

State of Oregon Economic Indicators™



August 2016

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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

Incoming data continue to indicate that Oregon is in the midst of a more mature stage of the business cycle as the pace of growth levels off after the acceleration out of the recession. The Oregon measure of economic activity rose to 0.84 from a downwardly adjusted revised July figure of 0.61. The three-month moving average, which smooths month-to-month volatility in the measure, held constant at 0.66, where “zero” indicates average growth over the 1990–present period. The manufacturing sector again made a nearly neutral contribution to the measure; national manufacturing surveys were a weight on the sector. Positive contributions from employment and housing permits bolstered the construction component. Both the household and services sectors were supportive of the measure in August, largely reflecting strong numbers across a broad array of labor market indicators.

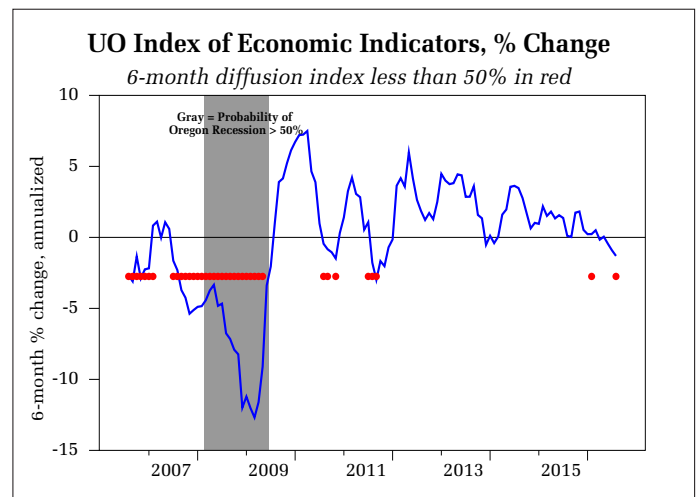
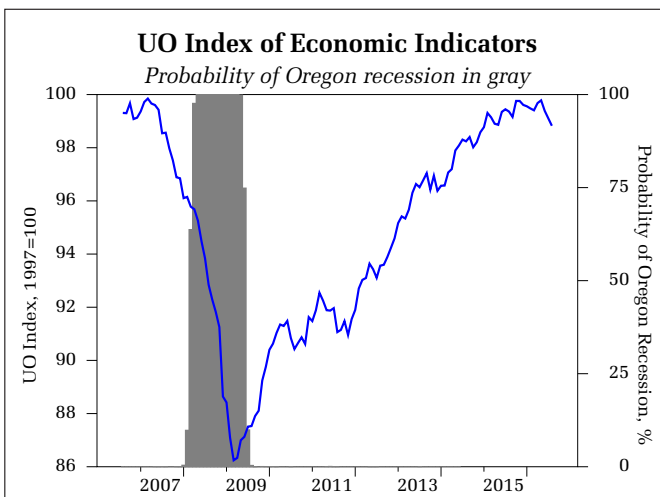
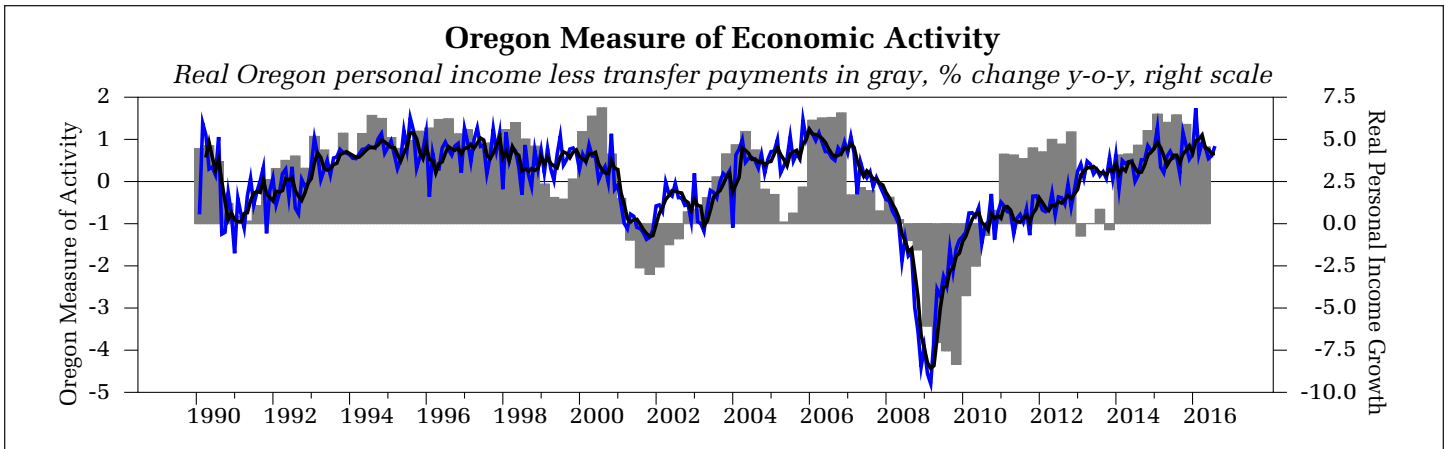
The University of Oregon Index of Economic Indicators slipped 0.3 percent in August while

the July number was revised modestly upward. Similar to the previous month, most indicators were generally unchanged to modestly softer. Employment services payrolls (largely temporary help employees) fell, breaking through the lower end of its recent range. This indicator bears watching, as it may indicate a broader slowdown in activity in the months ahead. It may also, however, reflect a weak manufacturing environment. See also the persistent weakness in the core manufacturing new orders. To date, manufacturing weakness has remained contained and not spread more broadly throughout the economy. Moreover, the sector is expected to improve as the negative impact of lower oil prices and a stronger dollar wane.

Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity. The UO Index typically moves sideways as a business cycle matures. Consequently, occasional declines are to be expected.

Contributions to Oregon Measure of Economic Activity – Aug 2016

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.10			
ISM Manufacturing: Supplier Deliveries Index	-0.02			
Manufacturing Employment, Oregon	0.08			
Hours, Manufacturing Production Workers, Oregon	0.07			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		0.06		
Construction Employment in Oregon		0.06		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.10	
Initial Unemployment Claims, Oregon			0.26	
Civilian Labor Force, Oregon			0.07	
Unemployment Rate, Oregon			0.09	
Interest Rate Spread			0.03	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			0.04	
Educational and Health Services Employment, Oregon				0.05
Financial Activities Employment, Oregon				0.19
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				0.10
Professional and Business Services Employment, Oregon				0.05
Other Services Employment, Oregon				0.05
Trade, Transportation and Utilities Employment, Oregon				-0.10
Total By Sector	0.03	0.09	0.39	0.33
	Jun-16	Jul-16	Aug-16	
Oregon Measure of Economic Activity	0.54	0.61	0.84	
Three-Month Moving Average	0.76	0.66	0.66	



University of Oregon Index of Economic Indicators – Summary and Components

	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
UO Index of Economic Indicators,™ 1997=100	99.4	99.7	99.8	99.4	99.1	98.8
Percentage Change	-0.1	0.3	0.1	-0.4	-0.3	-0.3
Oregon Initial Unemployment Claims, SA*	4,574	4,107	4,557	4,413	4,578	4,707
Oregon Employment Services Payrolls, SA	38,368	39,137	38,889	38,825	38,659	37,517
Oregon Residential Building Permits, SA, 5 MMA*	1,635	1,570	1,606	1,585	1,604	1,607
Oregon Weight Distance Tax, SA, Index, 1998=100	117.17	118.20	119.29	118.10	114.95	113.60
Oregon Manufacturing Average Weekly Hours, SA	39.77	39.86	41.06	39.86	40.04	40.32
U.S. Consumer Sentiment, SA, 5 MMA	91.7	91.3	91.7	92.0	91.6	91.4
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,365	36,988	36,712	36,858	37,199	37,423
Interest Rate Spread	1.53	1.44	1.44	1.26	1.11	1.16

* SA–seasonally adjusted; MMA–months moving average