

# State of Oregon Economic Indicators™



March 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 rose in March to 0.60 from an upwardly revised 0.40 in February. The moving average measure, which smooths out the volatility, was 0.40 where 0.0 is the average pace of growth since 1990. A substantial gain in leisure and hospitality employment provided a large boost to the services component. The construction and household sectors made modest negative and positive contributions, respectively. Employment made a large contribution to the manufacturing component. Overall, the measure of economic activity indicates the state is heading towards growth trend consistent with past expansions.

The University of Oregon Index of Economic Indicators saw a large gain, rising 1.2% in March. All components improved during the month. Initial unemployment claims continued to decline while employment services payrolls, largely temporary help, edged rose again. Oregon trucking activity

as measured by the weight-distance tax rose to a record high; trucking activity did not slow sharply during the pandemic as spending on goods rose. Orders for core capital goods rose after a small decline in February; average weekly hours work in manufacturing rose. Housing units permitted bounced higher on the back of gains in both single- and multi-family homes. Consumer confidence is beginning to recovery more quickly. Market participants bid up longer term interest rates higher and widened the spread against the Federal Funds rate; a large spread typically indicates economic activity will continue to improve.

The economy is rebounding quickly from the pandemic recession. Progress should continue as the pandemic comes under greater control although recently rising Covid-19 cases in Oregon may temper some of the potential gains in the very near term.

## Contributions to Oregon Measure of Economic Activity–March 2021

|   | Manufacturing | Construction | Households  | Services    |
|---|---------------|--------------|-------------|-------------|
| ISM Manufacturing: Imports Index                                | 0.06          |              |             |             |
| ISM Manufacturing: Supplier Deliveries Index                    | -0.01         |              |             |             |
| Manufacturing Employment, Oregon                                | 0.19          |              |             |             |
| Hours, Manufacturing Employees, Oregon                          | -0.07         |              |             |             |
| Manufacturing Exports, Oregon                                   | 0.00          |              |             |             |
| New Private Housing Units Authorized by Building Permit, Oregon |               | 0.02         |             |             |
| Construction Employment in Oregon                               |               | 0.04         |             |             |
| Natural Resources and Mining Employment, Oregon                 |               | -0.11        |             |             |
| Employment Services Employment, Oregon                          |               |              | 0.03        |             |
| Initial Unemployment Claims, Oregon                             |               |              | 0.02        |             |
| Civilian Labor Force, Oregon                                    |               |              | 0.01        |             |
| Unemployment Rate, Oregon                                       |               |              | 0.01        |             |
| Interest Rate Spread  |               |              | 0.00        |             |
| S & P 500 Stock Index   |               |              | 0.00        |             |
| Consumer Sentiment, University of Michigan–Reuters              |               |              | -0.01       |             |
| Educational and Health Services Employment, Oregon              |               |              |             | 0.02        |
| Financial Activities Employment, Oregon                         |               |              |             | -0.02       |
| Government Employment, Oregon                                   |               |              |             | 0.00        |
| Leisure and Hospitality Employment, Oregon                      |               |              |             | 0.26        |
| Professional and Business Services Employment, Oregon           |               |              |             | 0.03        |
| Other Services Employment, Oregon                               |               |              |             | 0.06        |
| Trade, Transportation and Utilities Employment, Oregon          |               |              |             | 0.05        |
| <b>Total by Sector</b>  | <b>0.17</b>   | <b>-0.04</b> | <b>0.07</b> | <b>0.40</b> |
|   | Jan '21       | Feb '21      | Mar '21     |             |
| Oregon Measure of Economic Activity                             | 0.18          | 0.40         | 0.60        |             |
| Three-Month Moving Average                                      | -0.10         | 0.00         | 0.40        |             |

## CONTACT

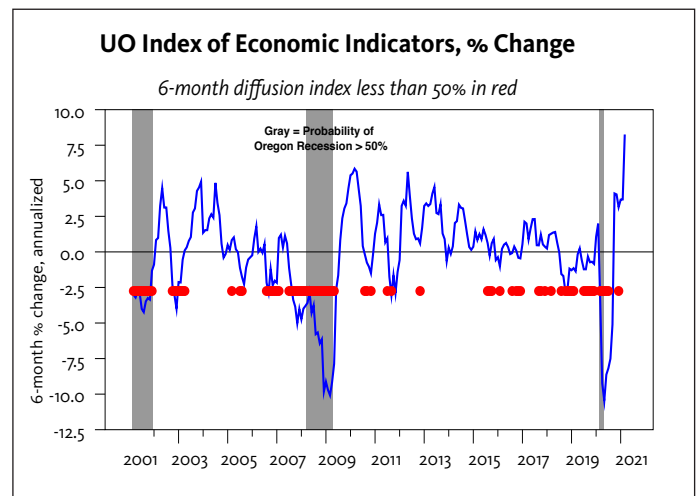
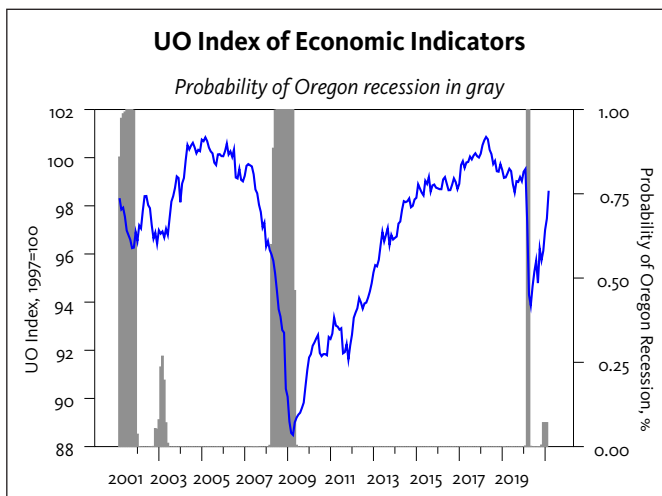
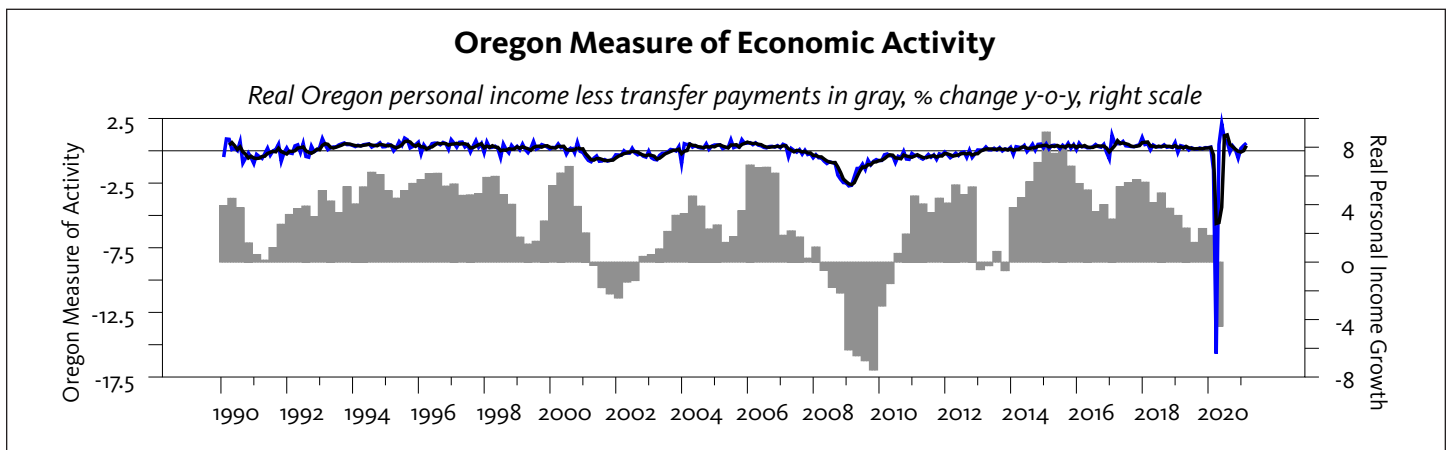
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## University of Oregon Index of Economic Indicators–Summary and Components

|   | Oct '20 | Nov '20 | Dec '20 | Jan '21 | Feb '21 | Mar '21 |
|---|---------|---------|---------|---------|---------|---------|
| UO Index of Economic Indicators <sub>M</sub> , 1997 = 100                                   | 96.2    | 95.7    | 96.1    | 97.0    | 97.5    | 98.6    |
| Percentage Change   | 1.5     | -0.5    | 0.4     | 0.9     | 0.5     | 1.2     |
| Oregon Initial Unemployment Claims, SA*   | 6,340   | 10,178  | 10,089  | 8,542   | 6,839   | 6,222   |
| Oregon Employment Services Payrolls, SA   | 35,144  | 35,593  | 36,500  | 36,710  | 37,188  | 37,577  |
| Oregon Residential Building Permits, SA, 5 MMA*   | 1,420   | 1,372   | 1,388   | 1,387   | 1,494   | 1,586   |
| Oregon Weight-Distance Tax, SA, Index, 1998 = 100   | 123.60  | 122.59  | 122.42  | 127.76  | 129.66  | 136.57  |
| Oregon Manufacturing Average Weekly Hours, SA   | 37.73   | 37.92   | 37.69   | 38.42   | 37.82   | 38.54   |
| US Consumer Sentiment, SA, 5 MMA  | 77.4    | 77.1    | 78.8    | 79.8    | 79.0    | 79.7    |
| Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA | 39,311  | 39,724  | 40,246  | 40,431  | 39,984  | 40,337  |
| Interest Rate Spread  | 0.70    | 0.78    | 0.84    | 0.99    | 1.18    | 1.54    |

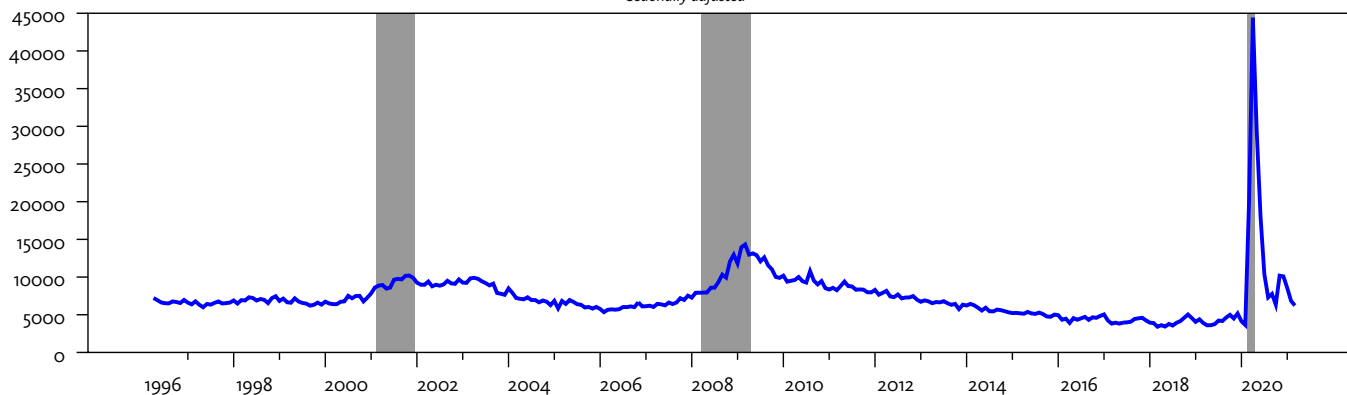
SA = Seasonally Adjusted, MMA = Months Moving Average

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## Oregon Initial Unemployment Claims

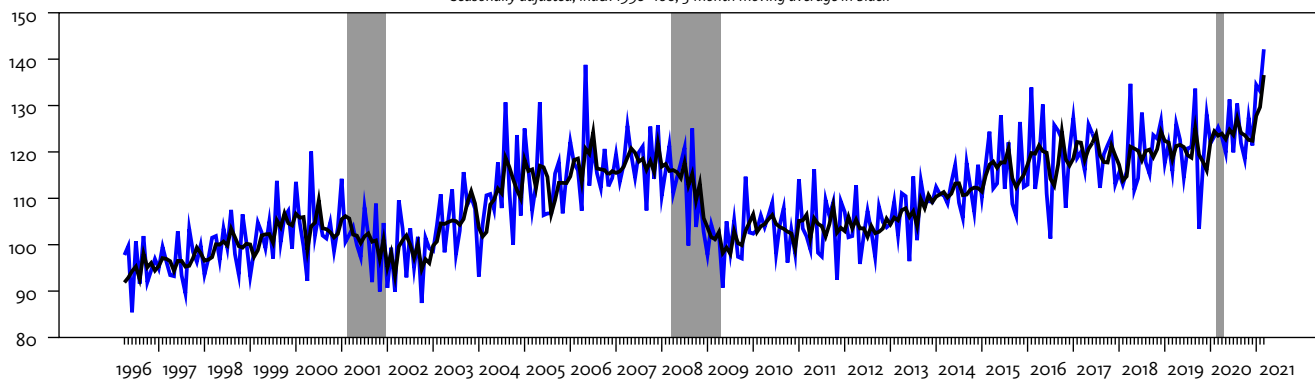
Seasonally adjusted



Gray bars are periods where probability of Oregon recession > 50%

## Oregon Weight-Distance Tax

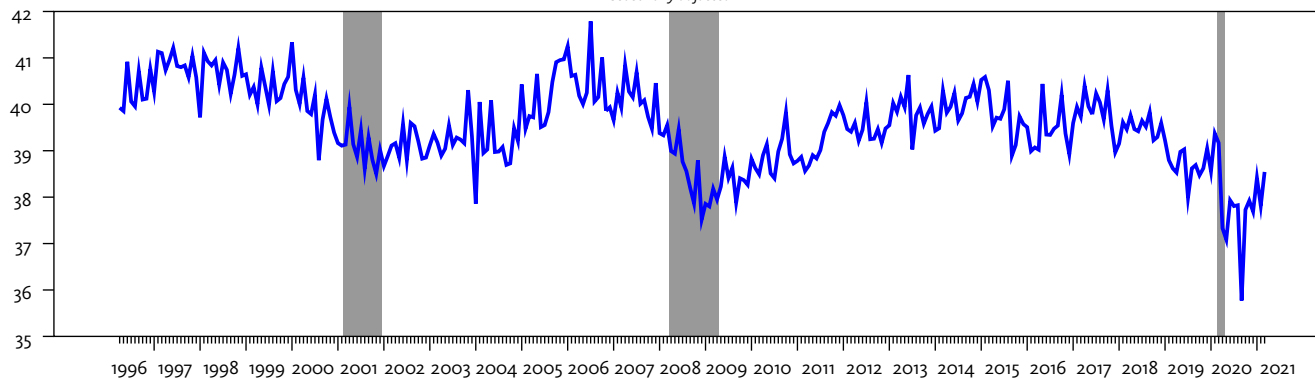
Seasonally adjusted, index 1998=100, 5-month moving average in black



Gray bars are periods where probability of Oregon recession > 50%

## Oregon Manufacturing Average Weekly Hours

Seasonally adjusted



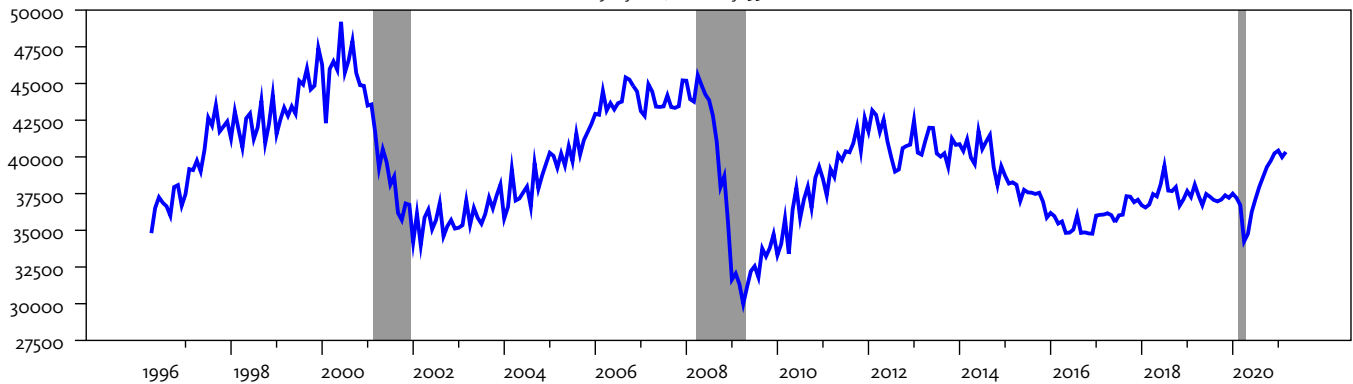
Gray bars are periods where probability of Oregon recession > 50%; Production employees prior to Feb. 2007, all employees after Feb. 2007

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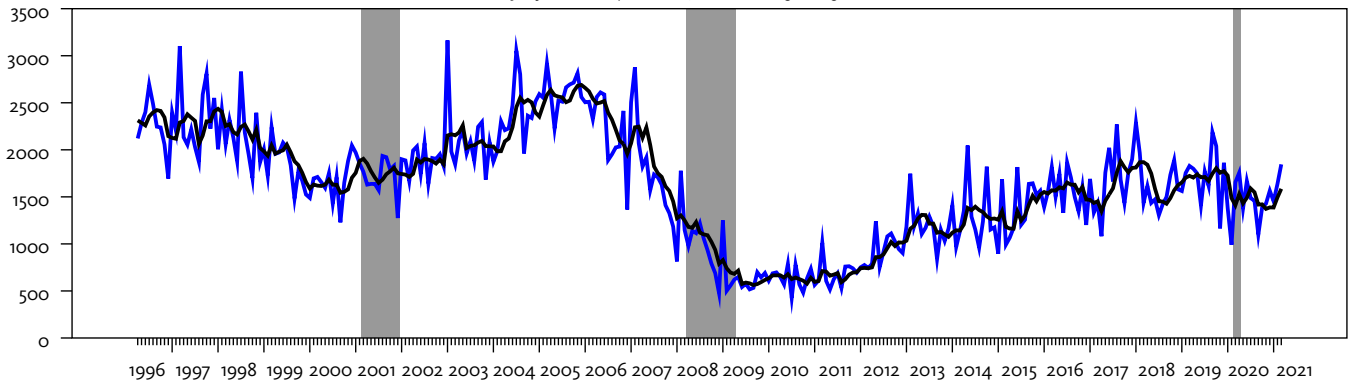
## Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods

Seasonally adjusted, millions of 1996 dollars



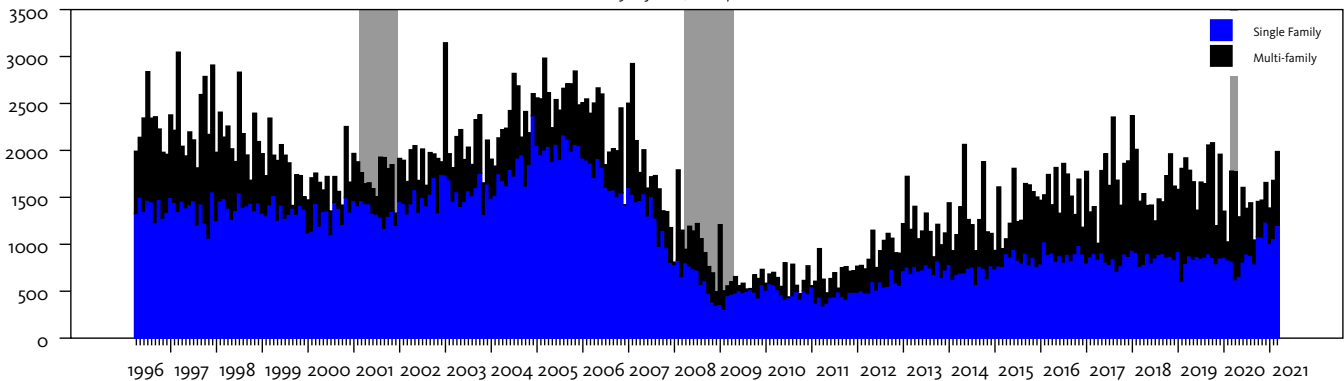
## Oregon Residential Building Permits

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



## Oregon Residential Building Permits

Seasonally adjusted, units permitted

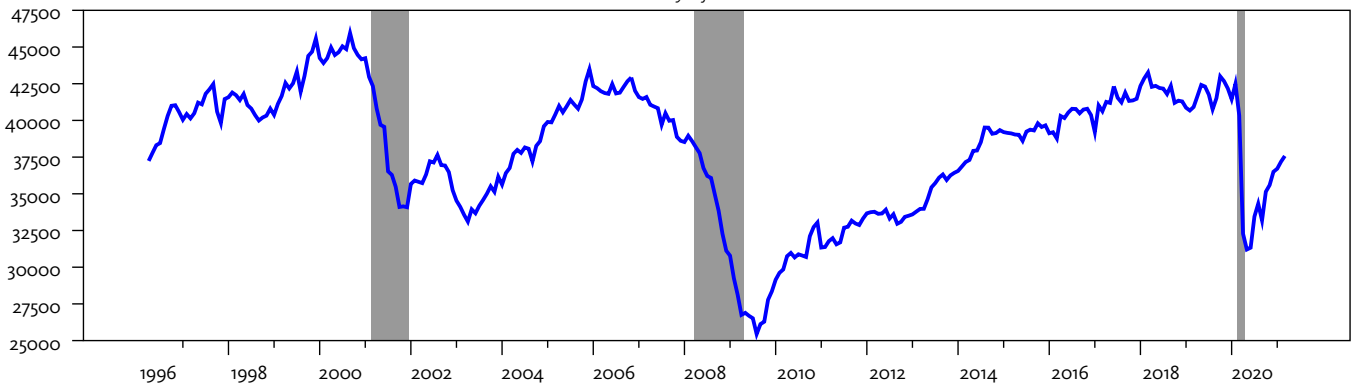


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## Oregon Employment Services Payrolls

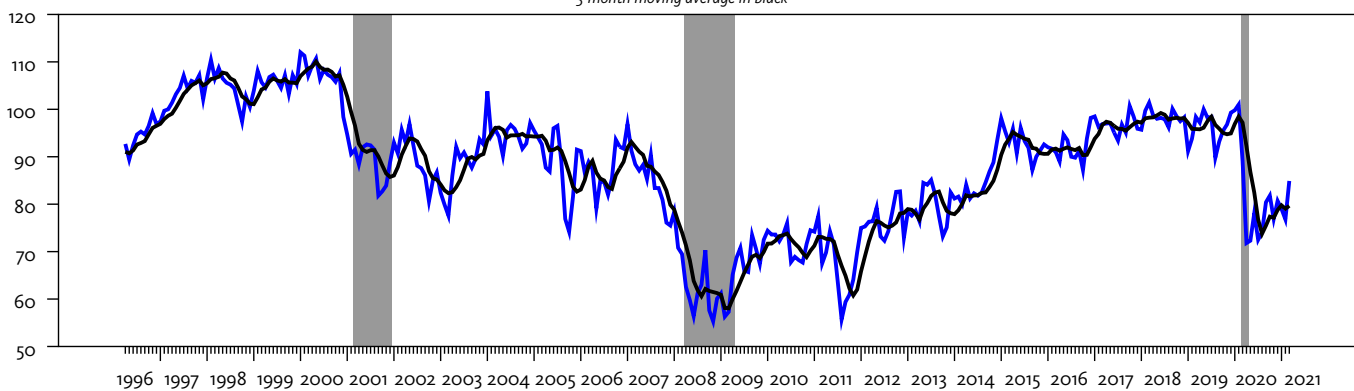
Seasonally adjusted



Gray bars are periods where probability of Oregon recession > 50%

## University of Michigan Consumer Sentiment

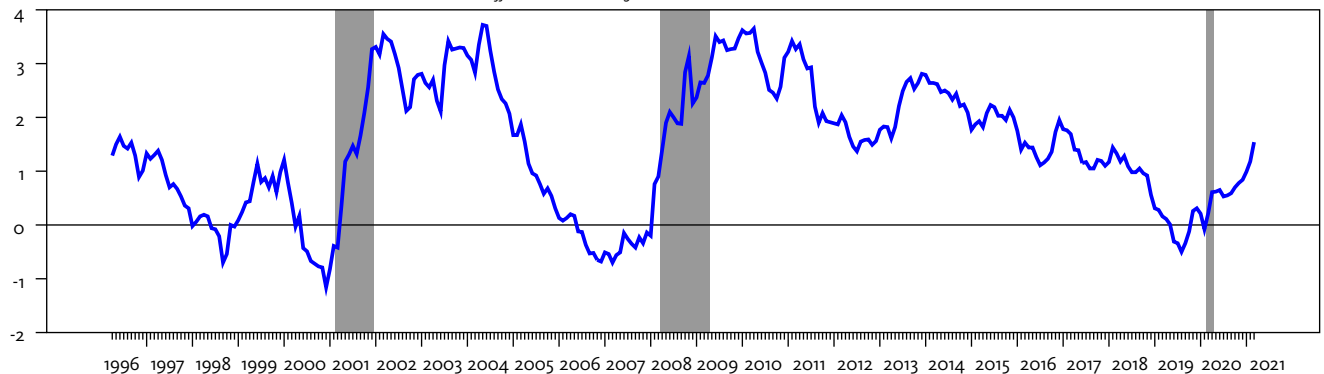
5-month moving average in black



Gray bars are periods where probability of Oregon recession > 50%

## Interest Rate Spread

Difference between long term and short term interest rates



Gray bars are periods where probability of Oregon recession > 50%