

# State of Oregon Economic Indicators™



June 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 slipped to 0.76 in June from an upwardly revised May reading of 0.94. The moving average measure, which smooths out the volatility, stood at 0.76, well above average (“zero” indicates average growth over the 1990–present period). Like last month, weak employment numbers weighted on the services sectors while all other sectors made neutral to positive contributions to the measure. Manufacturing hours worked fell but other components continued to contribute positively; overall, the sector still benefits from strong demand. The civilian labor force component again weighed on the household sector, suggesting that firms will have an increasingly difficult time attracting new employees.

The University of Oregon Index of Economic Indicators slipped 0.7 percent

in June as a number of components worsened. Notably, building permits (smoothed) fell, extending the previous month’s decline as permits slipped to the lowest level since July of last year and added to evidence that new home construction is cooling, particularly in the multifamily market. The number of initial unemployment rose, reversing a decline the previous month; claims continue to bounce around a historically low level consistent with further job growth. New orders for capital goods and consumer sentiment (smoothed) both rose while the spread between long and short-term interest rates fell.

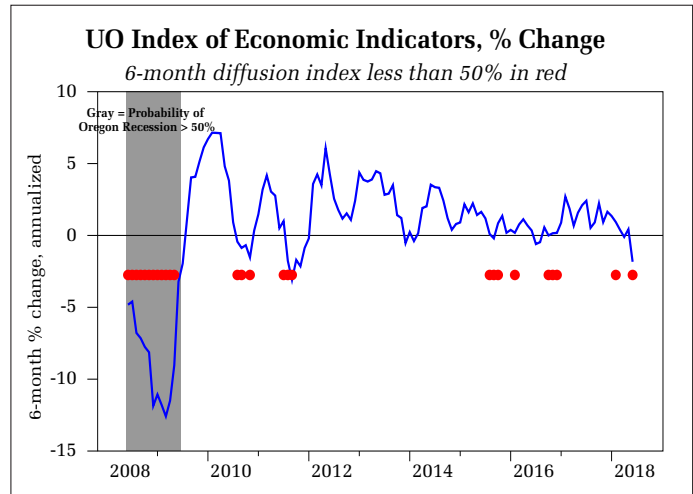
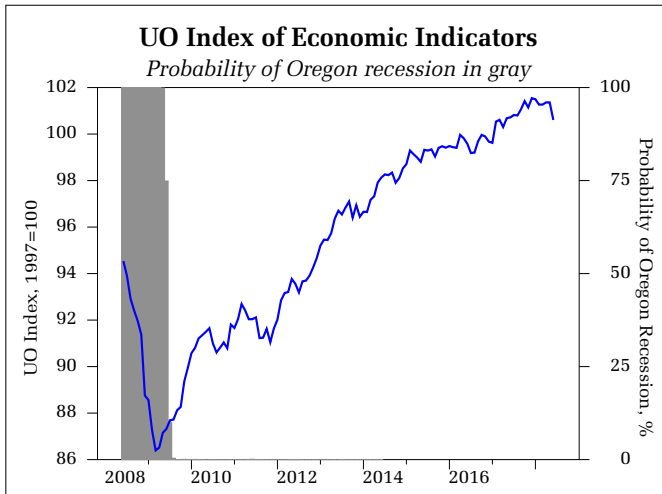
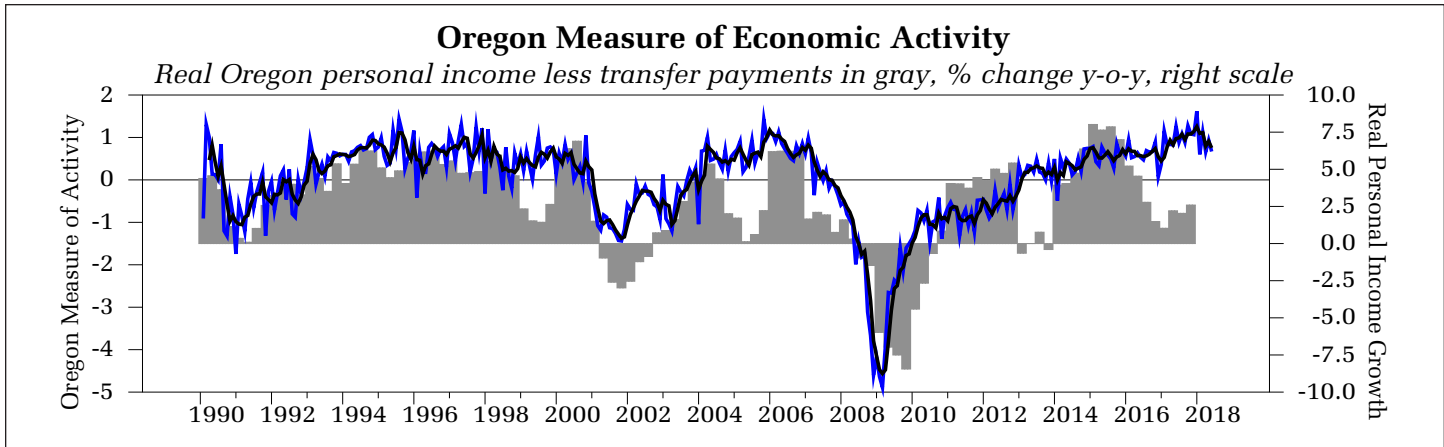
Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity.

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

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.15			
ISM Manufacturing: Supplier Deliveries Index	0.18			
Manufacturing Employment, Oregon	0.07			
Hours, Manufacturing Production Workers, Oregon	-0.07			
Manufacturing Exports, Oregon	0.02			
New Private Housing Units Authorized by Building Permit, Oregon		-0.03		
Construction Employment in Oregon		0.04		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.07	
Initial Unemployment Claims, Oregon			0.32	
Civilian Labor Force, Oregon			-0.11	
Unemployment Rate, Oregon			0.18	
Interest Rate Spread			0.03	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan—Reuters			0.11	
Educational and Health Services Employment, Oregon				0.02
Financial Activities Employment, Oregon				-0.14
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.15
Professional and Business Services Employment, Oregon				0.03
Other Services Employment, Oregon				-0.05
Trade, Transportation and Utilities Employment, Oregon				-0.18
<b>Total by Sector</b>	<b>0.35</b>	<b>0.01</b>	<b>0.48</b>	<b>-0.17</b>
	Apr '18	May '18	Jun '18	
Oregon Measure of Economic Activity	0.66	0.94	0.67	
Three-Month Moving Average	0.79	0.91	0.76	

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

	Jan '18	Feb '18	Mar '18	Apr '18	May '18	Jun '18
UO Index of Economic Indicators™ 1997 = 100	101.5	101.3	101.3	101.4	101.4	100.6
Percentage Change	0.0	-0.2	0.0	0.1	0.0	-0.7
Oregon Initial Unemployment Claims, SA *	3,717	4,229	4,069	4,086	3,794	4,028
Oregon Employment Services Payrolls, SA	42,042	41,815	41,661	39,868	39,898	39,323
Oregon Residential Building Permits, SA, 5 MMA *	1,797	1,893	1,918	1,916	1,782	1,637
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	118.22	113.81	113.50	120.97	120.06	118.96
Oregon Manufacturing Average Weekly Hours, SA	39.92	39.61	39.67	40.08	39.82	39.38
US Consumer Sentiment, SA, 5 MMA	97.2	98.1	98.2	98.3	98.7	99.2
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	38,480	39,108	38,605	39,349	39,518	39,648
Interest Rate Spread	1.17	1.44	1.33	1.18	1.28	1.09

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



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