

State of Oregon Economic Indicators™



November 2021

Review

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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.

On net, in November the Oregon economy continued to make up for ground lost during the pandemic. The Oregon Measure of Economic Activity rose to 0.38 while the moving average measure, which smooths out the monthly volatility, remained at an essentially neutral value of 0.1 (where 0.0 is the average pace of growth since 1990), the same as October's value. Only the manufacturing sector made a negative contribution to the measure, and even that was essentially neutral at -0.03. Labor market components generally made stronger contributions, especially employment in the manufacturing, construction, and employment services sectors.

The University of Oregon Index of Economic Indicators was flat in November while the prior month's gain was revised down to 0.2%. Like in October, the UO Index received support from a solid rise in employment services payrolls, mostly temporary help employment, and a

sharp drop in initial unemployment claims. Both moves are consistent with a strong labor market. Housing units permitted, the weight distance tax (a measure of trucking activity, smoothed), average hours worked in manufacturing, and new orders for core manufactured capital (an indicator of business expansion activity) all made modest declines. Consumer sentiment dropped sharply again, likely reflecting higher prices and unhappiness over the ongoing pandemic. Still, political identification is driving the data in recent months, and it is important to note that consumer spending has remained strong.

It is normal for the UO Index to move sideways after a period of rapid gains. As such the recent pattern does not signal a fundamental shift in the outlook. The expansion is likely to continue for the foreseeable future.

Contributions to Oregon Measure of Economic Activity—November 2021

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.01			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.07			
Hours, Manufacturing Employees, Oregon	-0.11			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized by Building Permit, Oregon		0.01		
Construction Employment in Oregon		0.15		
Natural Resources and Mining Employment, Oregon		0.00		
Employment Services Employment, Oregon			0.12	
Initial Unemployment Claims, Oregon			0.06	
Civilian Labor Force, Oregon			-0.02	
Unemployment Rate, Oregon			0.08	
Interest Rate Spread			0.00	
S & P 500 Stock Index			0.02	
Consumer Sentiment, University of Michigan—Reuters			-0.10	
Educational and Health Services Employment, Oregon				-0.04
Financial Activities Employment, Oregon				0.04
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				0.07
Professional and Business Services Employment, Oregon				-0.03
Other Services Employment, Oregon				-0.03
Trade, Transportation and Utilities Employment, Oregon				0.09
Total by Sector	-0.03	0.16	0.17	0.08
	Sep '21	Oct '21	Nov '21	
Oregon Measure of Economic Activity	-0.45	0.10	0.38	
Three-Month Moving Average	0.14	-0.06	0.01	

CONTACT

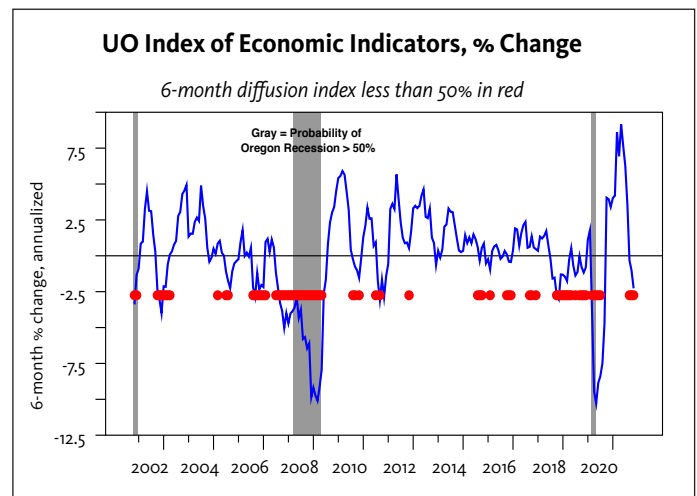
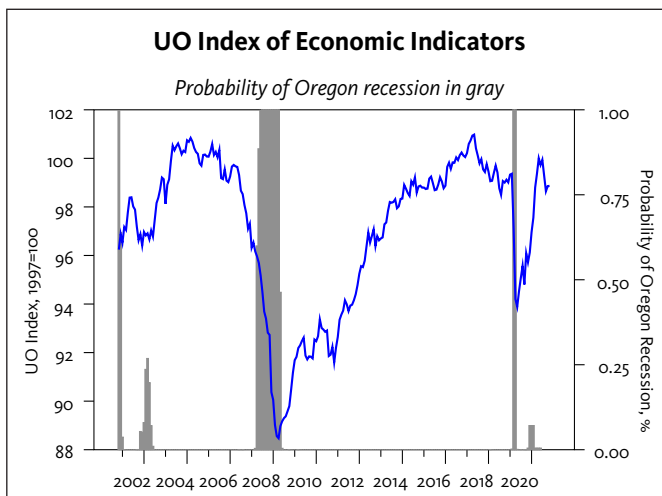
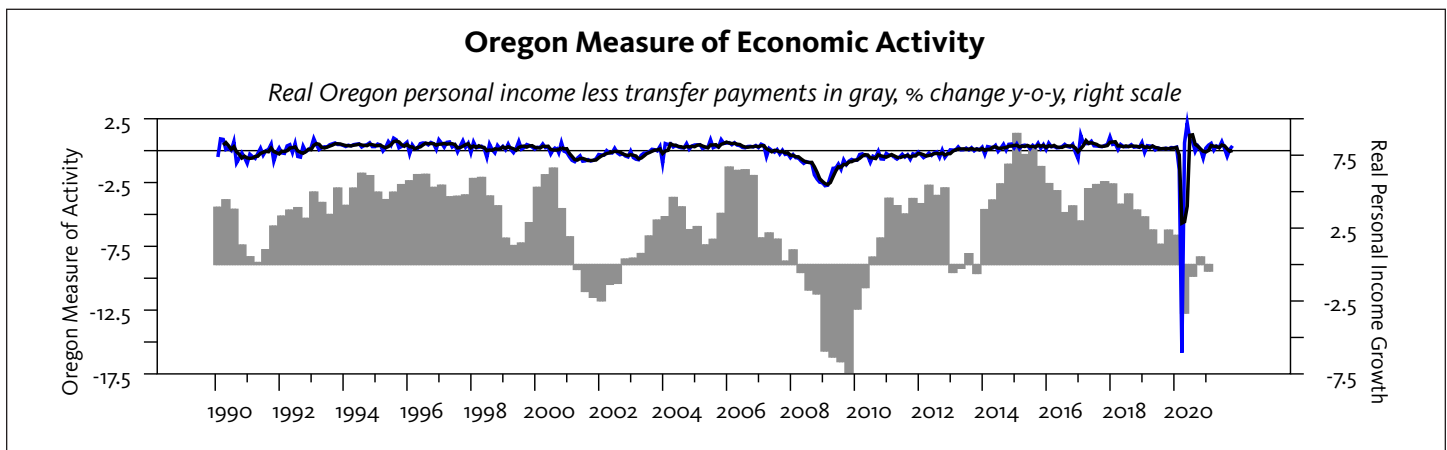
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University of Oregon Index of Economic Indicators–Summary and Components

	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21
UO Index of Economic Indicators, 1997 = 100™	99.7	99.9	99.3	98.6	98.9	98.9
Percentage Change	-0.3	0.2	-0.7	-0.7	0.2	0.0
Oregon Initial Unemployment Claims, SA*	5,877	6,014	7,885	8,370	7,101	5,324
Oregon Employment Services Payrolls, SA	39,243	41,305	40,966	41,457	42,702	44,282
Oregon Residential Building Permits, SA, 5 MMA*	1,825	1,909	1,850	1,812	1,682	1,657
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	138.11	135.12	135.22	134.50	131.89	131.48
Oregon Manufacturing Average Weekly Hours, SA	37.95	37.82	38.30	37.04	37.91	37.81
US Consumer Sentiment, SA, 5 MMA	83.7	84.6	81.6	78.5	76.3	72.7
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	41,256	41,057	41,034	41,360	41,516	41,244
Interest Rate Spread	1.44	1.22	1.19	1.29	1.50	1.39

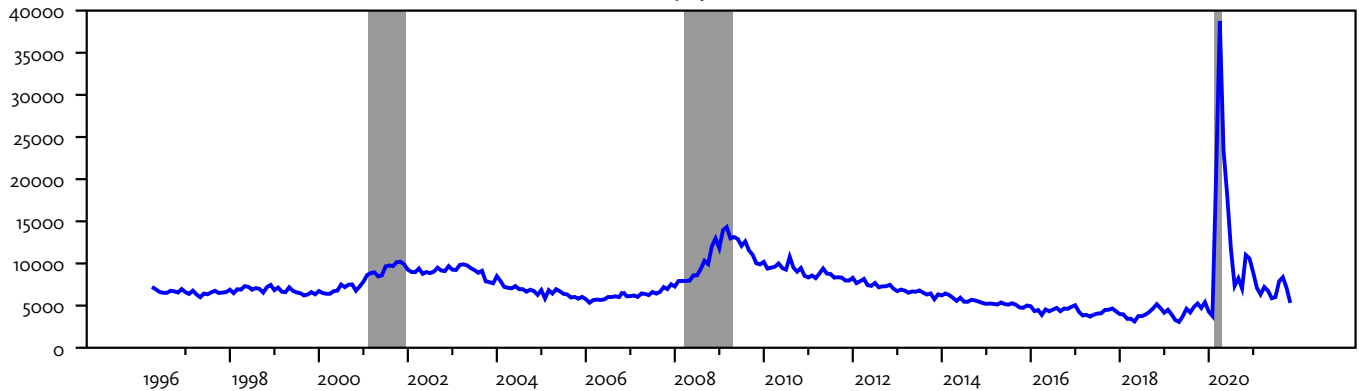
SA = Seasonally Adjusted, MMA = Months Moving Average

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Oregon Initial Unemployment Claims

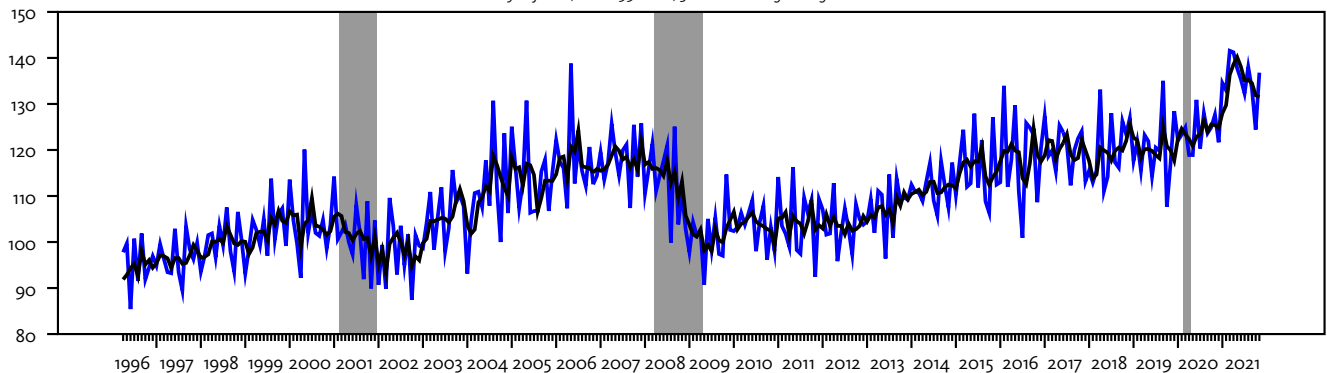
Seasonally adjusted



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

Oregon Weight-Distance Tax

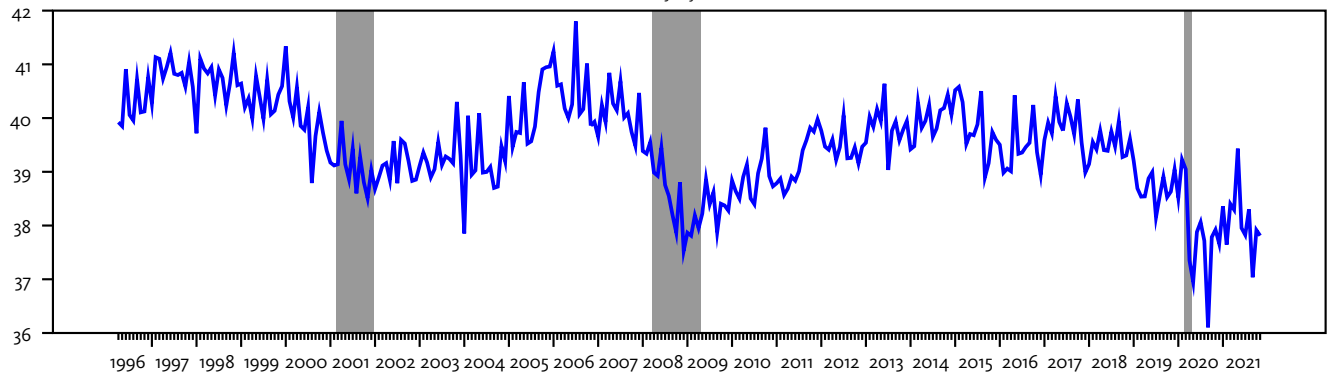
Seasonally adjusted, index 1998=100, 5-month moving average in black



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

Oregon Manufacturing Average Weekly Hours

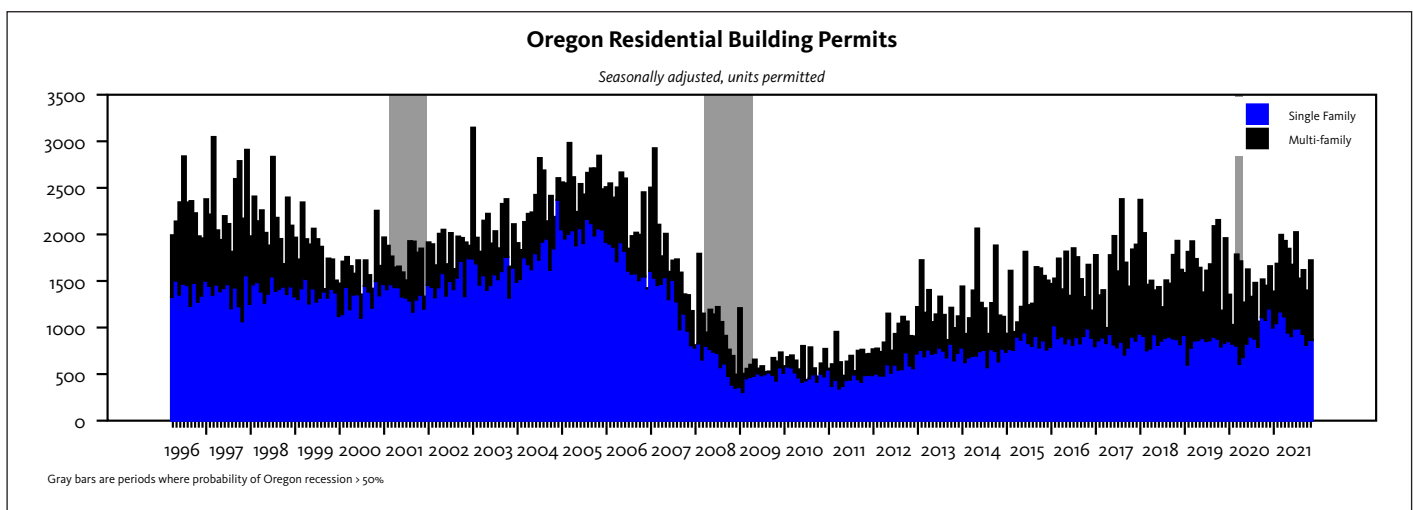
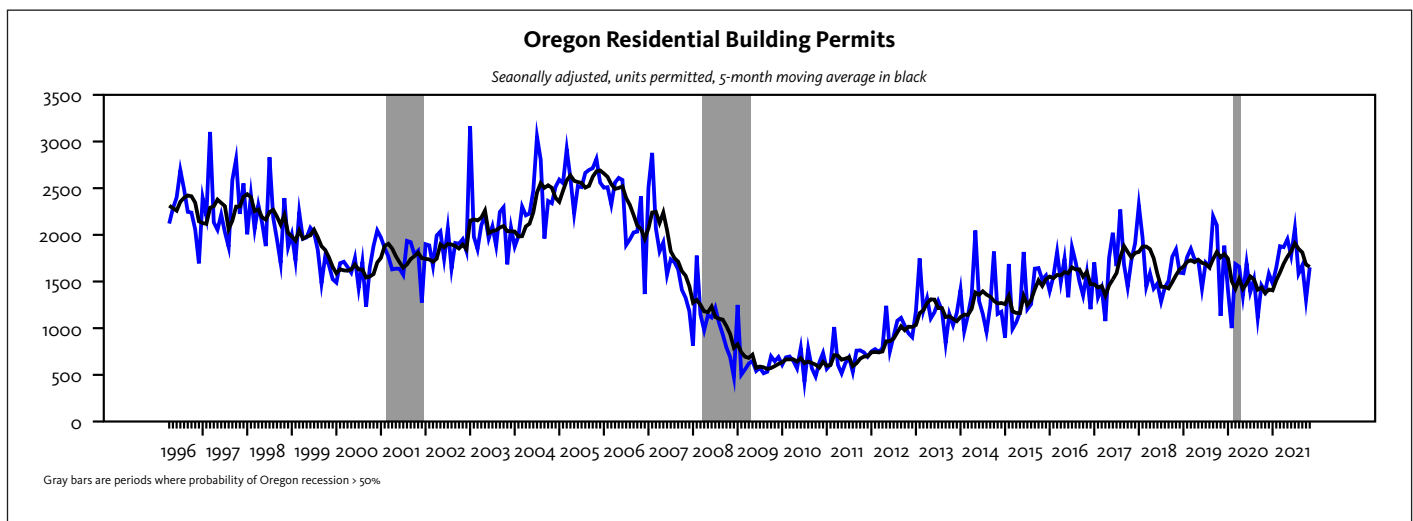
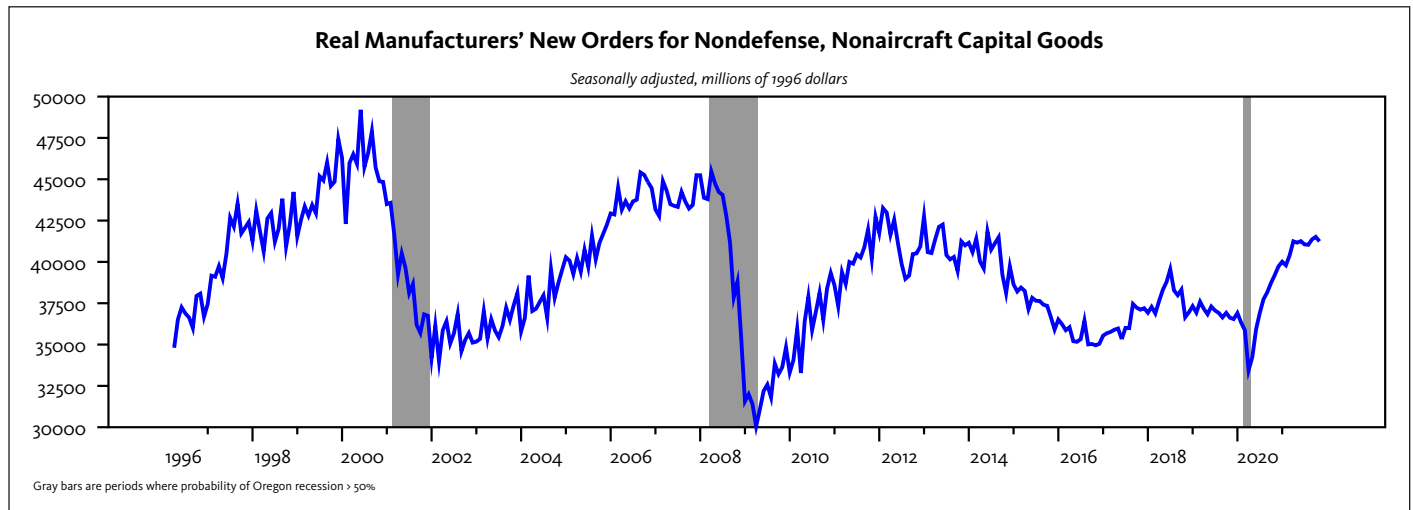
Seasonally adjusted



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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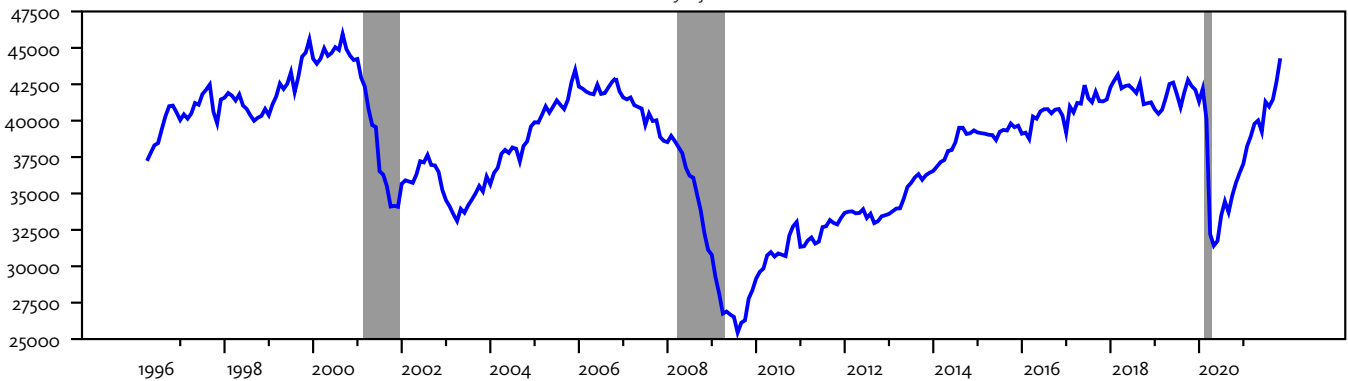


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Oregon Employment Services Payrolls

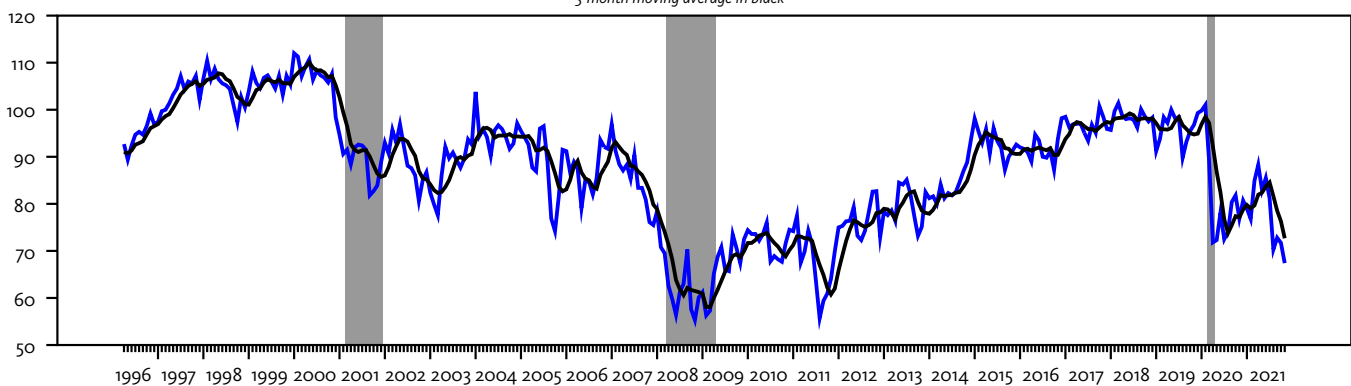
Seasonally adjusted



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University of Michigan Consumer Sentiment

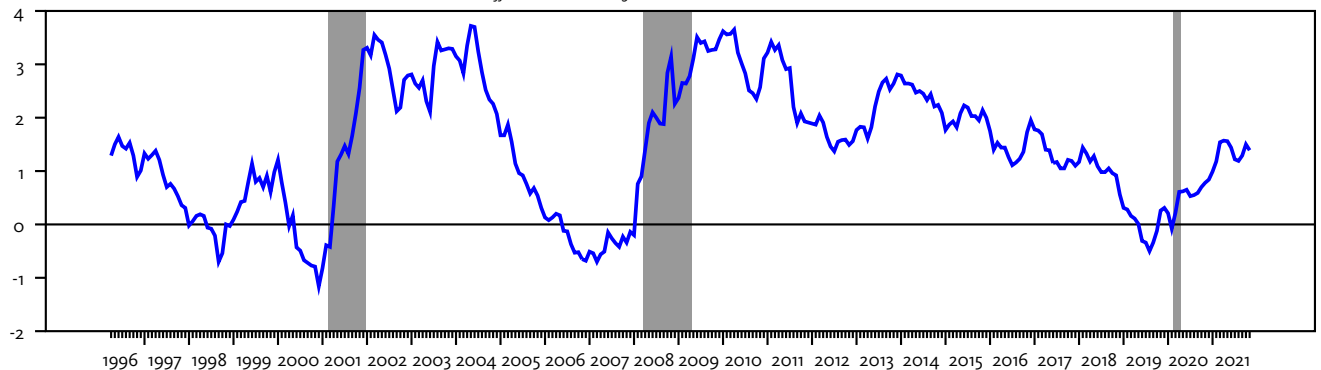
5-month moving average in black



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%