

# State of Oregon Economic Indicators



March 2018

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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 rose in March to 1.01 compared to a downwardly revised February reading of 0.61. The moving average measure, which smooths out the volatility, slid to 1.09, well above average. (zero indicates average growth over the 1990–present period) but cooling somewhat compared to the run-up at the end of 2017. The construction sector made a modest negative contribution to the measure, weighed down by weaker employment components; new housing unit permits made a nearly neutral contribution. A softer stock market compared to last year has reduced the contribution from that sector to nearly neutral. Consumer sentiment, however, continues to add positively to the measure. Employment components on average still make a positive contribution, although labor force growth

was on the weak side this month.

The University of Oregon Index of Economic Indicators gained for a fourth consecutive month, rising 0.4 percent. Initial unemployment claims continue to bounce along sideways at very low levels consistent with economic expansion and ongoing job growth. Building permits (smoothed) edged higher. Trucking activity as measure by the Oregon weight-distance tax continues to rise, reaching a new cycle high and indicating gains for Oregon's traded-sector economy. Consumer sentiment (smoothed) also climbed to a new high for this business cycle.

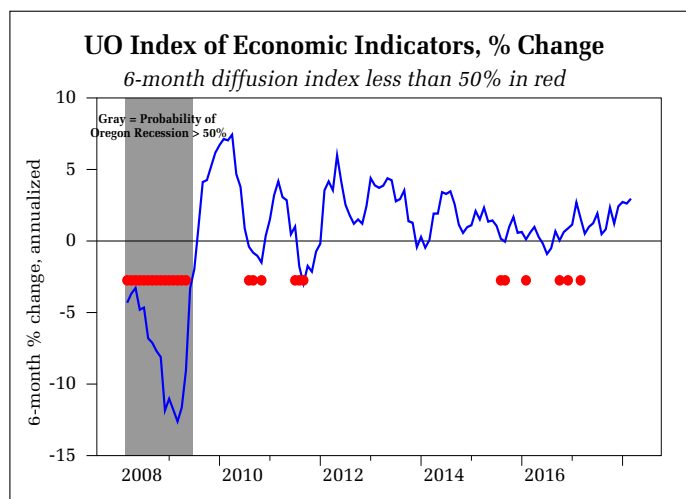
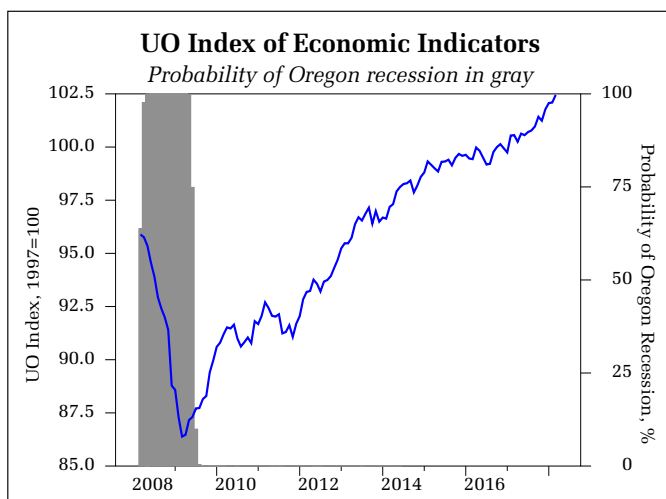
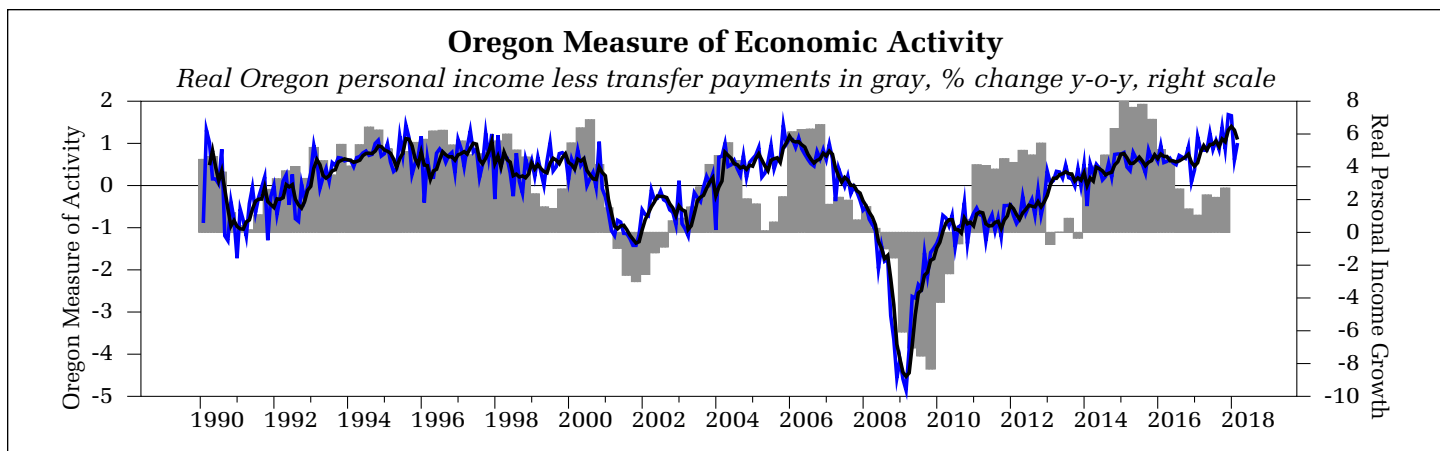
Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity.

## Contributions to Oregon Measure of Economic Activity—March 2018

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.16			
ISM Manufacturing: Supplier Deliveries Index	0.10			
Manufacturing Employment, Oregon	0.14			
Hours, Manufacturing Production Workers, Oregon	-0.05			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.03		
Construction Employment in Oregon		-0.05		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.02	
Initial Unemployment Claims, Oregon			0.28	
Civilian Labor Force, Oregon			-0.01	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.02	
S & P 500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan–Reuters			0.14	
Educational and Health Services Employment, Oregon				-0.02
Financial Activities Employment, Oregon				0.02
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.06
Professional and Business Services Employment, Oregon				0.02
Other Services Employment, Oregon				-0.06
Trade, Transportation and Utilities Employment, Oregon				0.22
<b>Total by Sector</b>	<b>0.36</b>	<b>-0.06</b>	<b>0.57</b>	<b>0.13</b>
	Jan '18	Feb '18	Mar '18	
Oregon Measure of Economic Activity	1.66	0.61	1.01	
Three-Month Moving Average	1.40	1.32	1.09	

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## University of Oregon Index of Economic Indicators—Summary and Components

	Oct '17	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18
UO Index of Economic Indicators™1997 = 100	101.4	101.2	101.8	102.1	102.1	102.5
Percentage Change	0.4	-0.2	0.5	0.3	0.0	0.4
Oregon Initial Unemployment Claims, SA*	4,065	4,164	3,855	3,727	4,246	4,056
Oregon Employment Services Payrolls, SA	41,455	40,489	41,775	42,150	42,013	41,801
Oregon Residential Building Permits, SA, 5 MMA*	1,751	1,764	1,873	1,827	1,940	1,978
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	118.30	123.70	124.07	128.26	129.35	135.96
Oregon Manufacturing Average Weekly Hours, SA	41.21	40.26	39.89	39.91	39.51	39.51
US Consumer Sentiment, SA, 5 MMA	96.2	96.9	97.4	97.2	98.1	98.2
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	39,310	39,216	39,003	38,857	39,213	39,046
Interest Rate Spread	1.21	1.19	1.10	1.17	1.44	1.33

\*SA—seasonally adjusted; MMA—months moving average

