

State of Oregon Economic Indicators™



May 2017

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.

Contact

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

Review

The Oregon Measure of Economic Activity drifted down to 0.95 in May after surging to 1.75 in April. Recall that when analyzing these numbers it is important to follow the underlying trends due to volatility of index components. The three-month moving average was a solid 1.07 (“zero” indicates average growth over the 1990–present period), consistent with readings from past economic expansions in Oregon. The manufacturing sector continued its rebound with positive or neutral contributions from all components; employment and average weekly hours worked were particularly strong. New housing permits made a neutral contribution while a pickup in construction hiring boosted the measure. Record low unemployment rates, rapid labor force growth, and low levels of initial unemployment claims all contributed to a very strong reading in the household sector.

The University of Oregon Index of Economic

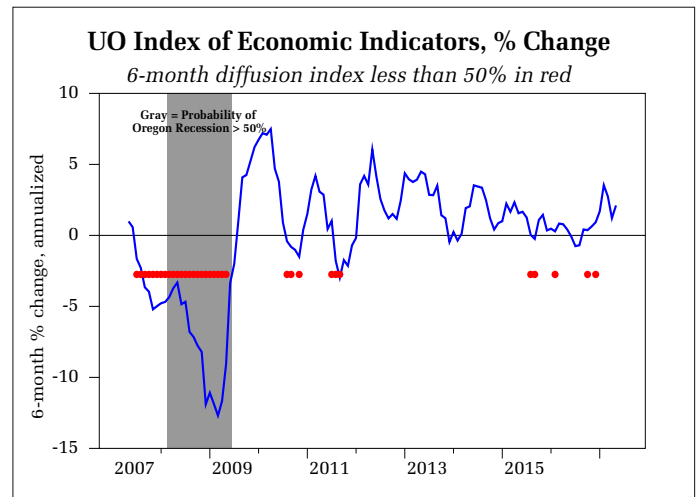
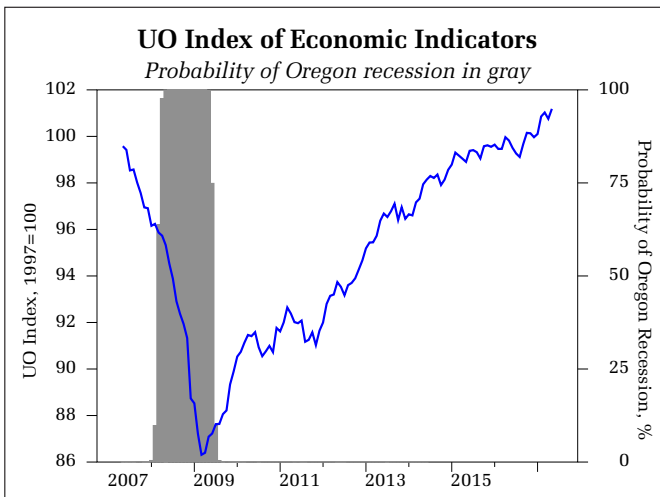
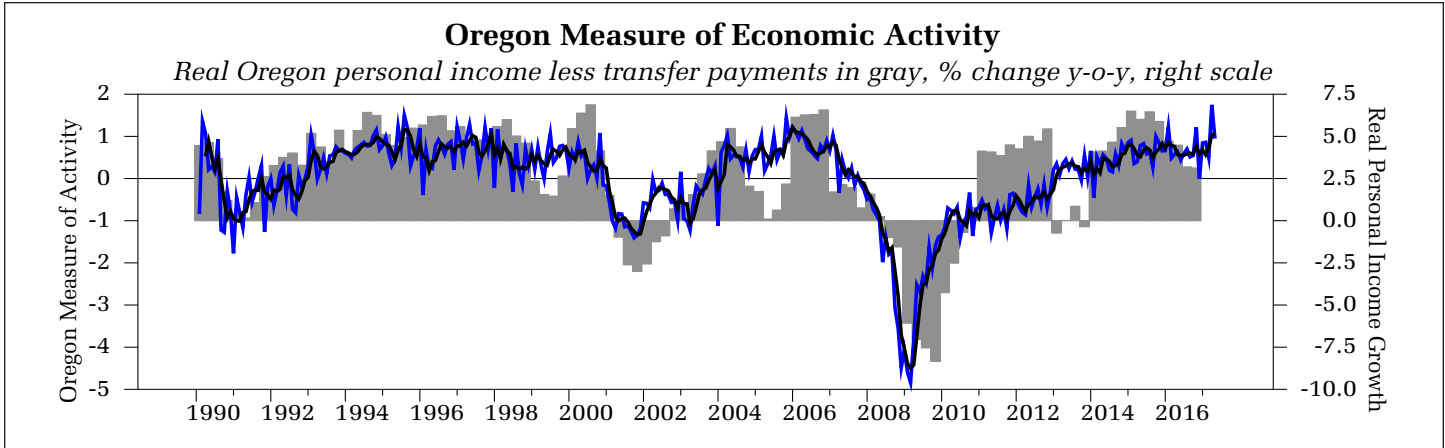
Indicators rebounded in May, gaining 0.4 percent. Employment services payrolls (mostly temporary help jobs) continued to rise while initial unemployment claims remain near historical lows. This combination is traditionally associated with ongoing solid overall job growth. Residential building permits (smoothed) and the Oregon Weight Distance tax are generally tracking sideways in recent months; the former remains low compared to past Oregon expansions. Core manufacturing orders for capital goods, average weekly hours worked by employees in Oregon manufacturing, consumer sentiment, and the interest rate spread were largely unchanged compared to the previous month.

Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity.

Contributions to Oregon Measure of Economic Activity – May 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.04			
ISM Manufacturing: Supplier Deliveries Index	0.01			
Manufacturing Employment, Oregon	0.10			
Hours, Manufacturing Production Workers, Oregon	0.11			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		0.01		
Construction Employment in Oregon		0.19		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.01	
Initial Unemployment Claims, Oregon			0.34	
Civilian Labor Force, Oregon			0.17	
Unemployment Rate, Oregon			0.21	
Interest Rate Spread			0.01	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			0.10	
Educational and Health Services Employment, Oregon				0.00
Financial Activities Employment, Oregon				-0.10
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.03
Professional and Business Services Employment, Oregon				0.01
Other Services Employment, Oregon				-0.24
Trade, Transportation and Utilities Employment, Oregon				-0.02
Total By Sector	0.26	0.17	0.84	-0.31
	Mar-17	Apr-17	May-17	
Oregon Measure of Economic Activity	0.50	1.75	0.95	
Three-Month Moving Average	0.73	1.04	1.07	

May 2017



University of Oregon Index of Economic Indicators – Summary and Components

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
UO Index of Economic Indicators™, 1997=100	100.0	100.1	100.9	101.0	100.8	101.2
Percentage Change	-0.2	0.1	0.8	0.2	-0.3	0.4
Oregon Initial Unemployment Claims, SA*	4,560	4,884	4,493	4,218	4,290	3,998
Oregon Employment Services Payrolls, SA	41,214	41,864	43,225	42,997	43,289	43,437
Oregon Residential Building Permits, SA, 5 MMA*	1,503	1,475	1,484	1,528	1,413	1,477
Oregon Weight Distance Tax, SA, Index, 1998=100	120.85	121.50	121.01	119.87	117.01	119.48
Oregon Manufacturing Average Weekly Hours, SA	39.29	39.66	40.33	39.93	40.69	40.62
U.S. Consumer Sentiment, SA, 5 MMA	92.0	93.8	94.8	96.7	97.4	97.2
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	36,401	36,863	36,956	36,862	36,899	36,883
Interest Rate Spread	1.95	1.78	1.76	1.69	1.40	1.39

* SA–seasonally adjusted; MMA–months moving average