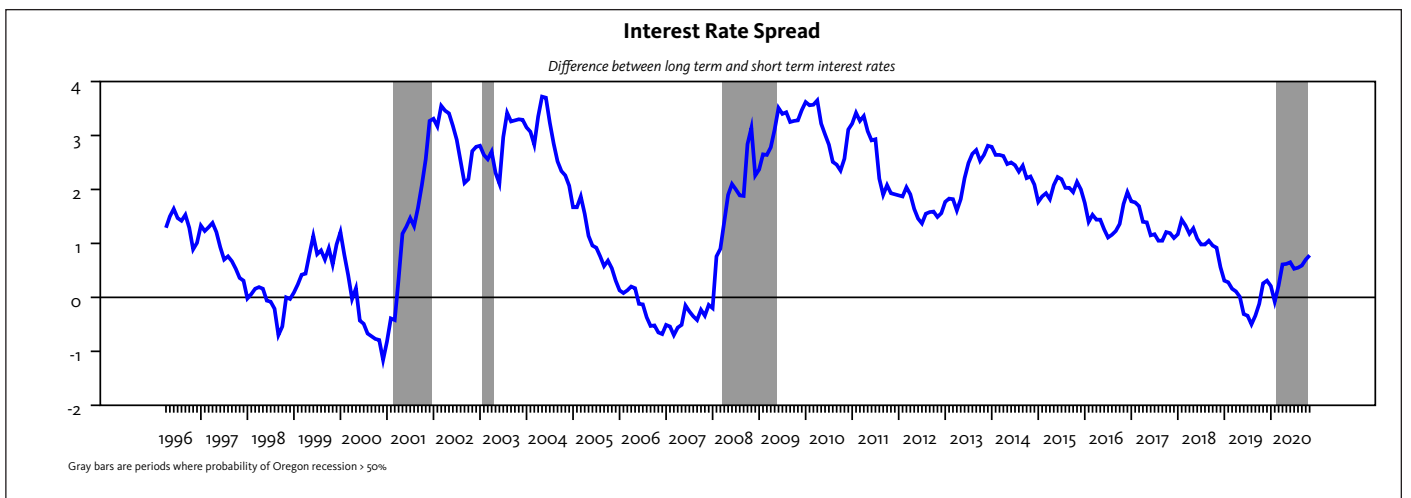
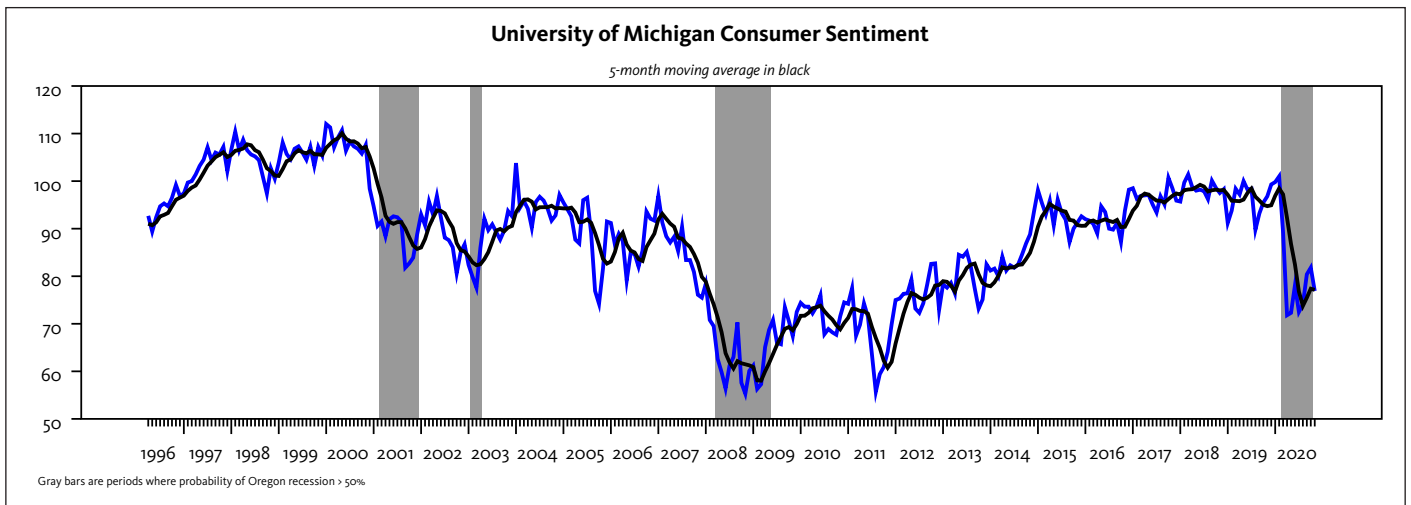
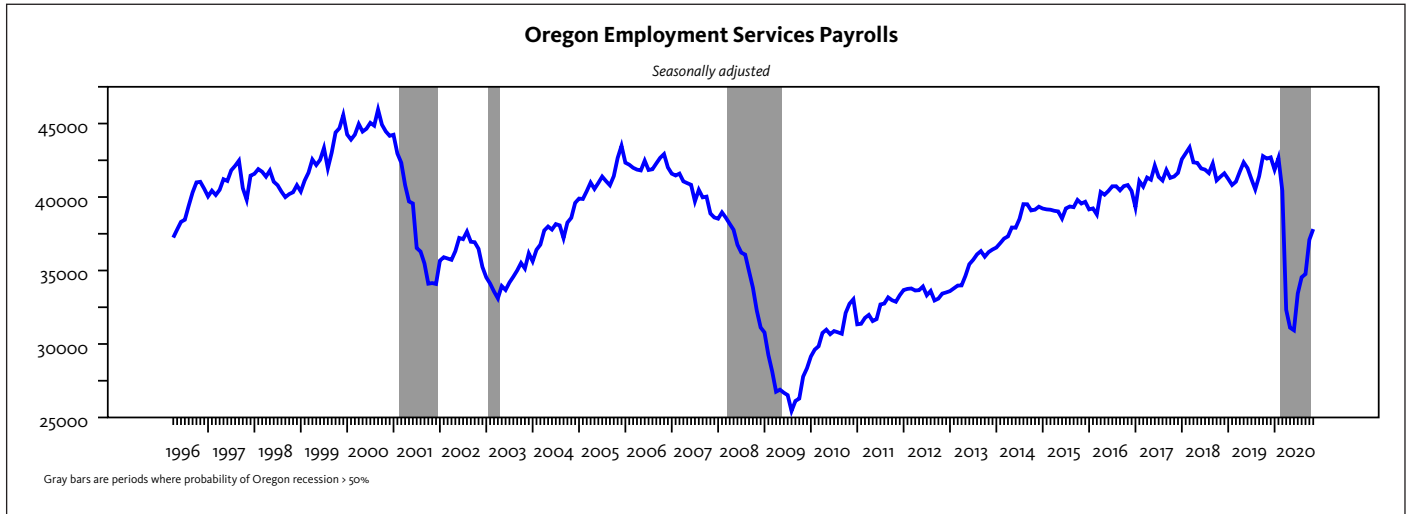


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