

# State of Oregon Economic Indicators™



July 2021

SPONSORED BY



*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

In July the Oregon economy continued to recover from last year's pandemic induced recession. The Oregon Measure of Economic Activity rose from 0.34 to 0.72 while the moving average measure, which smooths out the monthly volatility, was 0.47 (where 0.0 is the average pace of growth since 1990). Employment components made strong contributions to the overall measure. Overall, Oregon employment rose by 20,000 in July compared to a monthly average of 9,100 per month during the first half of the year.

The University of Oregon Index of Economic Indicators rose 0.4% in July while the June gain was revised upward to 0.3%. The UO Index has risen for eight consecutive months. Initial unemployment claims fell again, continuing to move in a positive direction although still above pre-pandemic levels. Employment services payrolls, mostly temporary help employment, rose sharply to above pre-pandemic levels; this suggests gains in overall employment are likely to continue. Housing units permitted

rose; note that multifamily housing has rebounded from weakness experienced earlier in the pandemic. The weight distance tax (a measure of trucking activity) and new orders for core manufactured capital goods (adjusted for inflation) both declined modestly after a period of strong gains. The interest rate spread narrowed due to declining rates on U.S. treasury bonds; the spread remains consistent with continued economic expansion.

I anticipate that continued growth in the Oregon economy will help the state recover the jobs lost during the pandemic. Still, as we have experienced in recent months, the pandemic is not entirely behind us. The current wave of Covid cases, for example, likely depressed growth in August and will push some firms to delay plans to return to the office. Successive waves of Covid, however, will likely cause fewer disruptions as the economy continues to adapt to the virus.

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

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.02			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.08			
Hours, Manufacturing Employees, Oregon	-0.12			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized by Building Permit, Oregon		0.04		
Construction Employment in Oregon		0.03		
Natural Resources and Mining Employment, Oregon		-0.02		
Employment Services Employment, Oregon			0.25	
Initial Unemployment Claims, Oregon			0.07	
Civilian Labor Force, Oregon			0.00	
Unemployment Rate, Oregon			0.04	
Interest Rate Spread			0.00	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan—Reuters			-0.02	
Educational and Health Services Employment, Oregon				-0.07
Financial Activities Employment, Oregon				0.34
Government Employment, Oregon				0.30
Leisure and Hospitality Employment, Oregon				0.13
Professional and Business Services Employment, Oregon				-0.24
Other Services Employment, Oregon				0.09
Trade, Transportation and Utilities Employment, Oregon				-0.21
<b>Total by Sector</b>	<b>-0.02</b>	<b>0.05</b>	<b>0.35</b>	<b>0.34</b>
	May '21	Jun '21	Jul '21	
Oregon Measure of Economic Activity	0.34	0.34	0.72	
Three-Month Moving Average	0.31	0.24	0.47	

## CONTACT

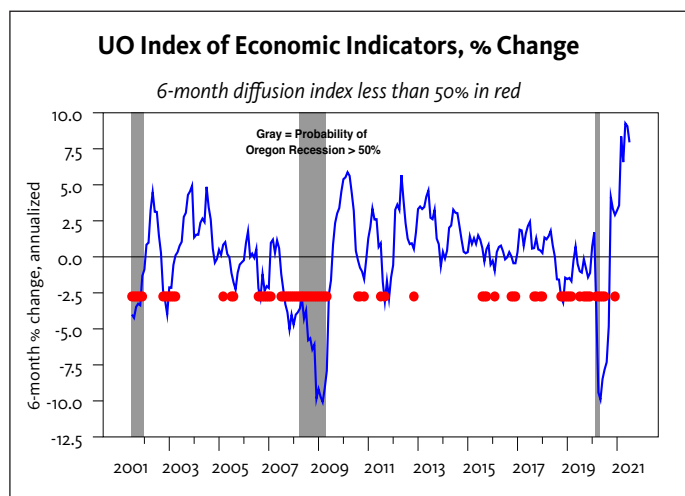
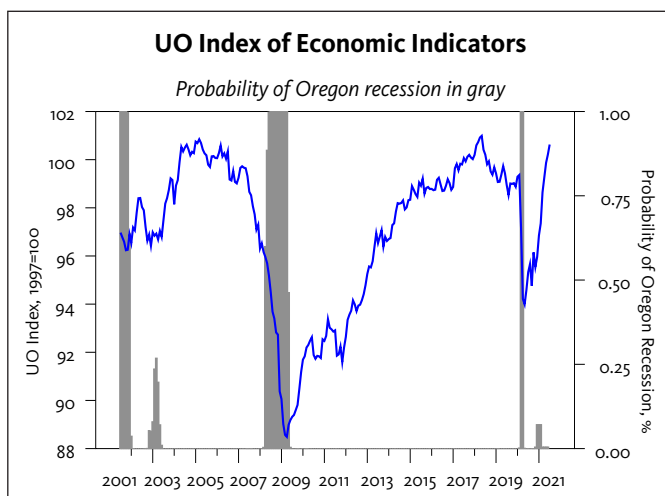
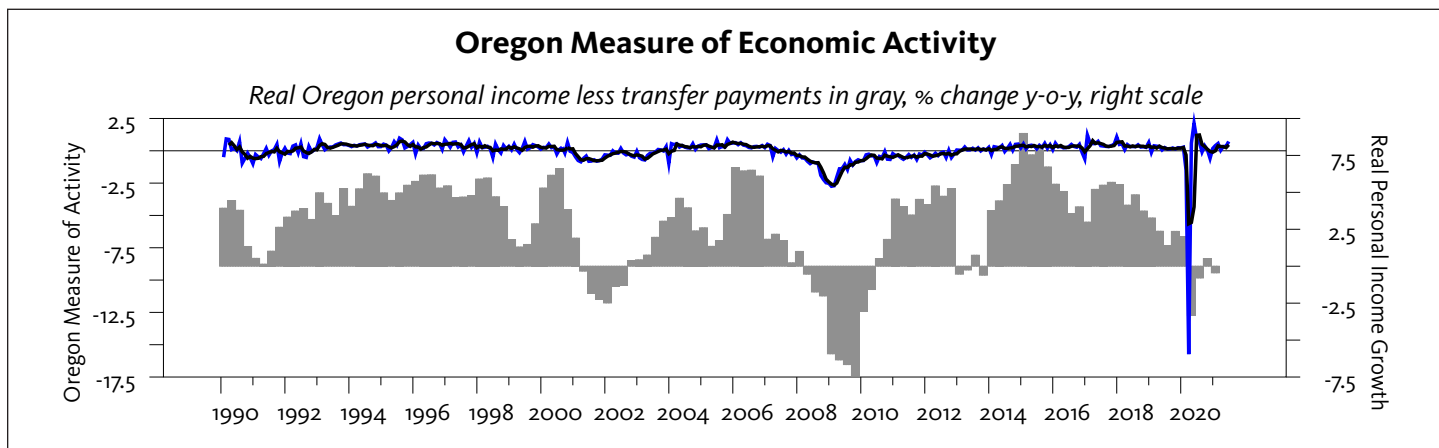
Timothy A. Duy  
 Director, Oregon Economic Forum  
 Department of Economics, University of Oregon  
 541-346-4660 • duy@uoregon.edu  
 econforum.uoregon.edu

oregon  
 economic  
 forum

**O** | UNIVERSITY OF  
 OREGON

# State of Oregon Economic Indicators™

July 2021



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

TM	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
UO Index of Economic Indicators, 1997 = 100	97.4	98.6	99.3	99.9	100.2	100.6
Percentage Change	0.5	1.3	0.6	0.6	0.3	0.4
Oregon Initial Unemployment Claims, SA*	7,246	6,545	7,600	7,141	5,899	5,457
Oregon Employment Services Payrolls, SA	37,106	37,938	39,142	39,055	41,466	44,265
Oregon Residential Building Permits, SA, 5 MMA*	1,502	1,604	1,705	1,790	1,862	1,965
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	130.00	136.77	139.22	141.02	139.27	136.57
Oregon Manufacturing Average Weekly Hours, SA	37.70	38.44	38.32	39.48	37.98	37.68
US Consumer Sentiment, SA, 5 MMA	79.0	79.7	81.9	82.4	83.7	84.6
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,796	40,396	41,246	41,164	41,256	40,980
Interest Rate Spread	1.18	1.54	1.57	1.56	1.44	1.22

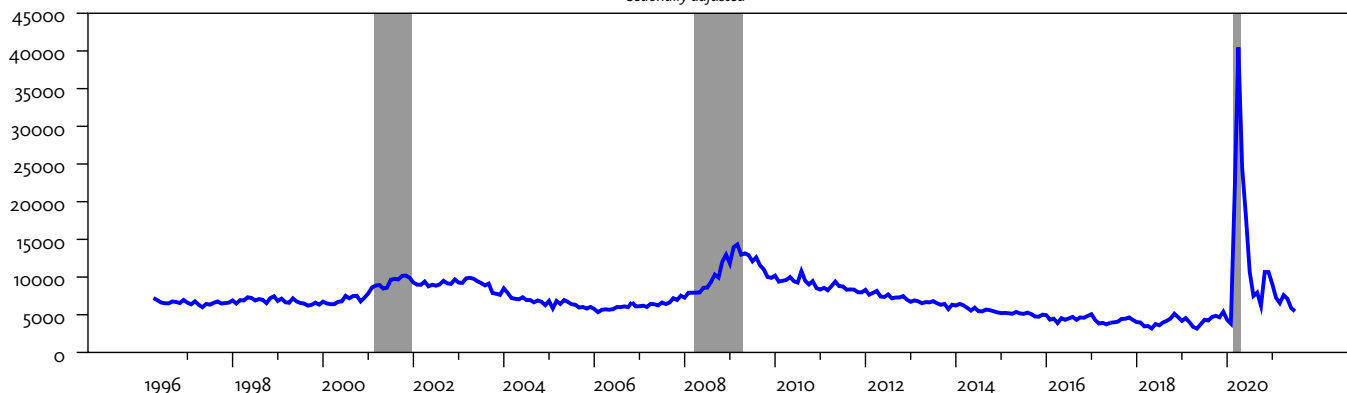
SA = Seasonally Adjusted, MMA = Months Moving Average

# State of Oregon Economic Indicators™

July 2021

## Oregon Initial Unemployment Claims

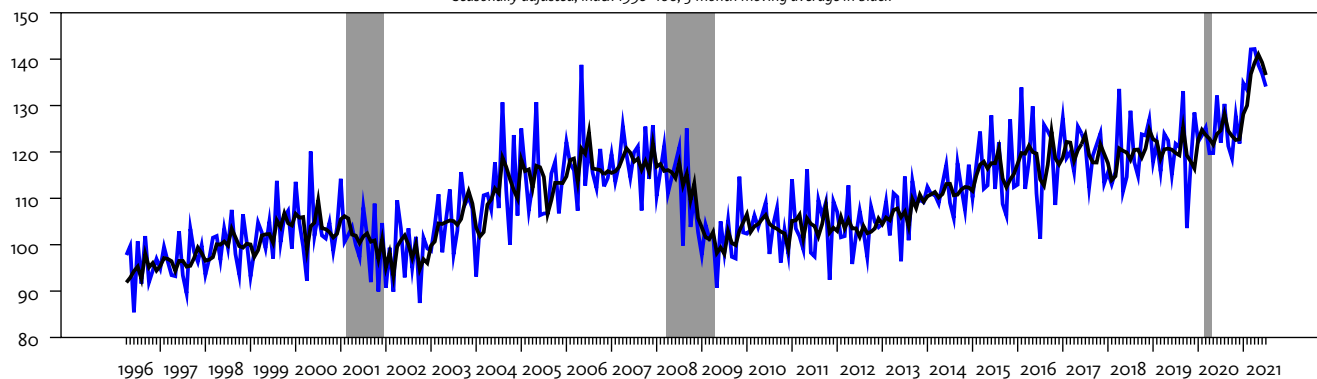
Seasonally adjusted



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

## Oregon Weight-Distance Tax

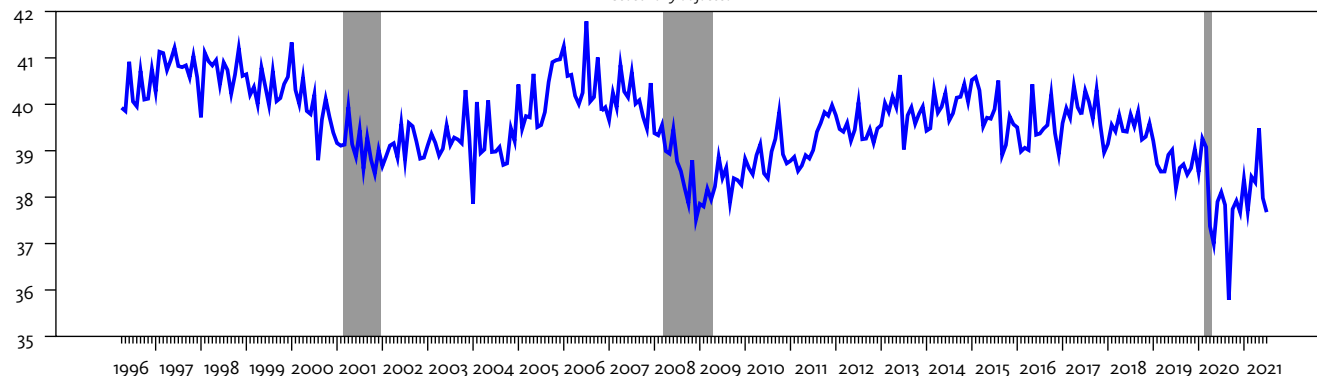
Seasonally adjusted, index 1998=100, 5-month moving average in black



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

## Oregon Manufacturing Average Weekly Hours

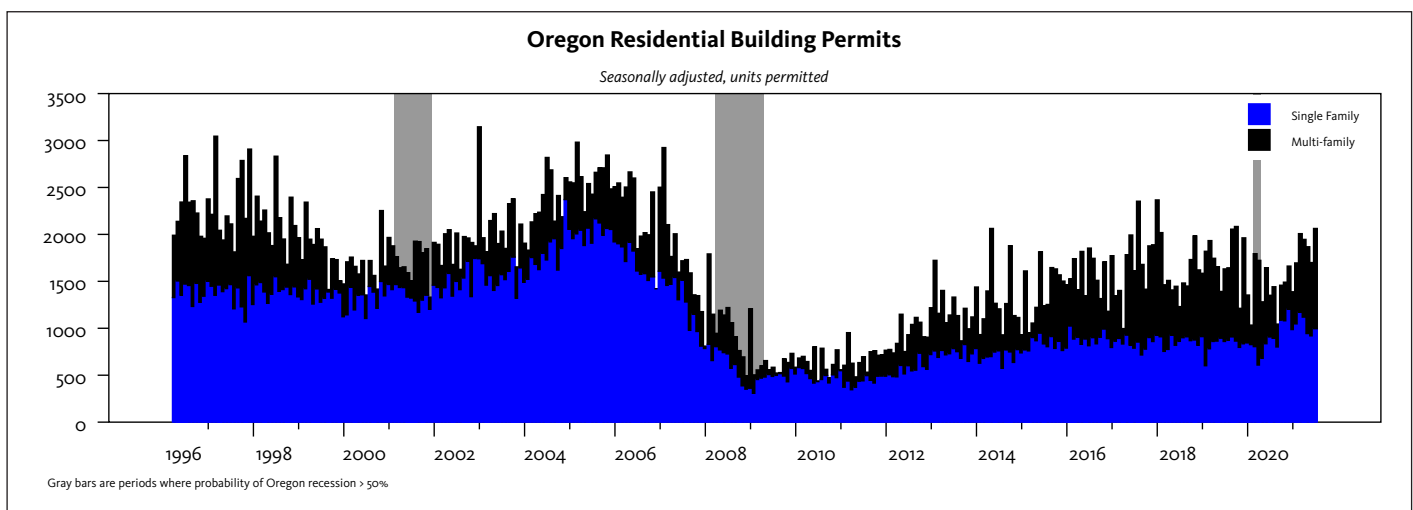
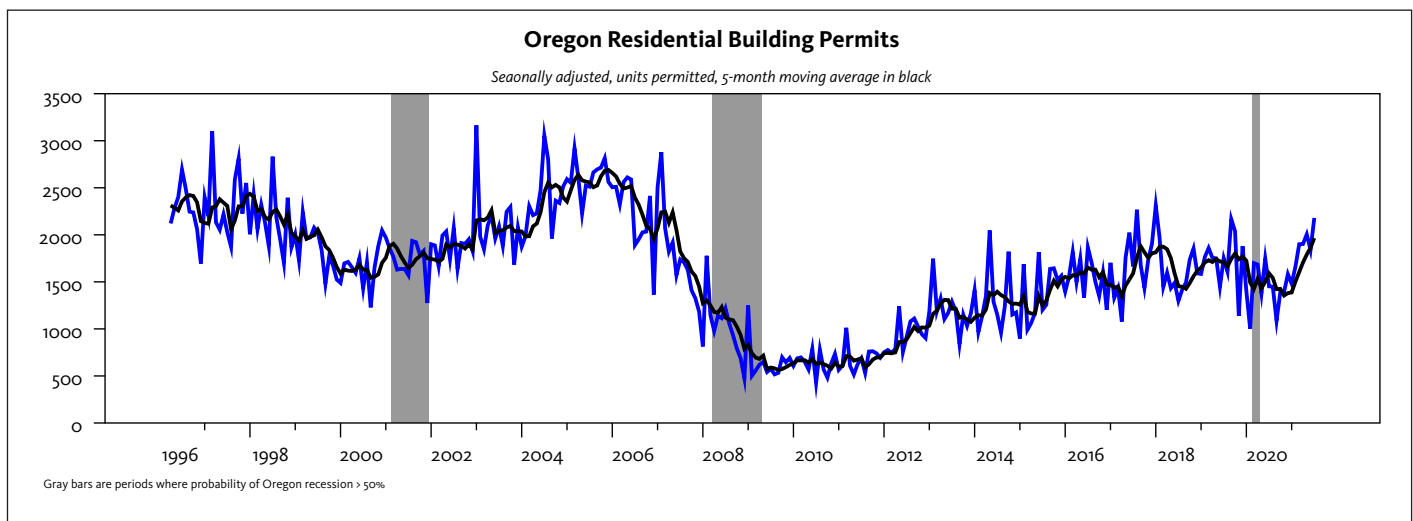
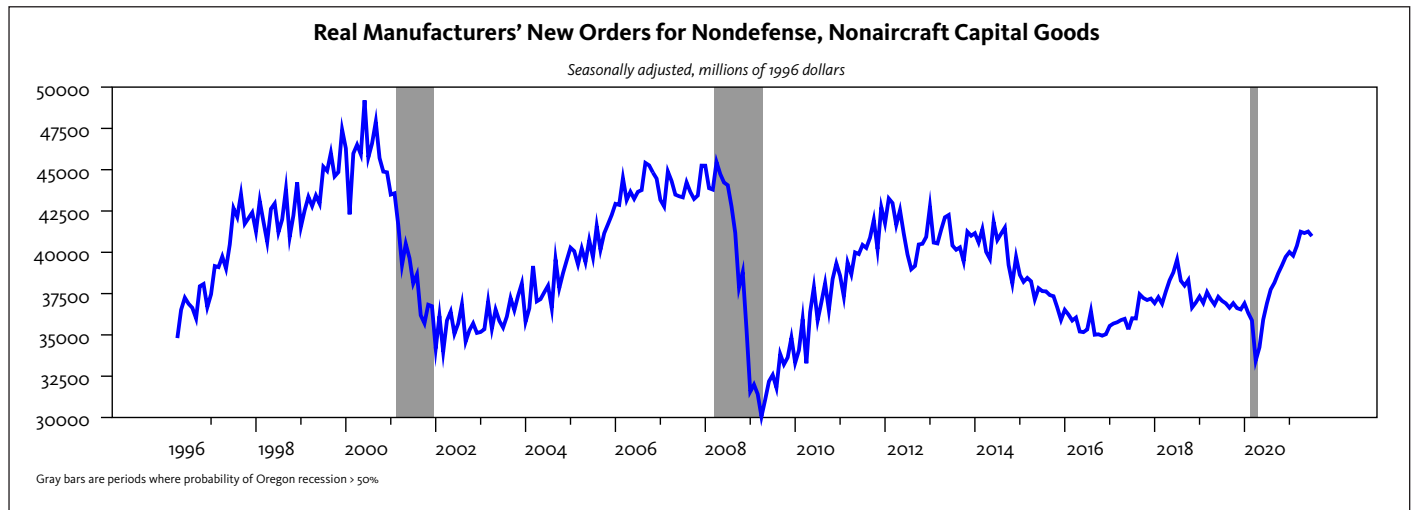
Seasonally adjusted



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

# State of Oregon Economic Indicators™

July 2021

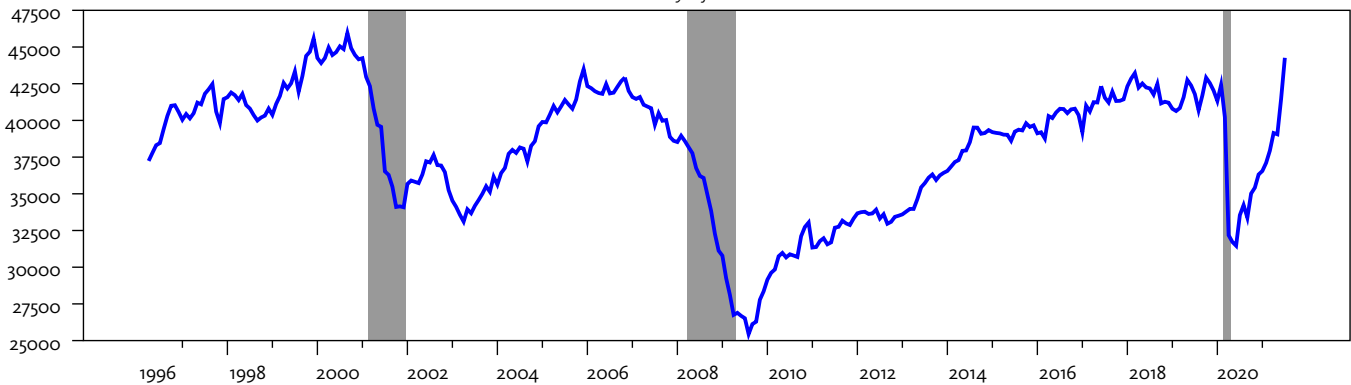


# State of Oregon Economic Indicators™

July 2021

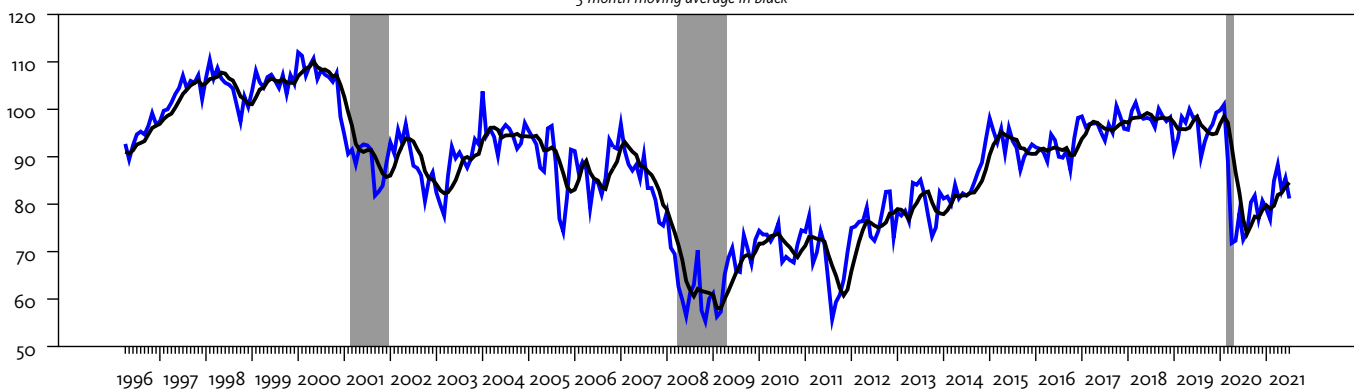
## Oregon Employment Services Payrolls

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

