

# State of Oregon Economic Indicators™



February 2021

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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.

## CONTACT

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## Review

The Oregon Measure of Economic Activity edged down 0.16 in February from a revised 0.19 in January. The moving average measure, which smooths out the monthly volatility, was -0.08, just below the average reading but low relative to past economic expansions. Employment components in the services sector provided the most substantial support to the measure while the hours worked component of the manufacturing sector made the largest negative contribution. Note though that remaining manufacturing components made nearly neutral contributions; overall, the sector is experiencing a healthy pace of growth as it rebounds from the pandemic.

The University of Oregon Index of Economic Indicators rose 0.3% in February while the January gain was revised upwards to 0.8% from 0.9%. This marks the third consecutive month of gains in the index. Initial unemployment claims continued to decline while employment services payrolls, largely temporary help,

edged higher; this combination generally signals an improving labor market. Oregon trucking activity as measured by the weight-distance tax rose for a second consecutive month, sustaining its general upward trend. Orders for core capital goods declined modestly; the typically volatile indicator had been on a sharp upward path for several months. Poor weather in much of the nation may have contributed to the decline but some normalization in the pace of new orders might also be a contributing factor. Housing units permitted rose to their highest level since August 2020.

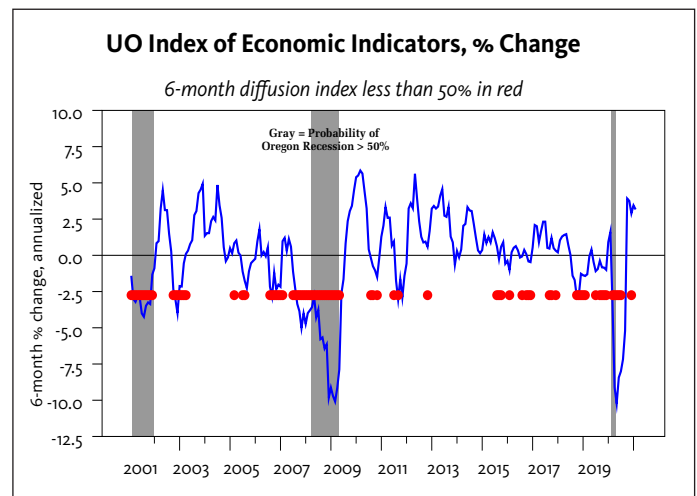
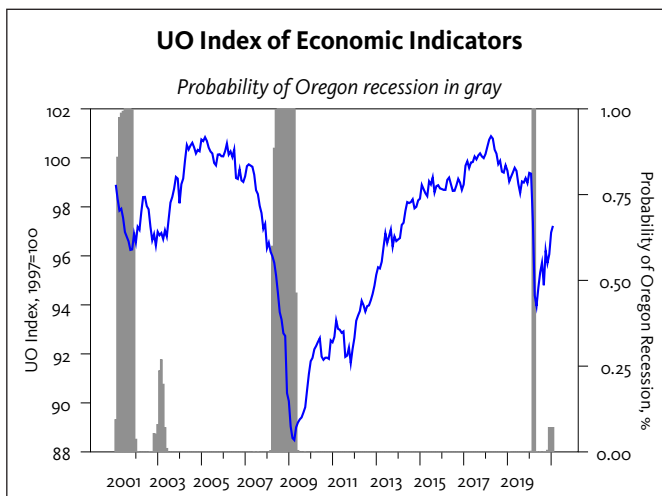
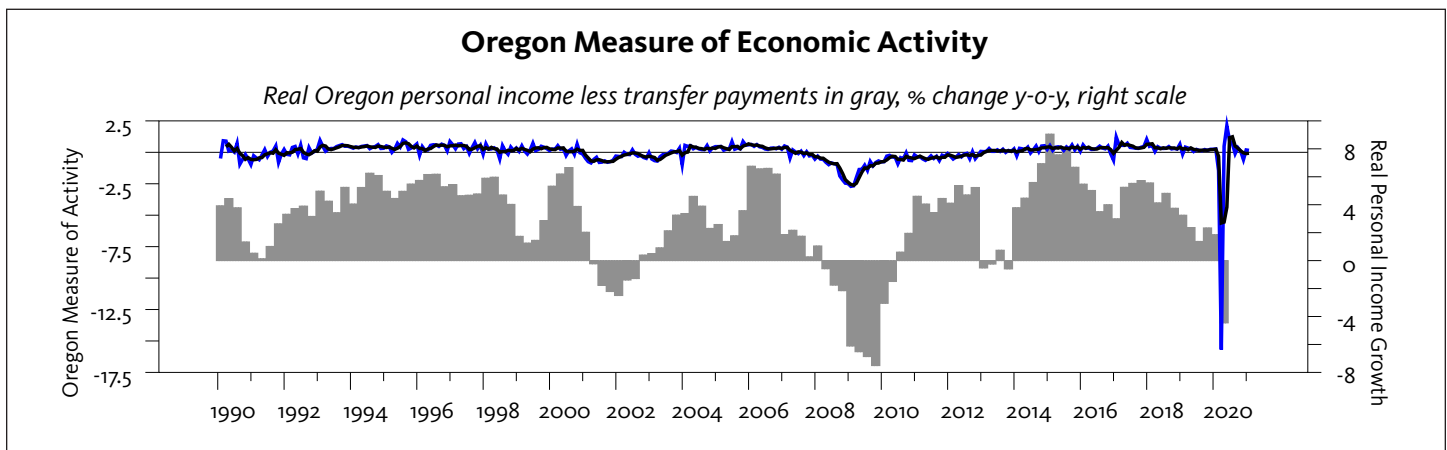
The economy continues to heal from the damage inflicted by the pandemic and the associated restrictions on business activity. Assuming expanding vaccine availability remains sufficient to maintain progress at containing the pandemic, the economy is set for a strong rebound in 2020 as heavily-impacted services such as leisure and hospitality reopen and expand capacity.

## Contributions to Oregon Measure of Economic Activity—February 2021

|   | Manufacturing | Construction | Households   | Services    |
|---|---------------|--------------|--------------|-------------|
| ISM Manufacturing: Imports Index                                | 0.05          |              |              |             |
| ISM Manufacturing: Supplier Deliveries Index                    | -0.01         |              |              |             |
| Manufacturing Employment, Oregon                                | -0.02         |              |              |             |
| Hours, Manufacturing Employees, Oregon                          | -0.14         |              |              |             |
| Manufacturing Exports, Oregon                                   | 0.00          |              |              |             |
| New Private Housing Units Authorized by Building Permit, Oregon |               | 0.00         |              |             |
| Construction Employment in Oregon                               |               | -0.02        |              |             |
| Natural Resources and Mining Employment, Oregon                 |               | 0.00         |              |             |
| Employment Services Employment, Oregon                          |               |              | 0.01         |             |
| Initial Unemployment Claims, Oregon                             |               |              | -0.02        |             |
| Civilian Labor Force, Oregon                                    |               |              | 0.00         |             |
| Unemployment Rate, Oregon                                       |               |              | 0.01         |             |
| 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              |               |              |              | -0.02       |
| Financial Activities Employment, Oregon                         |               |              |              | 0.08        |
| Government Employment, Oregon                                   |               |              |              | 0.01        |
| Leisure and Hospitality Employment, Oregon                      |               |              |              | 0.23        |
| Professional and Business Services Employment, Oregon           |               |              |              | -0.11       |
| Other Services Employment, Oregon                               |               |              |              | 0.06        |
| Trade, Transportation and Utilities Employment, Oregon          |               |              |              | 0.09        |
| <b>Total by Sector</b>  | <b>-0.13</b>  | <b>-0.01</b> | <b>-0.03</b> | <b>0.34</b> |
|   | Dec '20       | Jan '21      | Feb '21      |             |
| Oregon Measure of Economic Activity                             | -0.58         | 0.19         | 0.16         |             |
| Three-Month Moving Average                                      | -0.04         | -0.10        | -0.08        |             |

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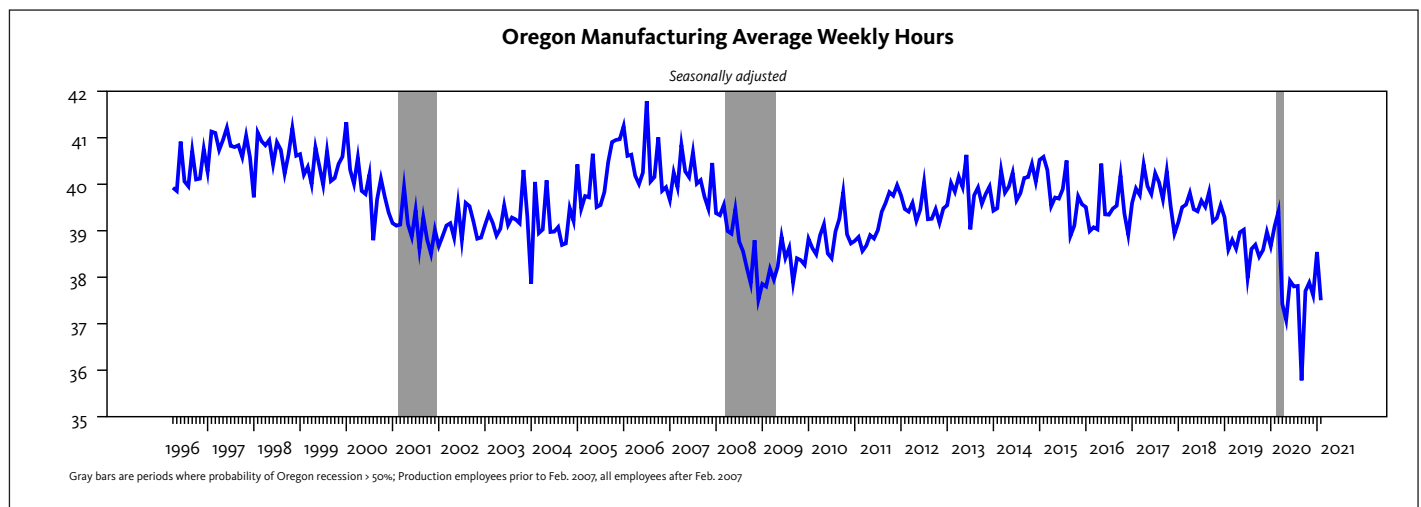
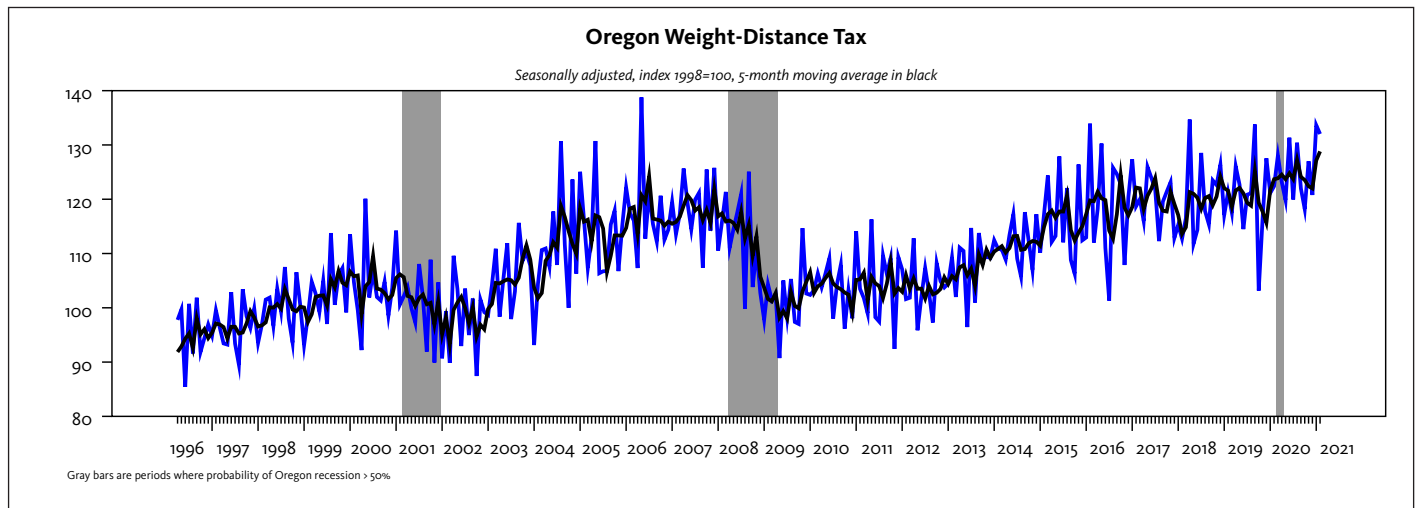
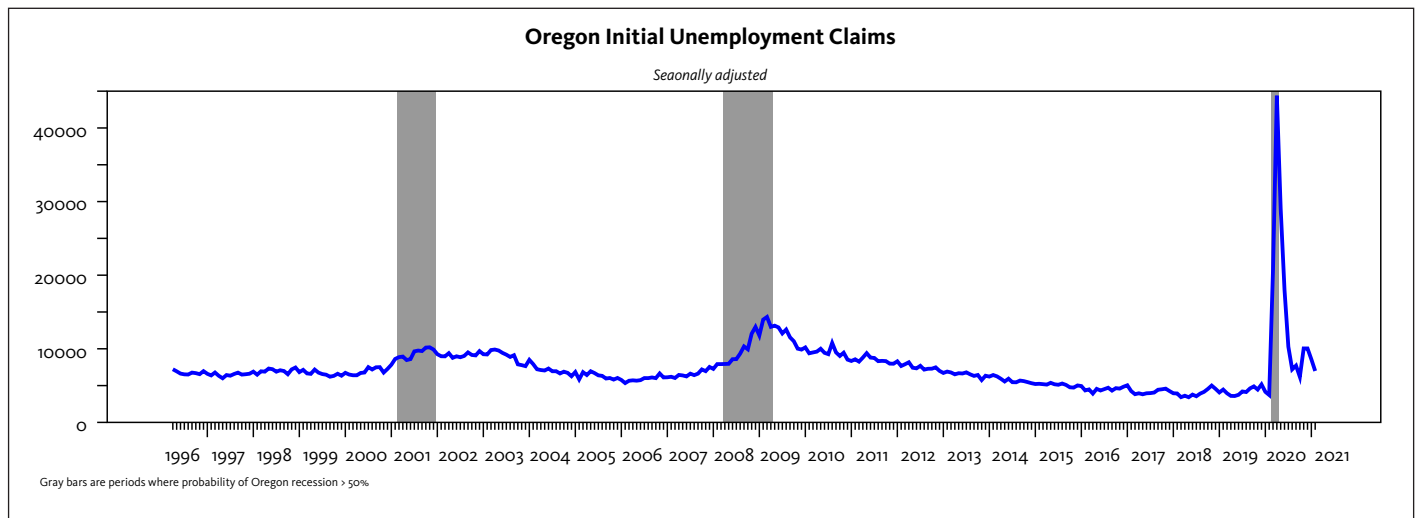
## University of Oregon Index of Economic Indicators–Summary and Components

|   | Sep '20 | Oct '20 | Nov '20 | Dec '20 | Jan '21 | Feb '21 |
|---|---------|---------|---------|---------|---------|---------|
| UO Index of Economic Indicators <sub>M</sub> , 1997 = 100                                   | 94.8    | 96.2    | 95.7    | 96.1    | 97.0    | 97.2    |
| Percentage Change   | -1.0    | 1.5     | -0.5    | 0.4     | 0.9     | 0.3     |
| Oregon Initial Unemployment Claims, SA*   | 7,714   | 6,187   | 10,048  | 10,046  | 8,575   | 6,985   |
| Oregon Employment Services Payrolls, SA   | 33,203  | 35,039  | 35,571  | 36,536  | 36,752  | 37,031  |
| Oregon Residential Building Permits, SA, 5 MMA*   | 1,416   | 1,417   | 1,358   | 1,369   | 1,363   | 1,456   |
| Oregon Weight-Distance Tax, SA, Index, 1998 = 100   | 124.12  | 123.53  | 122.39  | 121.99  | 127.14  | 128.81  |
| Oregon Manufacturing Average Weekly Hours, SA   | 35.78   | 37.70   | 37.88   | 37.61   | 38.54   | 37.50   |
| US Consumer Sentiment, SA, 5 MMA  | 75.5    | 77.4    | 77.1    | 78.8    | 79.8    | 79.0    |
| Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA | 38,636  | 39,311  | 39,724  | 40,246  | 40,378  | 39,956  |
| Interest Rate Spread  | 0.59    | 0.70    | 0.78    | 0.84    | 0.99    | 1.18    |

SA = Seasonally Adjusted, MMA = Months Moving Average

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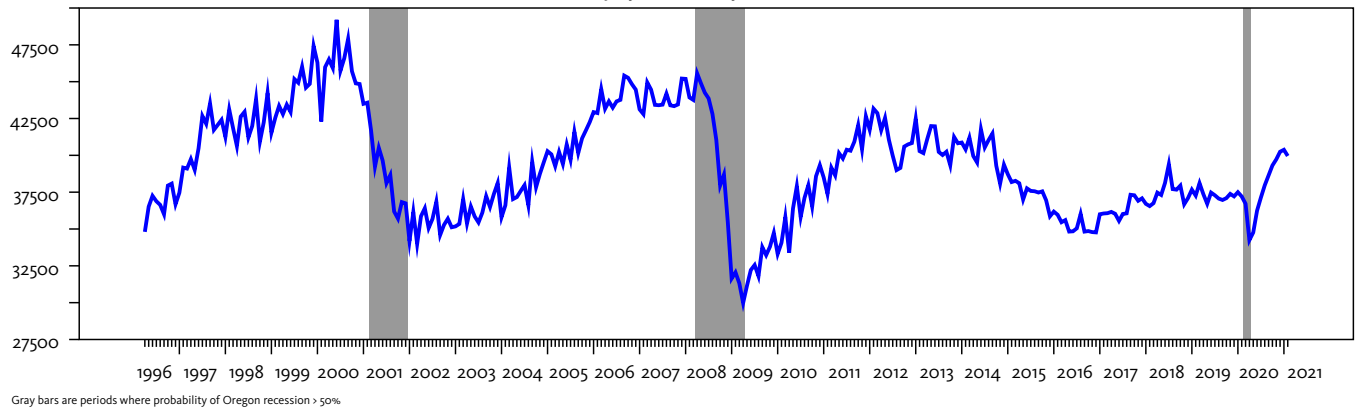


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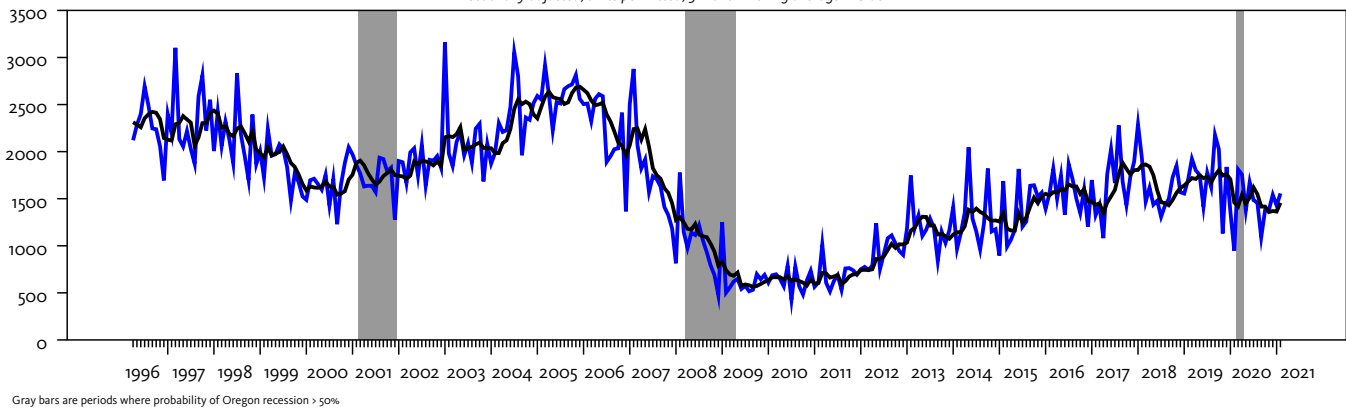
## Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods

Seasonally adjusted, millions of 1996 dollars



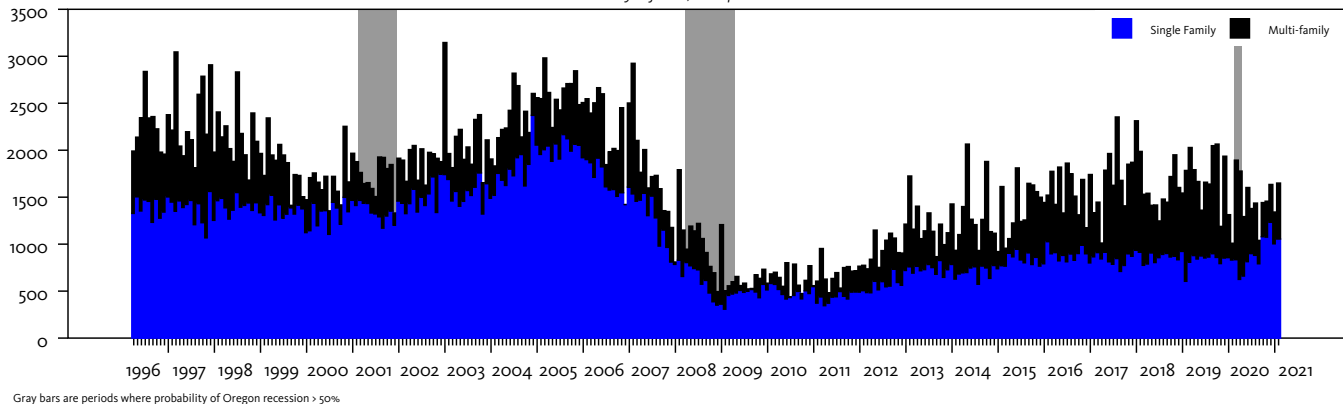
## Oregon Residential Building Permits

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



## Oregon Residential Building Permits

Seasonally adjusted, units permitted

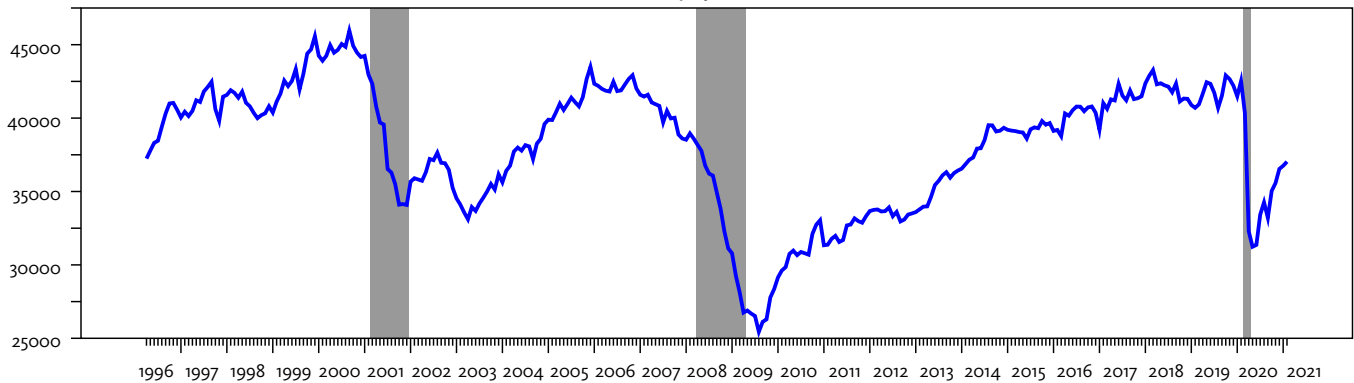


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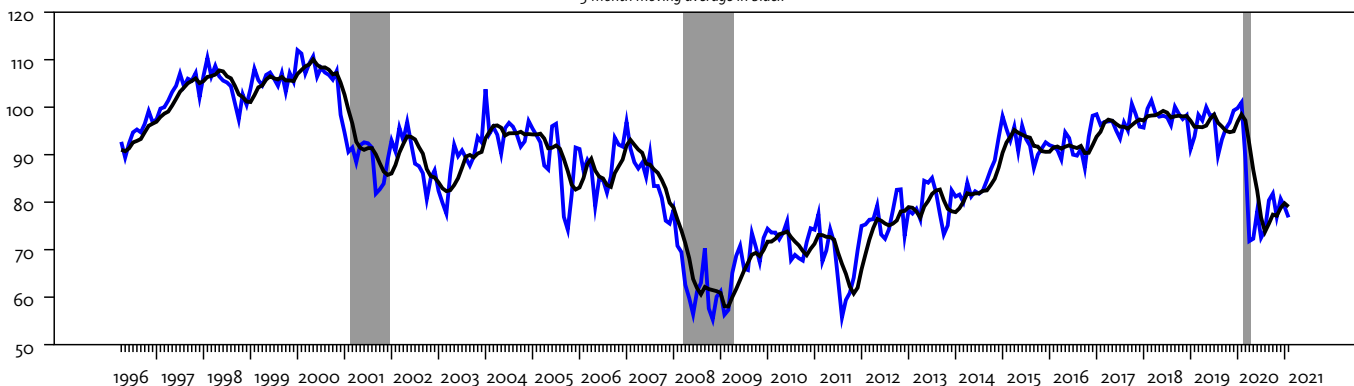
## Oregon Employment Services Payrolls

Seasonally adjusted



## University of Michigan Consumer Sentiment

5-month moving average in black



## Interest Rate Spread

Difference between long term and short term interest rates

