

State of Oregon Economic Indicators™



February 2018

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 edged downward in February to 1.10 compared to a downwardly revised January reading of 1.18. The moving average measure, which smooths out the volatility, rose to 1.33, well above average. (“zero” indicates average growth over the 1990–present period). Similar to January, all sectors covered contributed positively to the measure with particularly strong numbers in the household sector. Housing activity, measured by new housing permits, made a solid contribution; permits have risen to a pace more consistent with that of past expansions. Falling equity prices placed a modest drag on the household sector, but low unemployment and low initial unemployment claims are both contributing strongly to the measure.

The University of Oregon Index of Economic Indicators gained for a third consecutive month,

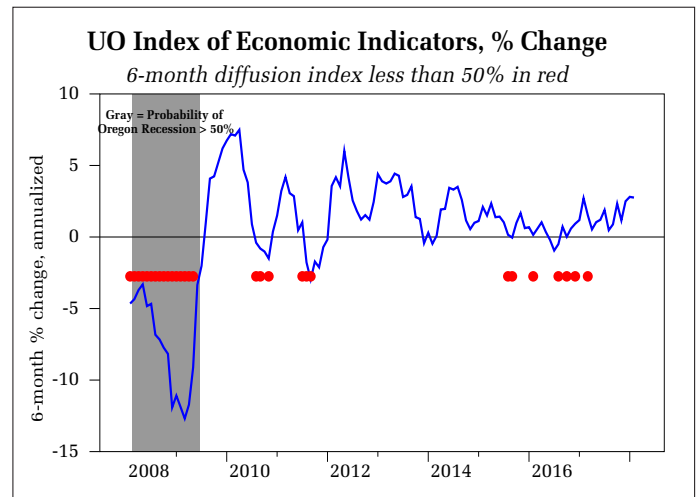
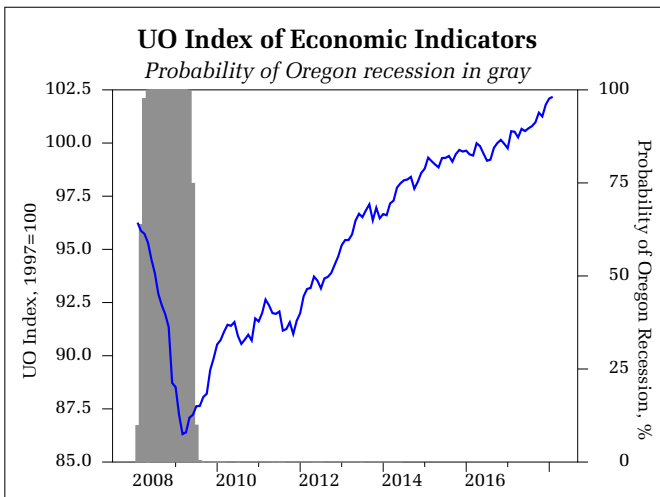
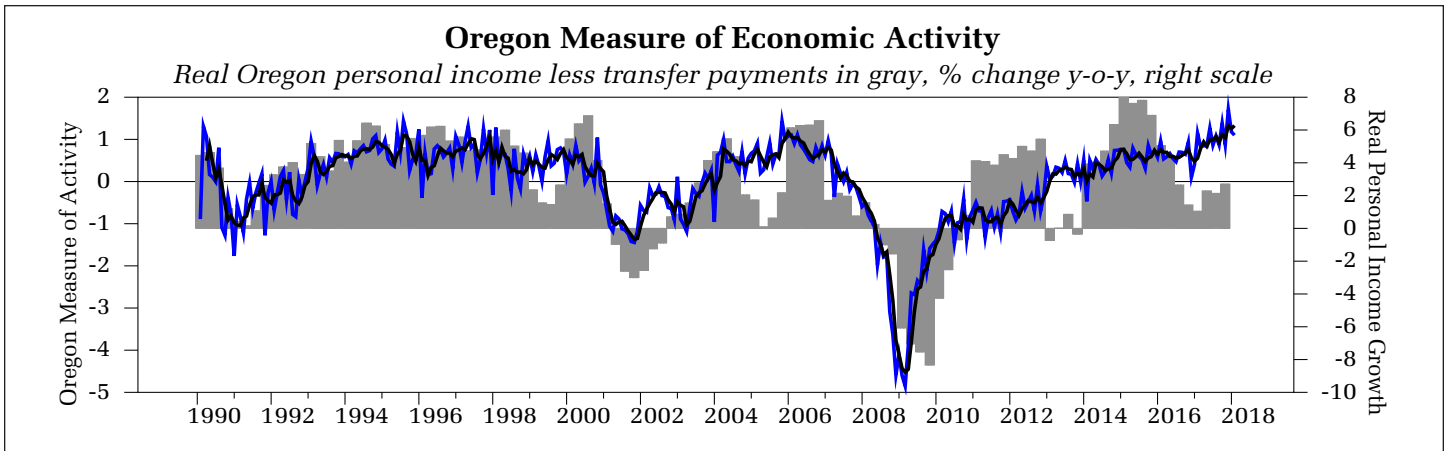
rising 0.1 percent. Initial unemployment claims rose after falling to a new low in January; employment services payrolls (mostly temporary help workers) edged down. The low level of claims remains consistent with ongoing job growth. Building permits (smoothed) rose to a new high for this cycle. Similarly, the gains in the weight-distance tax since last November suggest that Oregon’s traded-goods sector gained steam in recent months. Core manufacturing orders continued to advance, indicating that firms are expanding capacity at a faster pace than last year. This will help support Oregon’s manufacturing sector.

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

Contributions to Oregon Measure of Economic Activity – February 2018

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.10			
ISM Manufacturing: Supplier Deliveries Index	0.06			
Manufacturing Employment, Oregon	-0.07			
Hours, Manufacturing Production Workers, Oregon	-0.02			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.10		
Construction Employment in Oregon		0.11		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.04	
Initial Unemployment Claims, Oregon			0.30	
Civilian Labor Force, Oregon			0.03	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.01	
S&P500 Stock Index			-0.04	
Consumer Sentiment, University of Michigan - Reuters			0.12	
Educational and Health Services Employment, Oregon				0.16
Financial Activities Employment, Oregon				-0.04
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.02
Professional and Business Services Employment, Oregon				-0.06
Other Services Employment, Oregon				0.04
Trade, Transportation and Utilities Employment, Oregon				0.16
Total by Sector	0.05	0.21	0.56	0.28
	Dec-17	Jan-18	Feb-18	
Oregon Measure of Economic Activity	1.70	1.18	1.10	
Three-Month Moving Average	1.32	1.25	1.33	

February 2018



University of Oregon Index of Economic Indicators – Summary and Components

	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
UO Index of Economic Indicators™, 1997=100	101.0	101.4	101.2	101.8	102.1	102.2
Percentage Change	0.2	0.4	-0.2	0.6	0.3	0.1
Oregon Initial Unemployment Claims, SA*	4,167	4,068	4,161	3,842	3,740	4,246
Oregon Employment Services Payrolls, SA	40,774	41,414	40,478	41,784	42,190	42,035
Oregon Residential Building Permits, SA, 5 MMA*	1,769	1,749	1,766	1,879	1,836	1,959
Oregon Weight-Distance Tax, SA, Index, 1998=100	119.76	118.40	123.66	123.93	128.03	128.70
Oregon Manufacturing Average Weekly Hours, SA	40.60	41.21	40.28	39.93	39.93	39.66
U.S. Consumer Sentiment, SA, 5 MMA	95.5	96.2	96.9	97.4	97.2	98.1
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	38,935	39,310	39,193	39,003	38,857	39,420
Interest Rate Spread	1.05	1.21	1.19	1.10	1.17	1.44

* SA—seasonally adjusted; MMA—months moving average