

# State of Oregon Economic Indicators™



January 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.

## Review

The Oregon Measure of Economic Activity was 0.28 in January indicating above average growth, while the moving average measure, which smooths out the volatility, was at -0.07, close to an average reading but low relative to past economic expansions. Job losses at the end of 2020 due to the intensification of the pandemic and subsequent restrictions on economic activity were partially reversed in January and positively supported the service sector component of the measure. Other components were mixed and yielded near-neutral contributions from the manufacturing, construction, and household sectors.

The University of Oregon Index of Economic Indicators rose 0.8% in January while the December gain was revised upwards to 0.4% from 0.1%. Initial unemployment claims fell as anticipated as the hit to jobs late last year eased. Employment services payrolls, largely temporary help, rose; this is traditionally a good leading indicator of future overall job growth. Housing units permitted have been steady in recent months.

Oregon trucking activity as measured by the weight-distance tax rose; trucking activity did not suffer the declines typically associated with economic downturns because during the past year goods spending surged while services spending struggled. Average weekly hours worked in manufacturing rose, consumer sentiment firmed, and orders for manufactured capital goods maintained its V-shaped recovery, all positive signs suggesting stronger economic activity ahead.

Data were updated to incorporate annual revisions to employment series. The recession probability measure was also updated. This measure, developed by UO economics professor Jeremy Piger, indicates that the technical recession, as defined by negative economic activity, most likely lasted only two months, March and April of 2020. While growing since May, however, the economy remains well below pre-pandemic levels of activity.

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

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.06			
ISM Manufacturing: Supplier Deliveries Index	-0.01			
Manufacturing Employment, Oregon	0.08			
Hours, Manufacturing Employees, Oregon	-0.08			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		-0.01		
Construction Employment in Oregon		-0.09		
Natural Resources and Mining Employment, Oregon		0.03		
Employment Services Employment, Oregon			-0.01	
Initial Unemployment Claims, Oregon			-0.07	
Civilian Labor Force, Oregon			0.04	
Unemployment Rate, Oregon			0.01	
Interest Rate Spread			0.01	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan—Reuters			-0.04	
Educational and Health Services Employment, Oregon				0.04
Financial Activities Employment, Oregon				0.13
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.04
Professional and Business Services Employment, Oregon				0.04
Other Services Employment, Oregon				0.05
Trade, Transportation and Utilities Employment, Oregon				0.07
<b>Total by Sector</b>	<b>0.03</b>	<b>-0.08</b>	<b>-0.05</b>	<b>0.37</b>
	Nov '20	Dec '20	Jan '21	
Oregon Measure of Economic Activity	0.09	-0.58	0.28	
Three-Month Moving Average	0.11	-0.05	-0.07	

## CONTACT

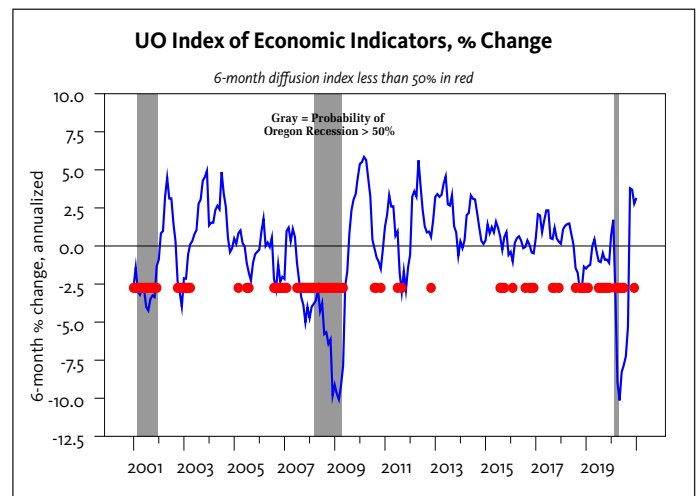
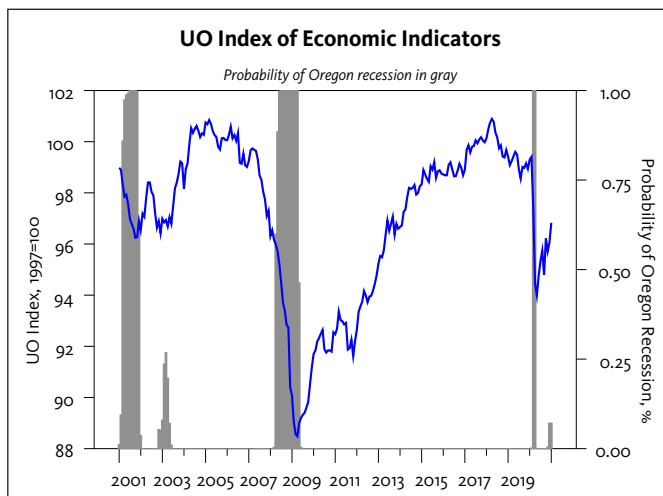
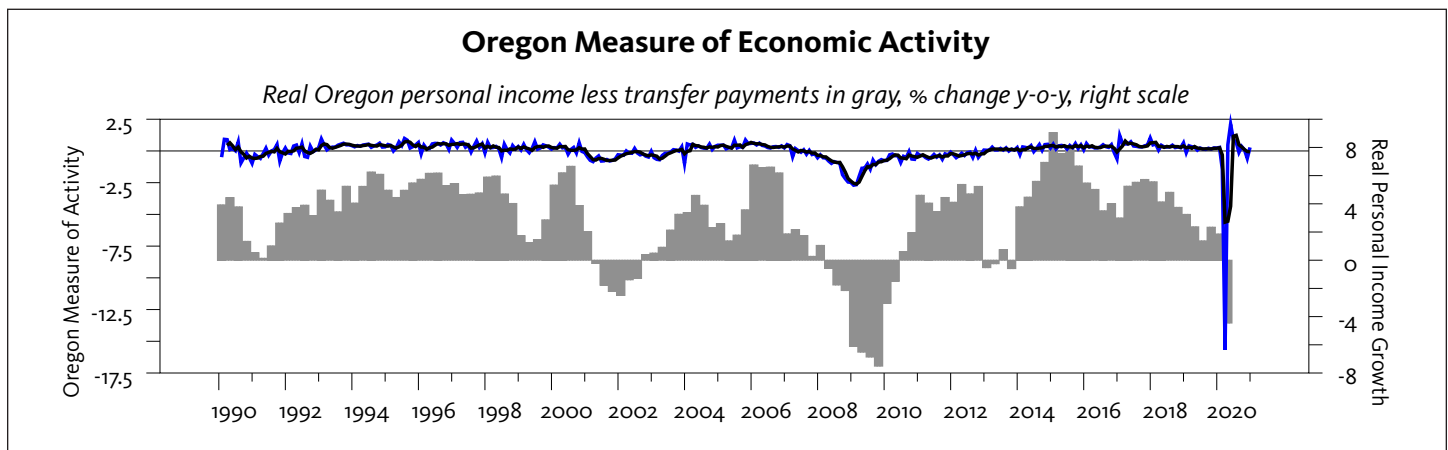
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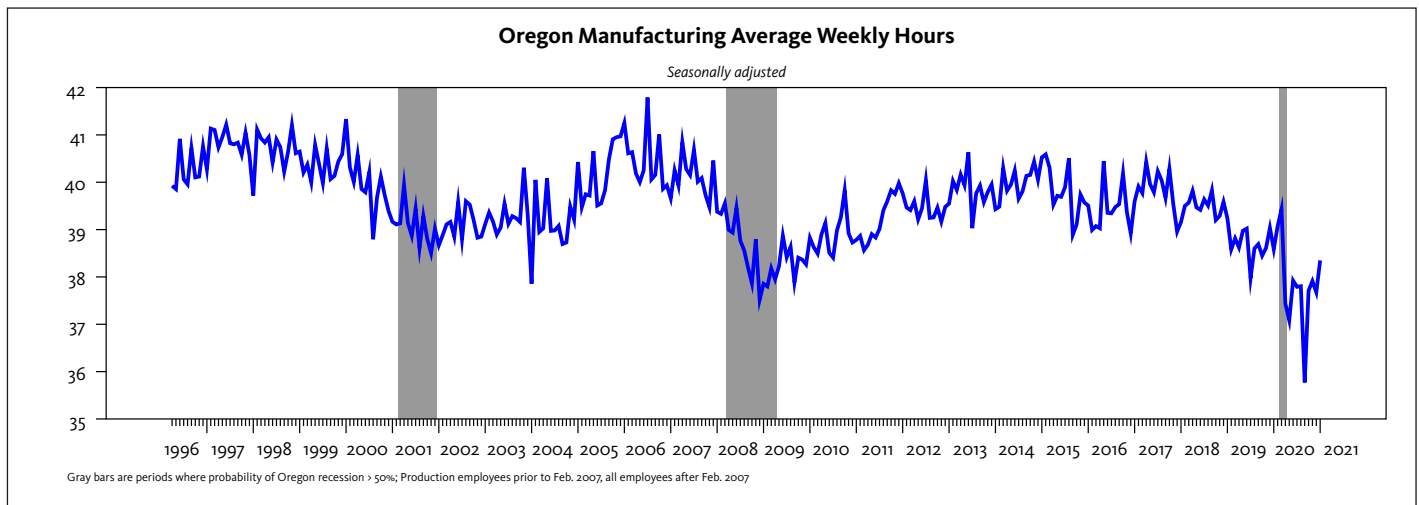
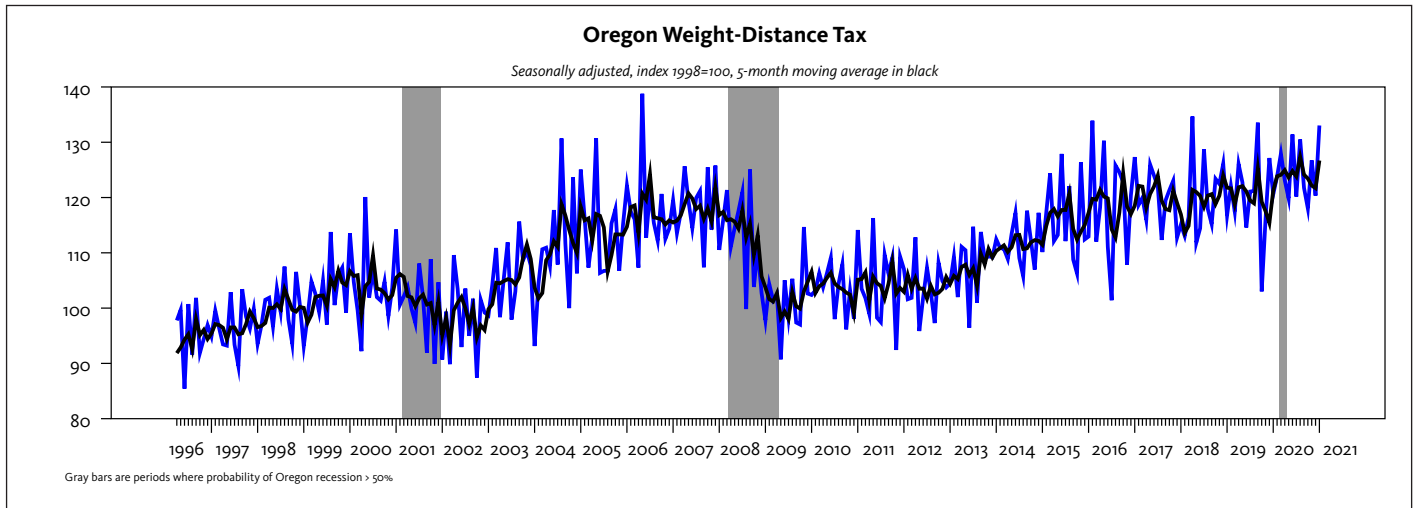
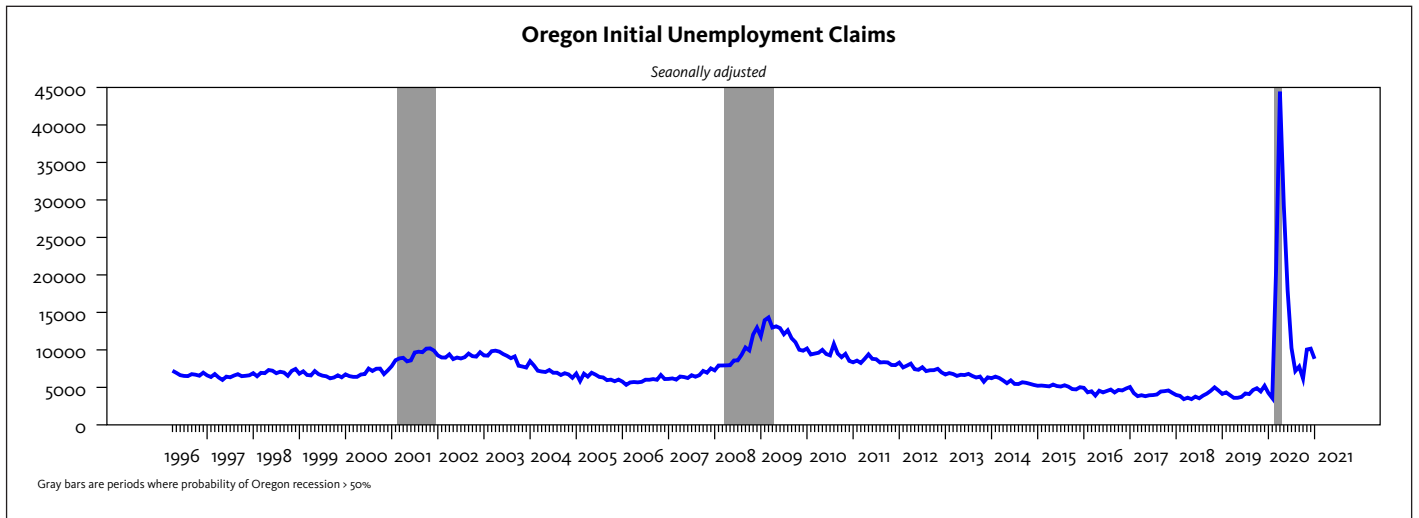
## University of Oregon Index of Economic Indicators–Summary and Components

	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21
UO Index of Economic Indicators™, 1997 = 100	95.7	94.8	96.2	95.7	96.1	96.8
Percentage Change	0.4	-1.0	1.5	-0.5	0.4	0.8
Oregon Initial Unemployment Claims, SA*	7,178	7,778	6,178	10,046	10,164	8,810
Oregon Employment Services Payrolls, SA	34,241	33,142	35,013	35,565	36,534	36,706
Oregon Residential Building Permits, SA, 5 MMA*	1,545	1,412	1,411	1,353	1,362	1,351
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	127.36	124.14	123.43	122.17	121.70	126.70
Oregon Manufacturing Average Weekly Hours, SA	37.80	35.77	37.71	37.91	37.68	38.35
US Consumer Sentiment, SA, 5 MMA	73.8	75.5	77.4	77.1	78.8	79.8
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	37,964	38,636	39,311	39,724	40,246	40,285
Interest Rate Spread	0.55	0.59	0.70	0.78	0.84	0.99

SA = Seasonally Adjusted, MMA = Months Moving Average

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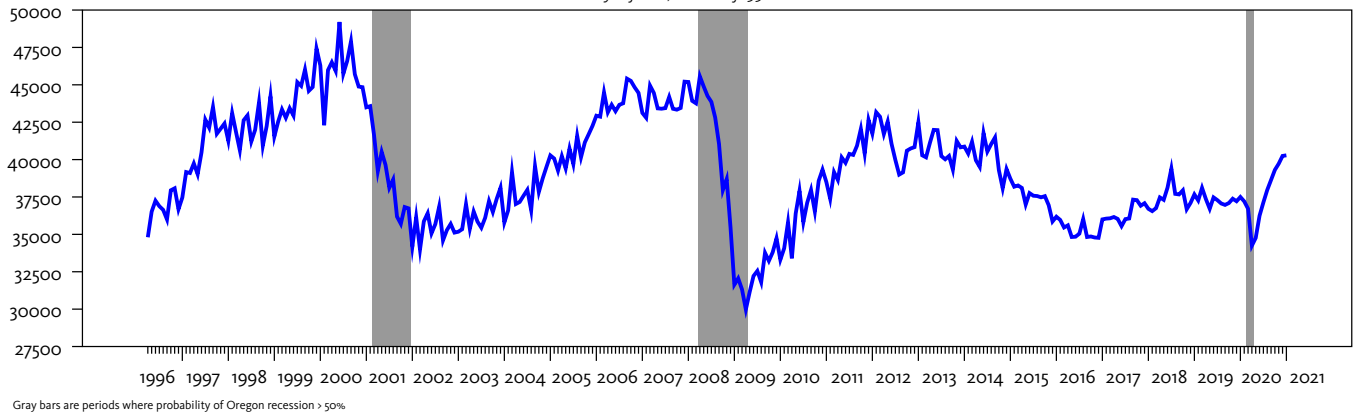


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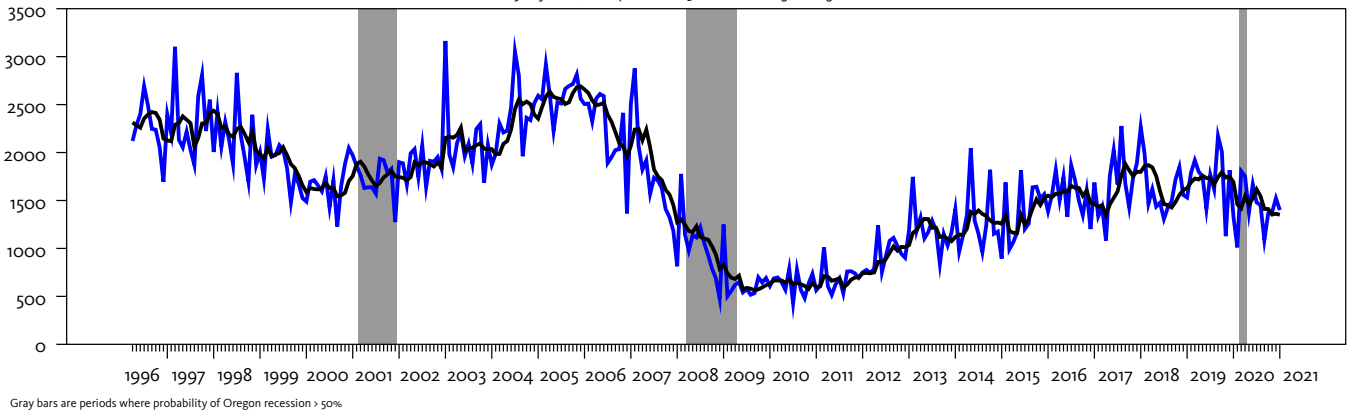
## Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods

Seasonally adjusted, millions of 1996 dollars



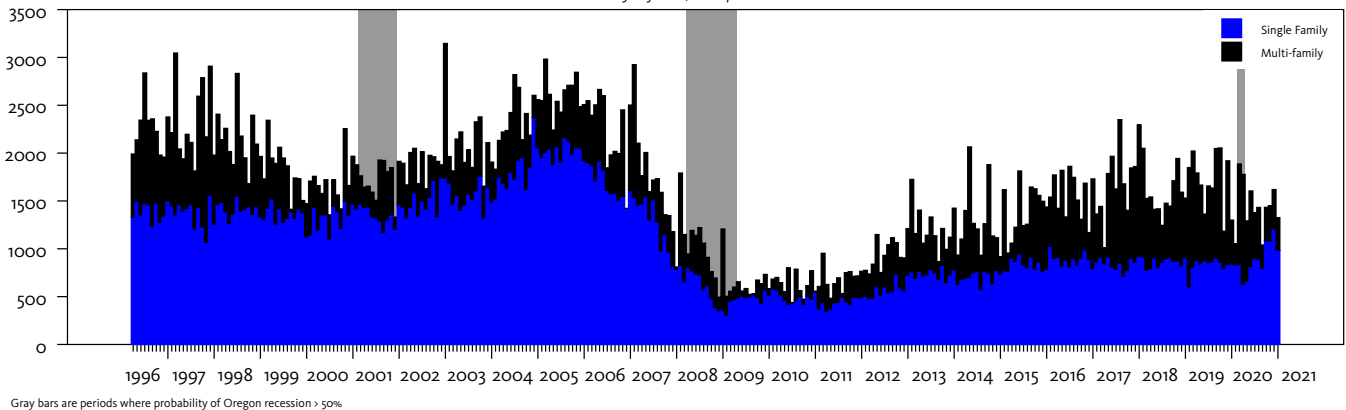
## Oregon Residential Building Permits

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



## Oregon Residential Building Permits

Seasonally adjusted, units permitted

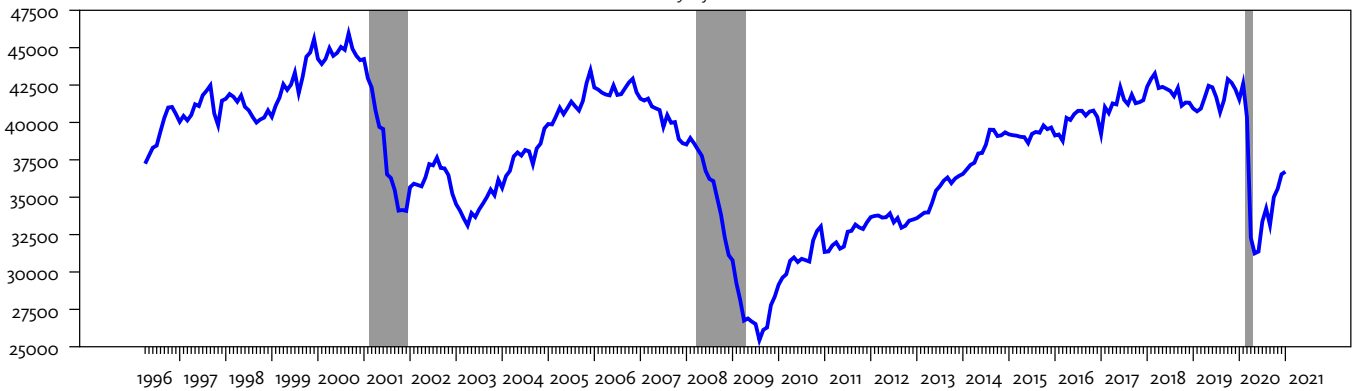


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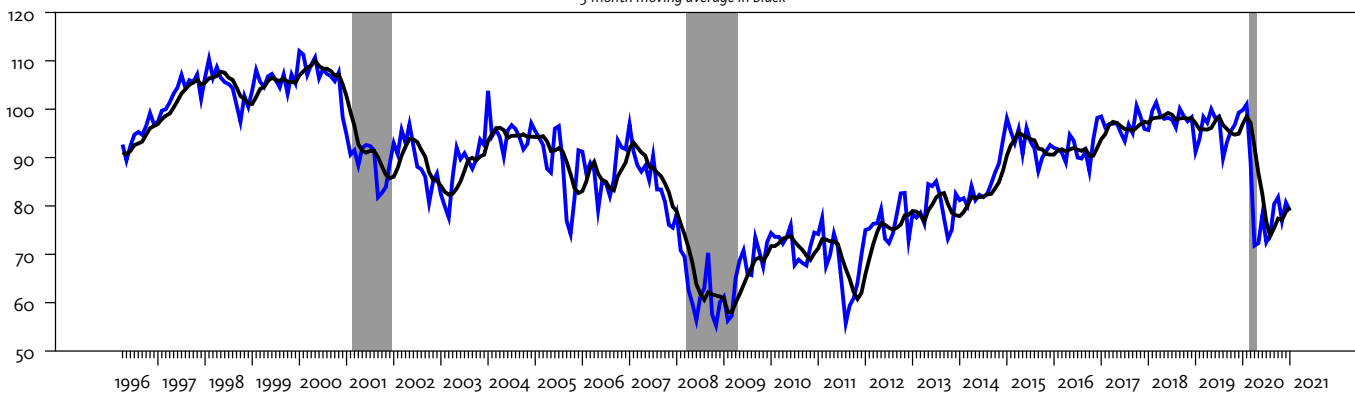
## Oregon Employment Services Payrolls

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

