

State of Oregon Economic Indicators™



April 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 fell in April to 0.43 from a March reading of 1.13. The moving average measure, which smooths out the volatility, fell to 0.72, well above average (“zero” indicates average growth over the 1990–present period). Data has cooled somewhat compared to late last year but remains indicative of a solid pace of growth. The manufacturing sector contributed positively; the sector currently benefits from a strong rebound from weakness in 2015–16. The household sector also made a positive contribution, but temporary employment and labor force components dragged down the gains. Employment components in the service sectors were generally near neutral to negative in April.

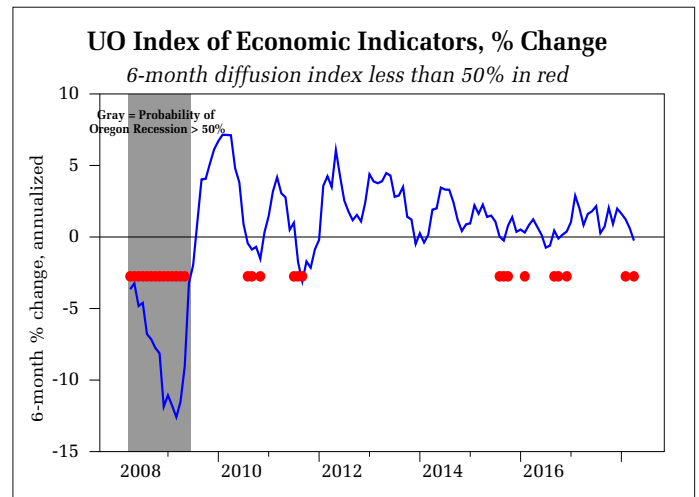
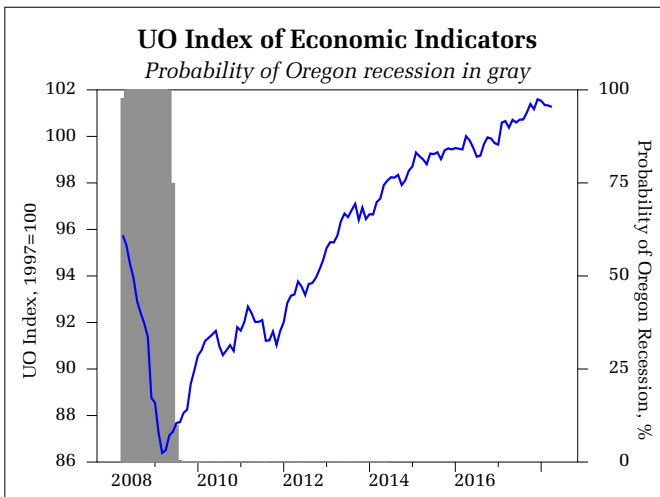
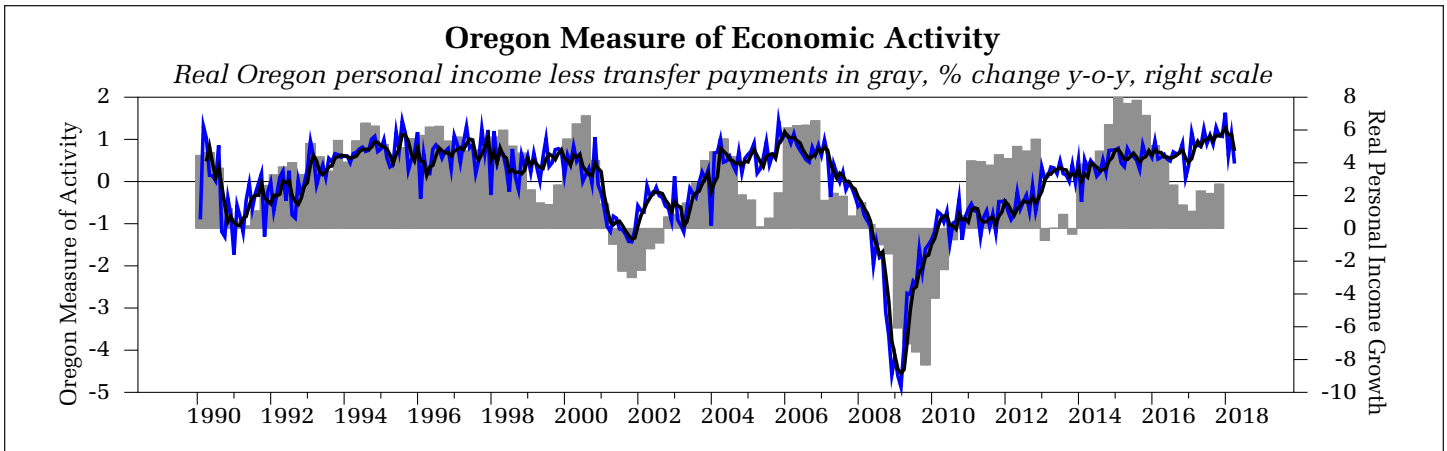
The University of Oregon Index of Economic Indicators edged down in April. Initial unemployment claims were flat while

employment services payrolls, largely temporary help workers, fell. Building permits (smoothed) have been tracking at cycle highs of around 1,950 units permitted for the past three months. Consumer sentiment (smoothed) is likewise at cycle highs while new orders for core manufacturing goods continues to climb. The spread between long and short-term interest rates fell; the spread will likely continue to fall due to expected further tightening of monetary policy. It tends to be the case that short-term interest rates rise more quickly than long-term rates during a period in which the Federal Reserve is raising the policy rate.

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

Contributions to Oregon Measure of Economic Activity—April 2018

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.12			
ISM Manufacturing: Supplier Deliveries Index	0.11			
Manufacturing Employment, Oregon	0.05			
Hours, Manufacturing Production Workers, Oregon	0.01			
Manufacturing Exports, Oregon	-0.03			
New Private Housing Units Authorized by Building Permit, Oregon		0.06		
Construction Employment in Oregon		0.04		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.18	
Initial Unemployment Claims, Oregon			0.30	
Civilian Labor Force, Oregon			-0.11	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.02	
S & P 500 Stock Index			-0.02	
Consumer Sentiment, University of Michigan–Reuters			0.12	
Educational and Health Services Employment, Oregon				-0.05
Financial Activities Employment, Oregon				0.06
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.02
Professional and Business Services Employment, Oregon				0.03
Other Services Employment, Oregon				-0.03
Trade, Transportation and Utilities Employment, Oregon				-0.23
Total by Sector	0.27	0.06	0.30	-0.20
	Feb '18	Mar '18	Apr '18	
Oregon Measure of Economic Activity	0.62	1.13	0.43	
Three-Month Moving Average	1.11	1.13	0.72	



University of Oregon Index of Economic Indicators—Summary and Components

	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18	Apr '18
UO Index of Economic Indicators™1997 = 100	101.2	101.6	101.5	101.3	101.3	101.3
Percentage Change	-0.2	0.4	-0.1	-0.2	0.0	-0.1
Oregon Initial Unemployment Claims, SA *	4,169	3,861	3,734	4,204	4,081	4,110
Oregon Employment Services Payrolls, SA	41,540	41,730	42,049	41,859	41,595	39,451
Oregon Residential Building Permits, SA, 5 MMA *	1,756	1,865	1,817	1,925	1,960	1,972
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	121.45	121.17	118.70	114.20	114.00	121.20
Oregon Manufacturing Average Weekly Hours, SA	40.21	39.83	39.90	39.57	39.65	39.92
US Consumer Sentiment, SA, 5 MMA	96.9	97.4	97.2	98.1	98.2	98.3
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,921	38,963	38,480	39,108	38,605	38,936
Interest Rate Spread	1.19	1.10	1.17	1.44	1.33	1.18

* SA—seasonally adjusted; MMA—months moving average