

STATE OF OREGON ECONOMIC INDICATORS™



A program of the College of Arts and Sciences and its Department of Economics

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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.

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Review

The Oregon Measure of Economic Activity rebounded from a drop in June while the three-month moving average, which smooths month-to-month volatility in the measure, stood at 0.09, where “zero” for this measure indicates the average growth rate over the 1990-present period. The near average reading in the measure reflects weaker employment data in many sectors in recent months. Bolstered by solid employment growth and hours worked, the manufacturing sector contributed positively to the measure. In contrast, the construction sector made a negative contribution due to job declines and a fairly tepid pace of new housing permits compared with previous expansions. Initial unemployment claims, labor force growth, and employment services jobs (largely temporary workers) all contributed positively, while the unemployment rate made a neutral contribution. Weakness in many employment numbers is evident in the negative pressure on the service sector. As always, employment data are subject to possible revisions.

The University of Oregon Index of Economic Indicators rose 0.5% in July. Initial unemployment

claims fell to the lowest level since February of 2006. In addition, employment services jobs rebounded from a modest decline in May and June. Combined, these indicators suggest that the recent softness in overall employment numbers is most likely temporary. Residential building permits (smoothed) gained slightly; although permits have rebounded from a soft path in 2013, they remain below levels normally associated with economic expansions in Oregon. The Oregon weight distance tax, a measure of trucking activity, rose while new orders for core manufacturing goods edged down after posting a strong gain in June. Consumer confidence (smoothed), average hours worked in manufacturing, and the interest rate spread were largely unchanged during the month.

Taking into account the volatility of the employment data, the two indicators suggest continued growth in Oregon at an average to above average pace of activity. Further gains are likely as the national economy will continue its general upward trajectory for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – July 2014

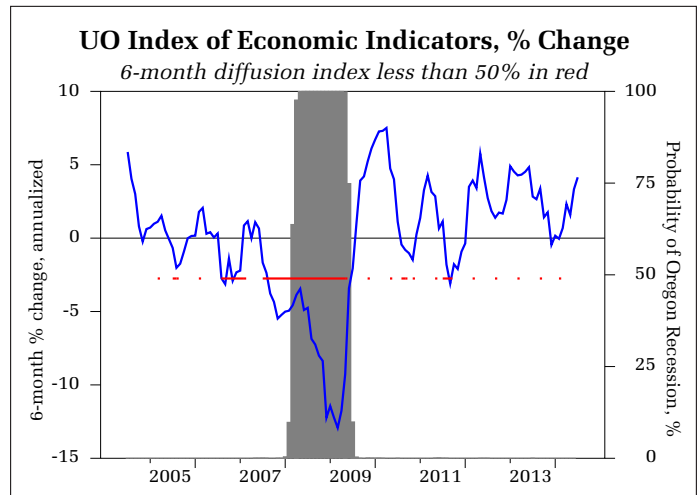
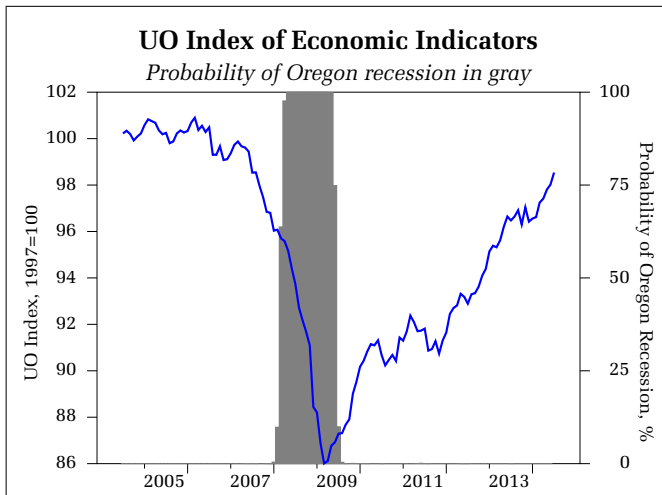
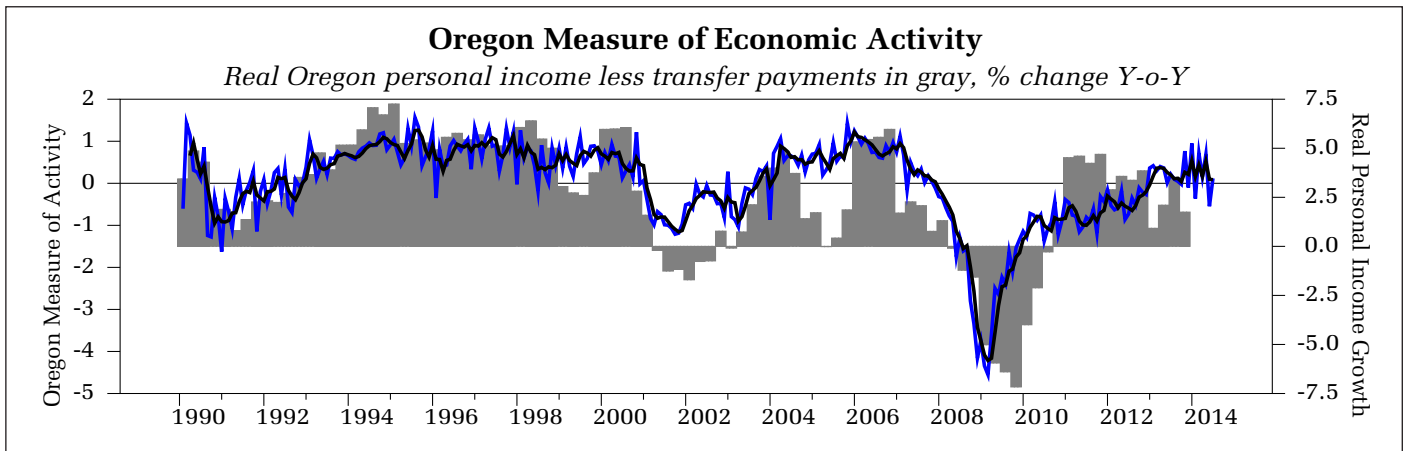
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.00			
ISM Manufacturing: Supplier Deliveries Index	0.02			
Manufacturing Employment, Oregon	0.18			
Hours, Manufacturing Production Workers, Oregon	0.10			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.04			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.08		
Construction Employment in Oregon		-0.09		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			0.05	
Initial Unemployment Claims, Oregon			0.20	
Civilian Labor Force, Oregon			0.05	
Unemployment Rate, Oregon			0.00	
Interest Rate Spread			-0.04	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			-0.03	
Educational and Health Services Employment, Oregon				-0.02
Financial Activities Employment, Oregon				-0.13
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.08
Professional and Business Services Employment, Oregon				-0.09
Other Services Employment, Oregon				0.29
Trade, Transportation and Utilities Employment, Oregon				-0.21
Total By Sector	0.25	-0.13	0.24	-0.24
	May-14	Jun-14	Jul-14	
Oregon Measure of Economic Activity	0.69	-0.55	0.12	
Three-Month Moving Average	0.52	0.10	0.09	



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University of Oregon Index of Economic Indicators – Summary and Components

	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
UO Index of Economic Indicators, 1997=100™	96.6	97.2	97.4	97.8	98.0	98.5
Percentage Change	0.1	0.6	0.2	0.4	0.2	0.5
Oregon Initial Unemployment Claims, SA*	6,443	6,215	5,853	5,632	5,905	5,396
Oregon Employment Services Payrolls, SA	36,906	37,260	37,521	37,031	36,697	37,629
Oregon Residential Building Permits, SA, 5 MMA*	1,160	1,151	1,175	1,349	1,336	1,365
Oregon Weight Distance Tax, SA, Index, 1998=100	110.95	111.39	109.99	111.84	113.40	114.62
Oregon Manufacturing Average Weekly Hours, SA	40.14	40.57	39.96	40.16	40.56	40.56
U.S. Consumer Sentiment, SA, 5 MMA	78.7	80.1	81.9	81.6	81.8	81.9
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	40,954	42,871	42,302	41,659	43,837	43,505
Interest Rate Spread	2.64	2.64	2.62	2.47	2.50	2.45

* SA—seasonally adjusted; MMA—months moving average

