

State of Oregon Economic Indicators™



May 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

Oregon's economic recovery gained steam in May. The Oregon Measure of Economic Activity rose to 0.42 in May from 0.05 in April. The moving average measure, which smooths out the monthly volatility, was 0.30 where zero is the average pace of growth since 1990; currently, Oregon's economy is growing at an above average pace. The household sector made a modest negative contribution to the measure; all other sectors contributed positively. The largest contribution came from the employment components of the services sector; these components are generally improving as firms add back workers shed during the pandemic.

The University of Oregon Index of Economic Indicators rose 0.5% in May for the sixth consecutive monthly gain. Initial unemployment claims fell modestly; claims will head lower this week as the recovery progress.

Employment services payrolls, mostly temporary help, fell slightly; widespread reports of labor shortages suggest that hiring is slower than expected due to a lack of available workers. Housing units permitted rose. Single family home construction strengthened over the past year on the back of strong demand driven by the Millennial generation aging into the homebuying years. The weight distance tax (a measure of trucking activity) rose while new orders for core-capital goods edged down but in the context of strong gains in recent months. Manufacturing hours worked rebounded and consumer confidence edged higher.

The economy continues to rebound quickly from the pandemic recession. Progress should continue as the pandemic comes under greater control and more restrictions on activity lifted.

Contributions to Oregon Measure of Economic Activity—May 2021

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.03			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.04			
Hours, Manufacturing Employees, Oregon	-0.01			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized by Building Permit, Oregon		0.03		
Construction Employment in Oregon		0.06		
Natural Resources and Mining Employment, Oregon		-0.04		
Employment Services Employment, Oregon			-0.04	
Initial Unemployment Claims, Oregon			-0.03	
Civilian Labor Force, Oregon			0.03	
Unemployment Rate, Oregon			0.02	
Interest Rate Spread			0.00	
S & P 500 Stock Index			0.00	
Consumer Sentiment, University of Michigan—Reuters			-0.02	
Educational and Health Services Employment, Oregon				0.10
Financial Activities Employment, Oregon				0.16
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				0.00
Professional and Business Services Employment, Oregon				0.20
Other Services Employment, Oregon				-0.04
Trade, Transportation and Utilities Employment, Oregon				-0.04
Total by Sector	0.06	0.05	-0.04	0.35
	Mar '21	Apr '21	May '21	
Oregon Measure of Economic Activity	0.58	0.05	0.42	
Three-Month Moving Average	0.39	0.35	0.35	

CONTACT

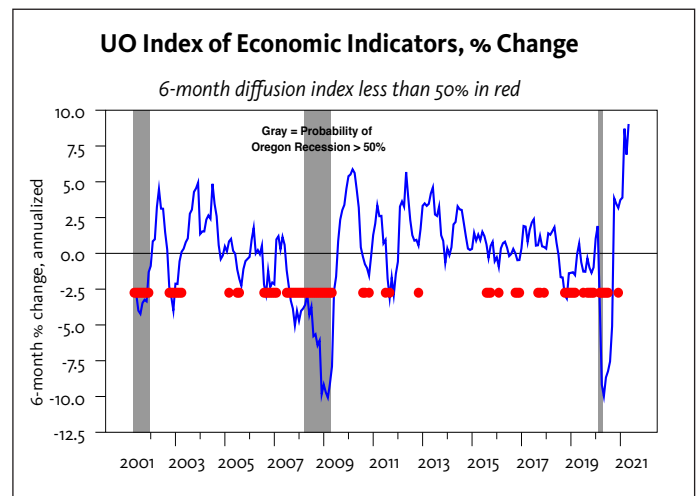
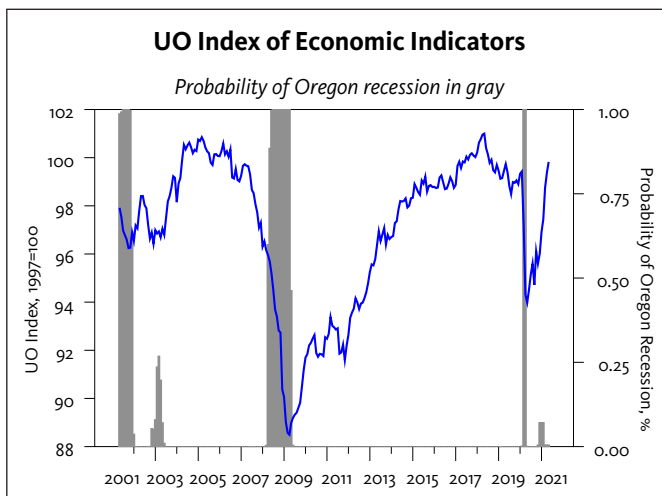
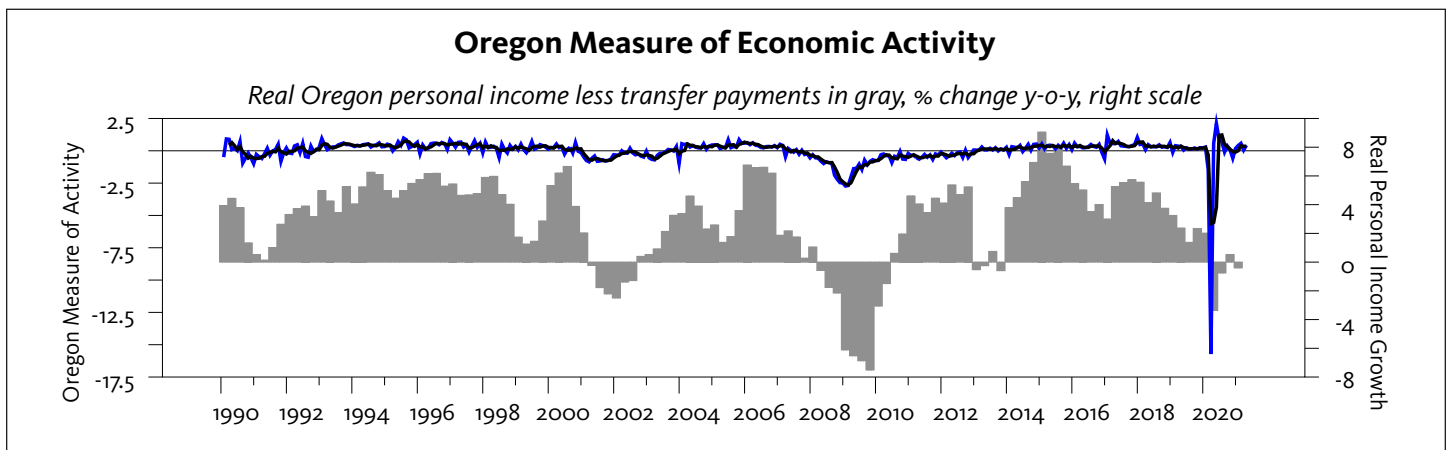
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University of Oregon Index of Economic Indicators–Summary and Components

	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21
UO Index of Economic Indicators, 1997 = 100	96.0	96.9	97.4	98.8	99.4	99.8
Percentage Change	0.4	0.9	0.5	1.3	0.6	0.5
Oregon Initial Unemployment Claims, SA*	10,623	8,986	7,202	6,513	7,577	7,021
Oregon Employment Services Payrolls, SA	36,460	36,709	37,244	38,034	39,117	38,712
Oregon Residential Building Permits, SA, 5 MMA*	1,391	1,395	1,511	1,612	1,706	1,790
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	122.76	128.20	130.16	137.10	139.78	141.81
Oregon Manufacturing Average Weekly Hours, SA	37.66	38.39	37.80	38.66	38.63	39.44
US Consumer Sentiment, SA, 5 MMA	78.8	79.8	79.0	79.7	81.9	82.4
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,722	40,014	39,774	40,396	41,225	40,867
Interest Rate Spread	0.84	0.99	1.18	1.54	1.57	1.56

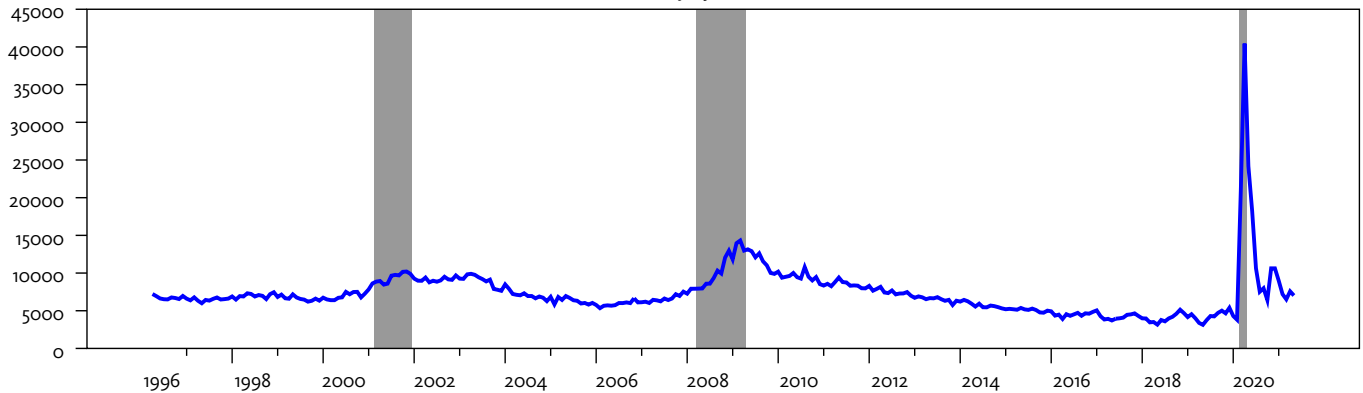
SA = Seasonally Adjusted, MMA = Months Moving Average

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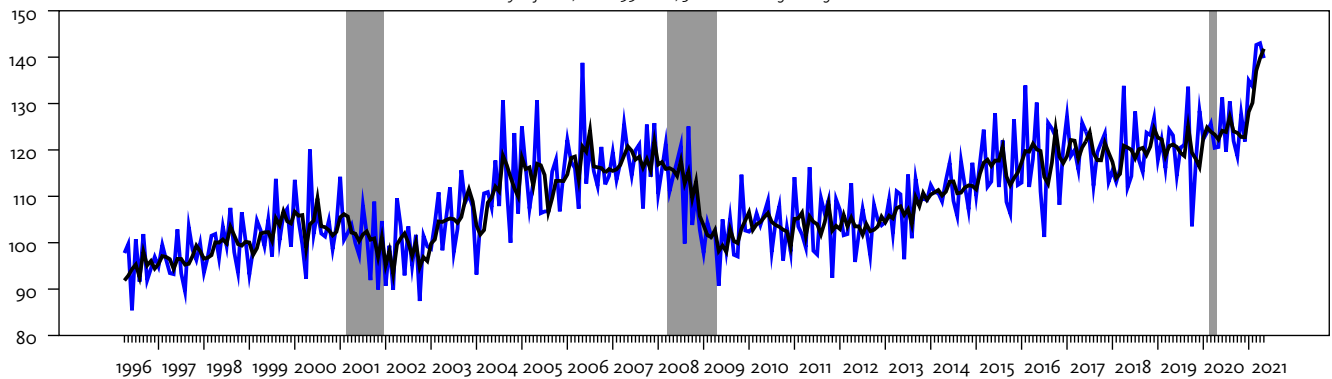
Oregon Initial Unemployment Claims

Seasonally adjusted



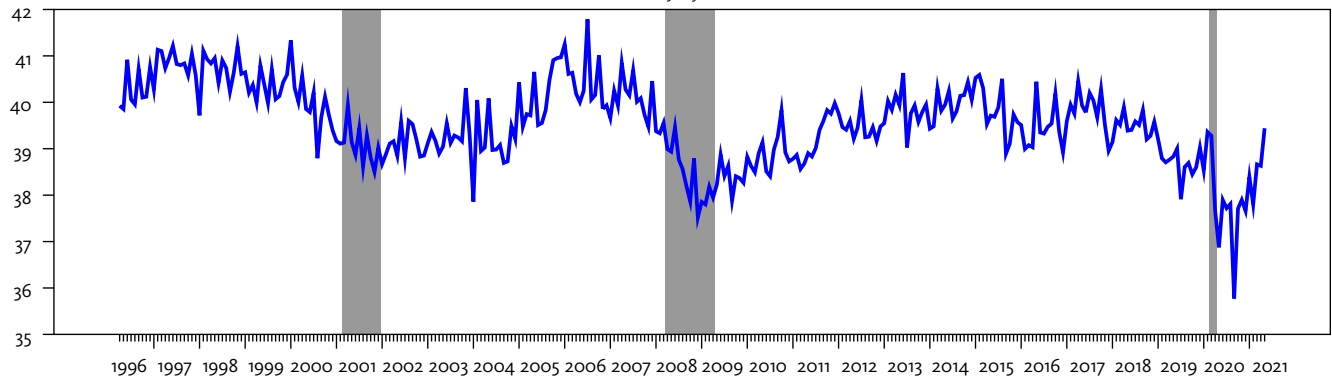
Oregon Weight-Distance Tax

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



Oregon Manufacturing Average Weekly Hours

Seasonally adjusted

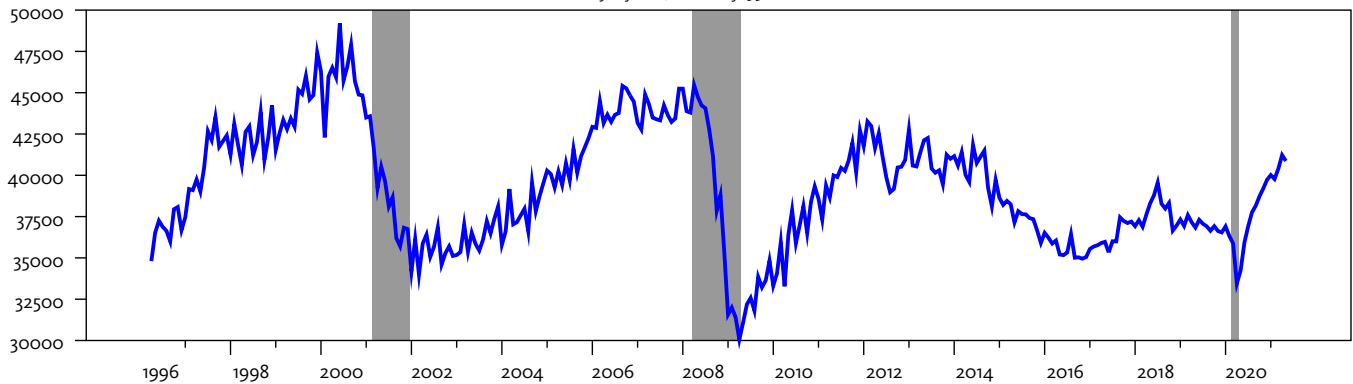


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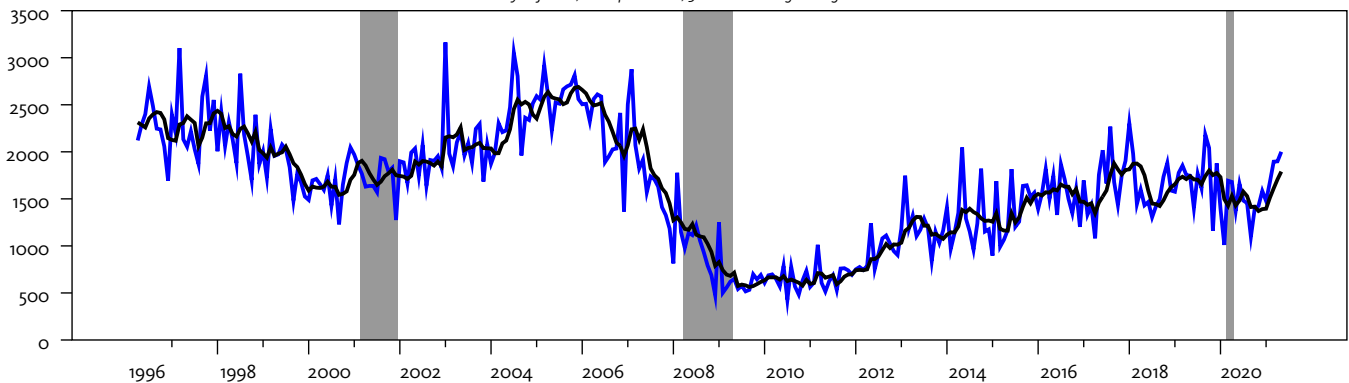
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods

Seasonally adjusted, millions of 1996 dollars



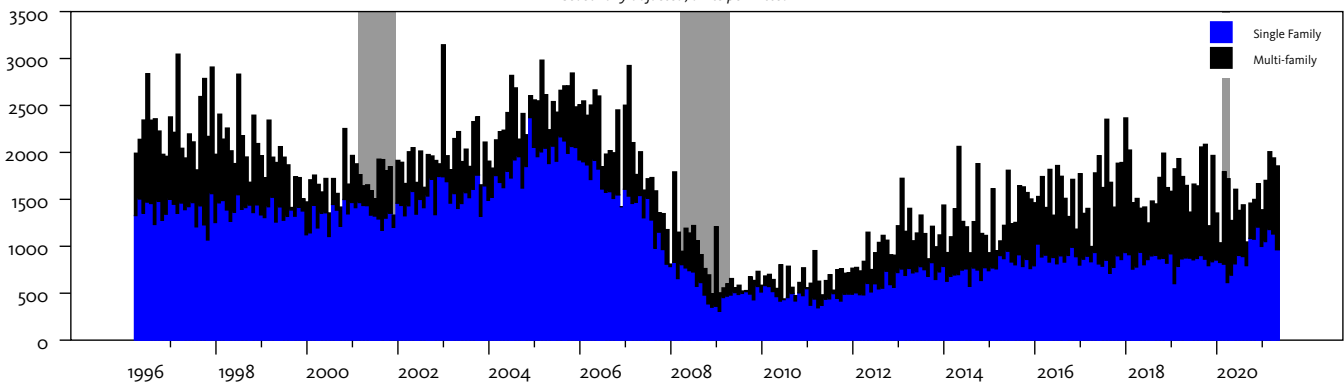
Oregon Residential Building Permits

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



Oregon Residential Building Permits

Seasonally adjusted, units permitted

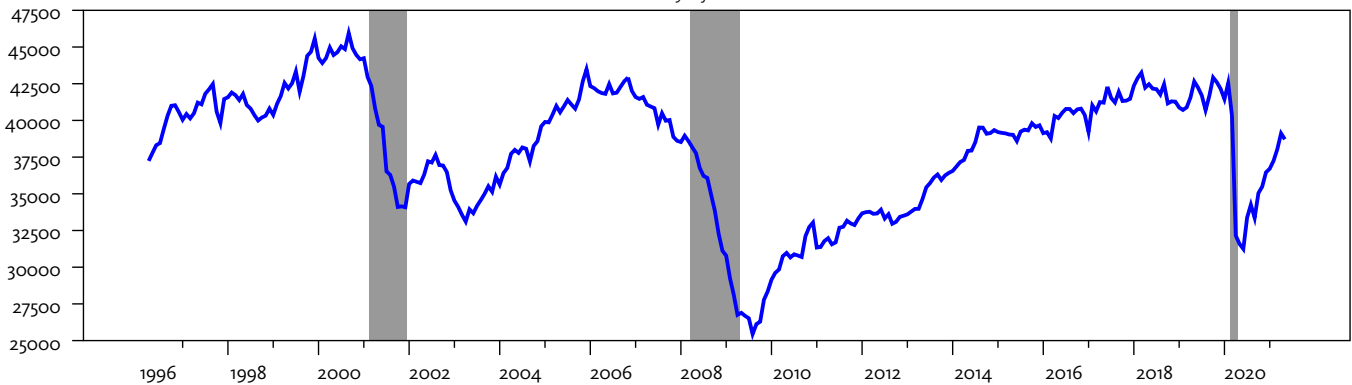


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Oregon Employment Services Payrolls

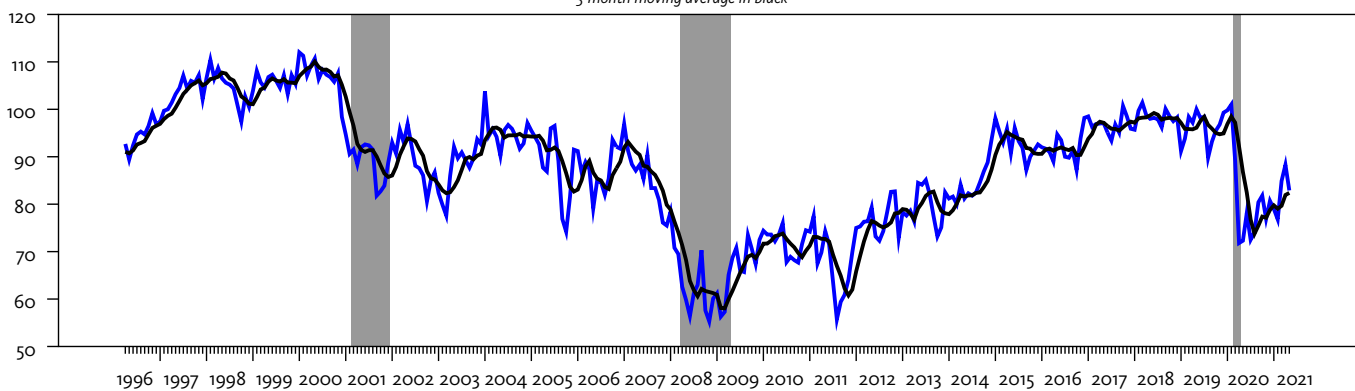
Seasonally adjusted



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

University of Michigan Consumer Sentiment

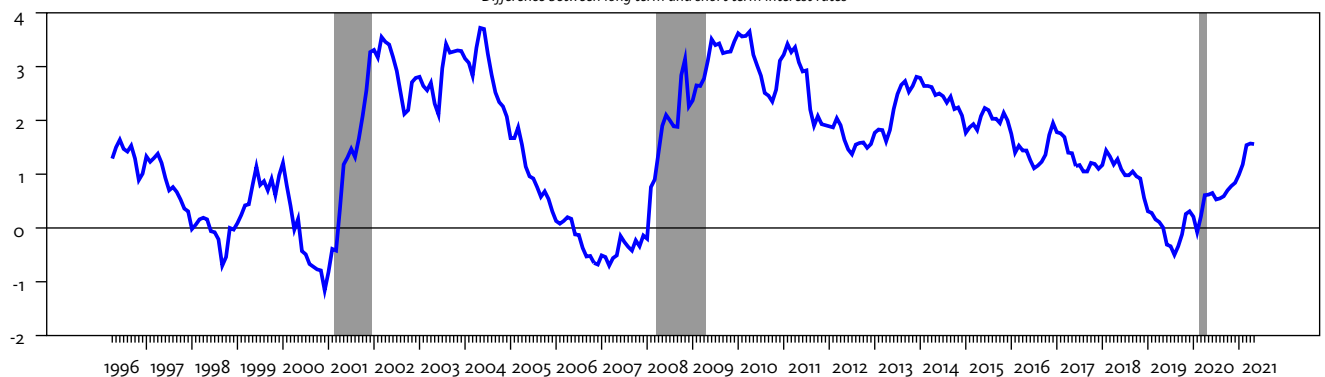
5-month moving average in black



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%