

# State of Oregon Economic Indicators™



September 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 to 0.63 in September from an upwardly revised July reading of 0.70. The moving average measure, which smooths out the volatility, stood at 0.70, well above average (“zero” indicates average growth over the 1990-present period). The manufacturing sector made a neutral contribution; hours worked remains a persistently weak component and may reflect new work-week limitations for Oregon manufacturing firms rather than a shift in Oregon’s economy. Employment components were soft again this month, dragging down the services sector into a negative contribution to the measure. The household sector continues to make a positive contribution, supported by a strong labor market and high levels of consumer confidence.

The University of Oregon Index of Economic

Indicators edged down slightly in September. Most indicators made only modest changes during the month. Building permits continued to decline on the back of softer construction of multifamily units; stagnant to falling rents, particularly in the Portland region, combined with higher interest rates and construction costs to slow activity. Single family housing has held fairly consistent for the past few years. The interest rate spread widened; investors reacted to more promising growth forecasts and prospects for more stringent monetary tightening by bidding up interest rates on longer term debt.

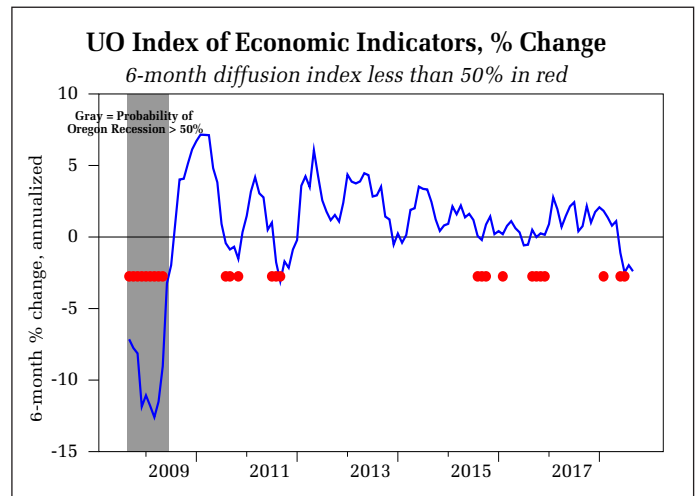
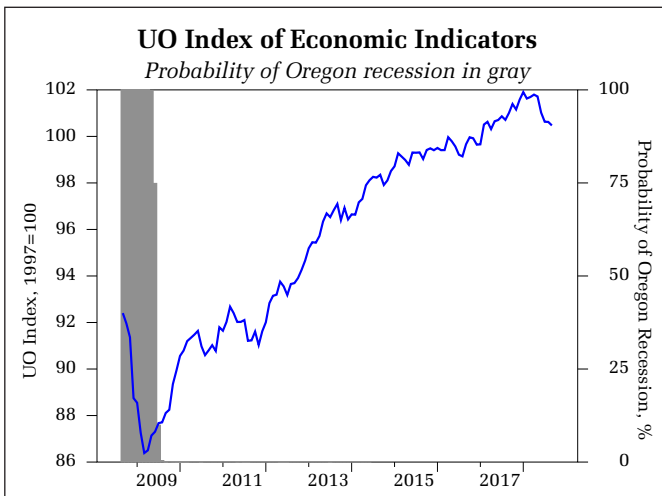
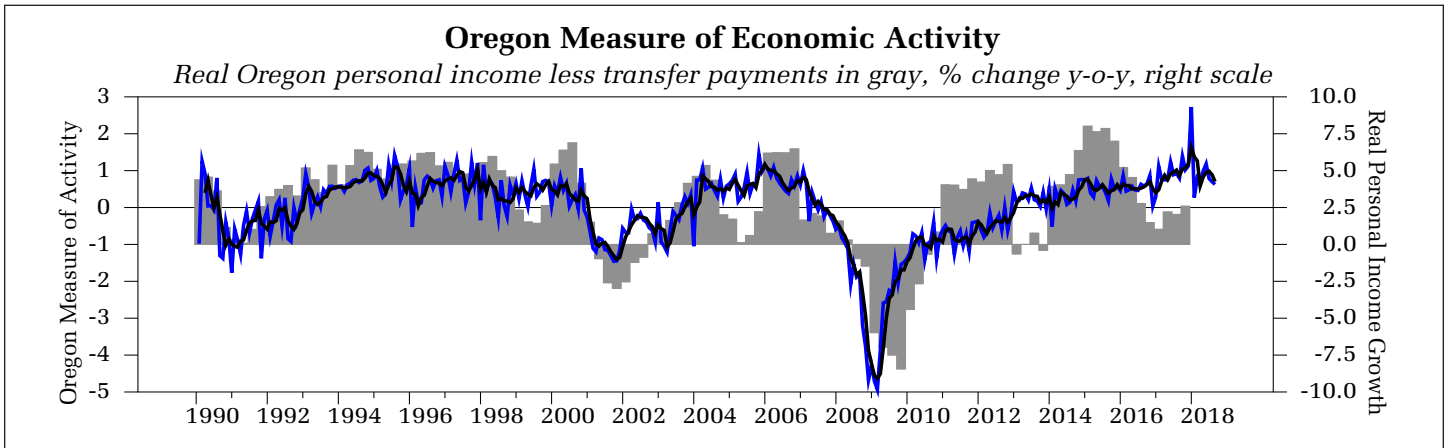
The decline in the UO Index in recent months is not sufficient to raise recession concerns. Together, these indicators still suggest ongoing growth in Oregon at an above average pace of activity.

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

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.06			
ISM Manufacturing: Supplier Deliveries Index	0.11			
Manufacturing Employment, Oregon	-0.04			
Hours, Manufacturing Production Workers, Oregon	-0.11			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		-0.03		
Construction Employment in Oregon		0.00		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.02	
Initial Unemployment Claims, Oregon			0.31	
Civilian Labor Force, Oregon			0.15	
Unemployment Rate, Oregon			0.19	
Interest Rate Spread			0.03	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan—Reuters			0.13	
Educational and Health Services Employment, Oregon				-0.01
Financial Activities Employment, Oregon				-0.08
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.05
Professional and Business Services Employment, Oregon				0.02
Other Services Employment, Oregon				0.07
Trade, Transportation and Utilities Employment, Oregon				-0.20
<b>Total by Sector</b>	<b>0.01</b>	<b>-0.03</b>	<b>0.80</b>	<b>-0.15</b>
	Jul '18	Aug '18	Sep '18	
Oregon Measure of Economic Activity	0.78	0.70	0.63	
Three-Month Moving Average	0.99	0.89	0.70	

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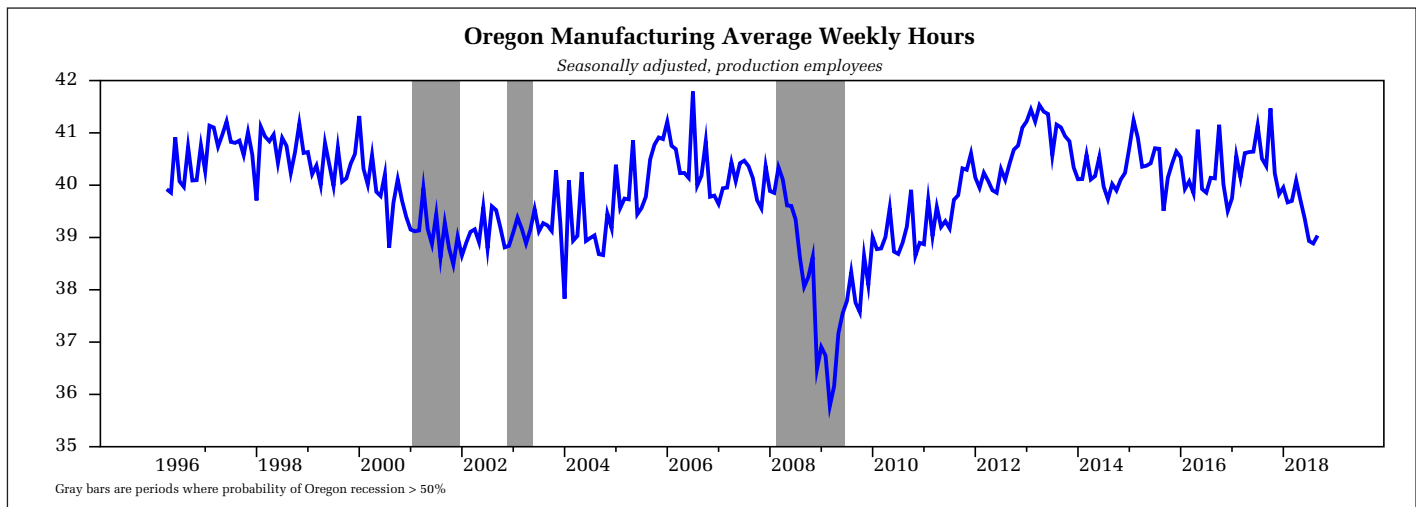
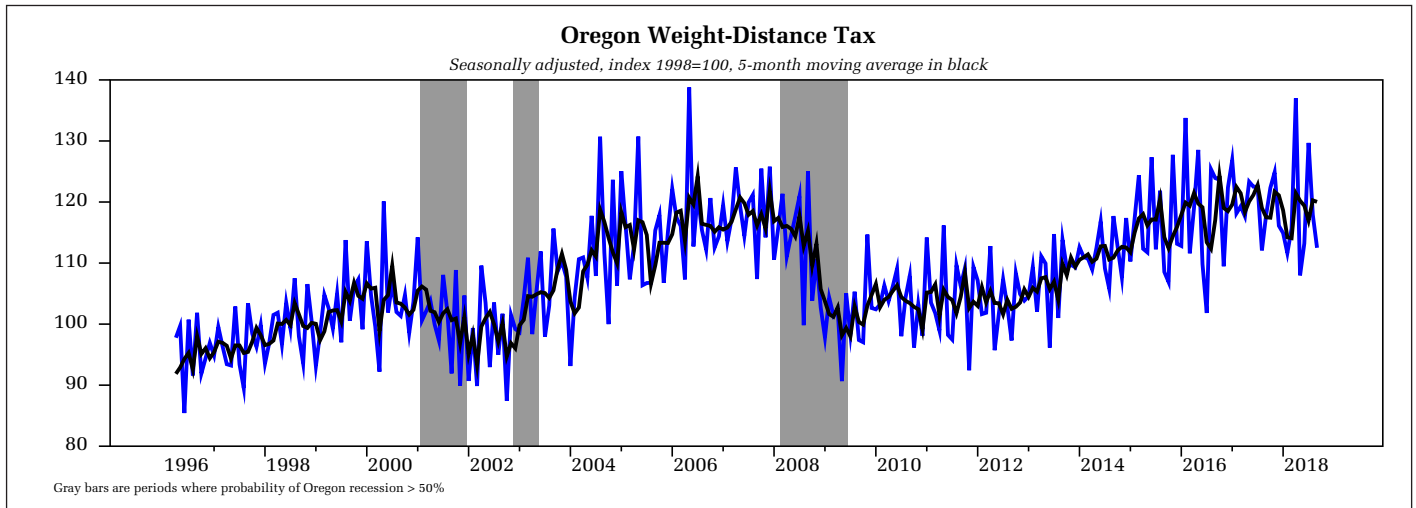
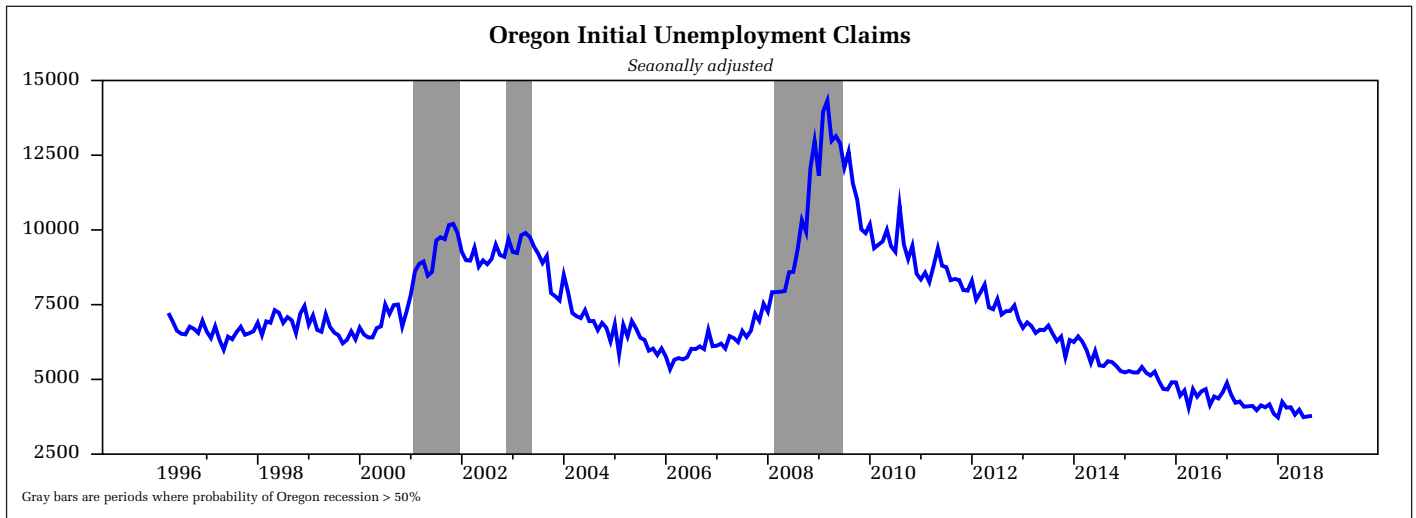


## University of Oregon Index of Economic Indicators—Summary and Components

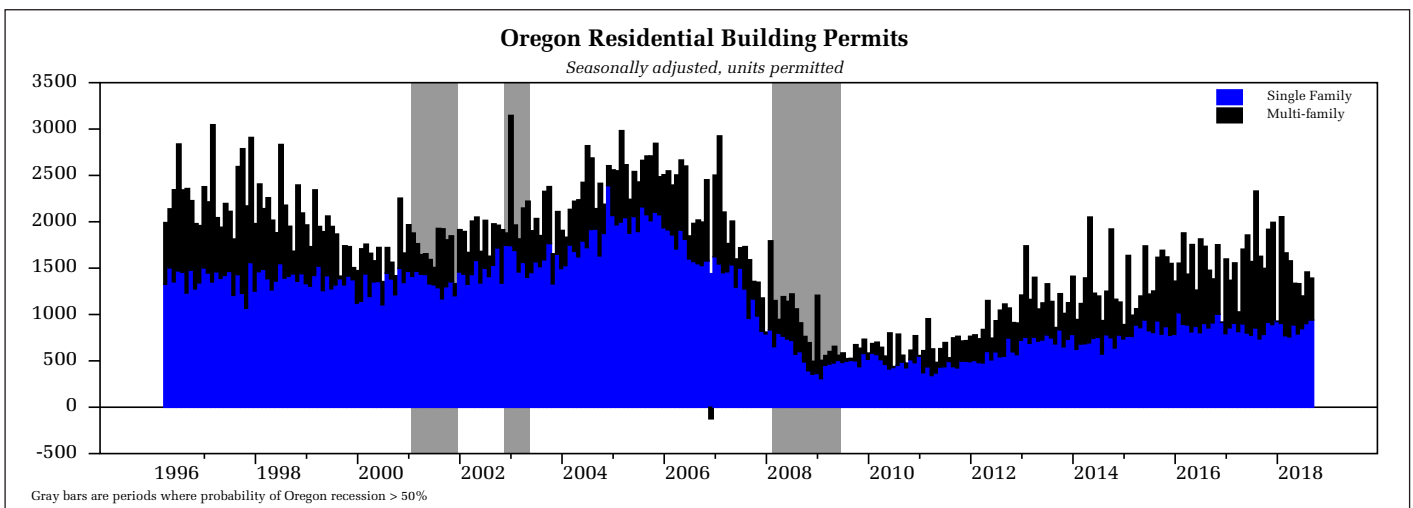
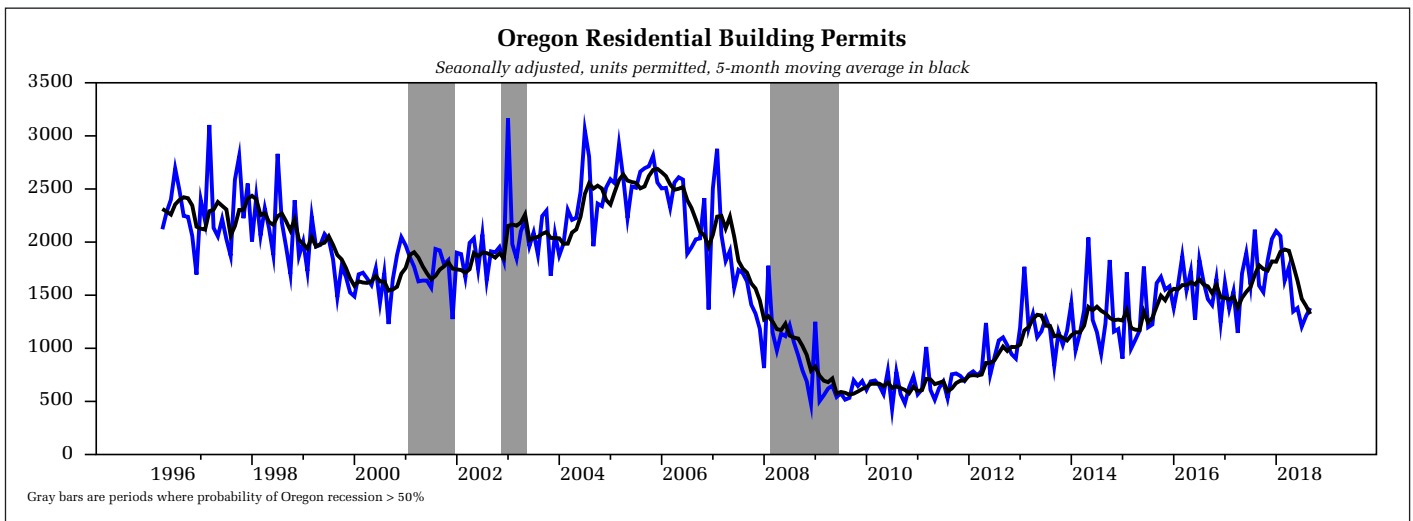
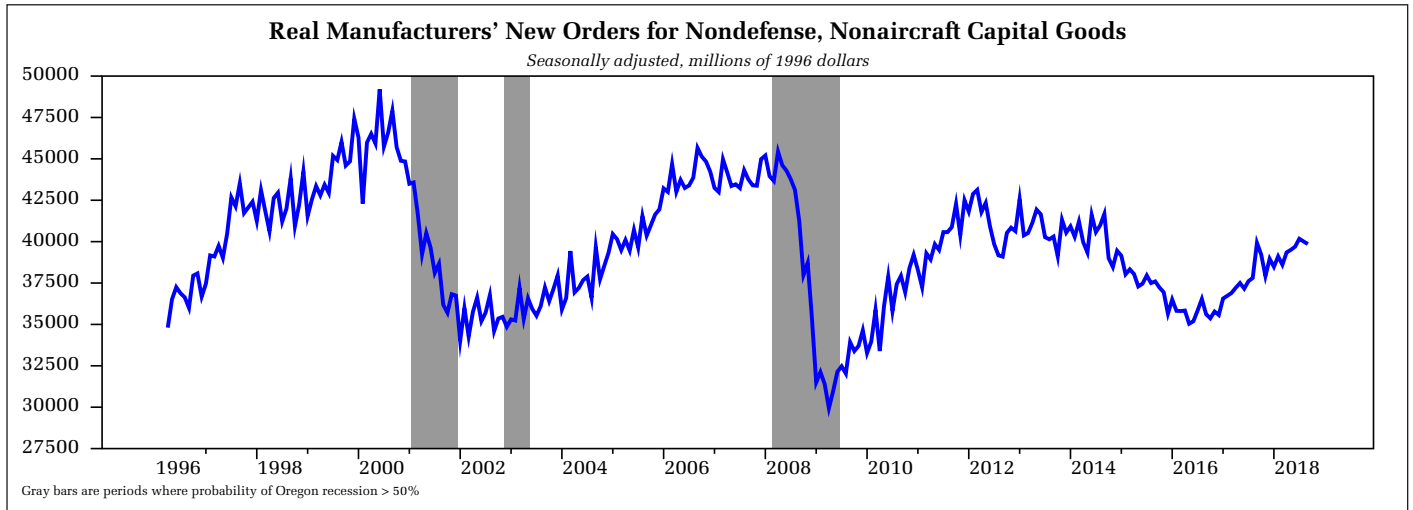
	Apr '18	May '18	Jun '18	Jul '18	Aug '18	Sep '18
UO Index of Economic Indicators™1997 = 100	101.8	101.7	101.0	100.6	100.6	100.5
Percentage Change	0.1	-0.1	-0.7	-0.4	0.0	-0.1
Oregon Initial Unemployment Claims, SA*	4,068	3,821	3,985	3,736	3,762	3,781
Oregon Employment Services Payrolls, SA	41,792	41,849	41,085	41,235	41,754	41,532
Oregon Residential Building Permits, SA, 5 MMA*	1,918	1,782	1,637	1,466	1,399	1,322
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	121.43	120.21	119.40	116.97	120.27	120.03
Oregon Manufacturing Average Weekly Hours, SA	40.09	39.71	39.36	38.93	38.89	39.04
US Consumer Sentiment, SA, 5 MMA	98.3	98.7	99.2	98.9	97.8	98.1
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	39,349	39,506	39,696	40,174	40,010	39,853
Interest Rate Spread	1.18	1.28	1.09	0.98	0.98	1.05

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

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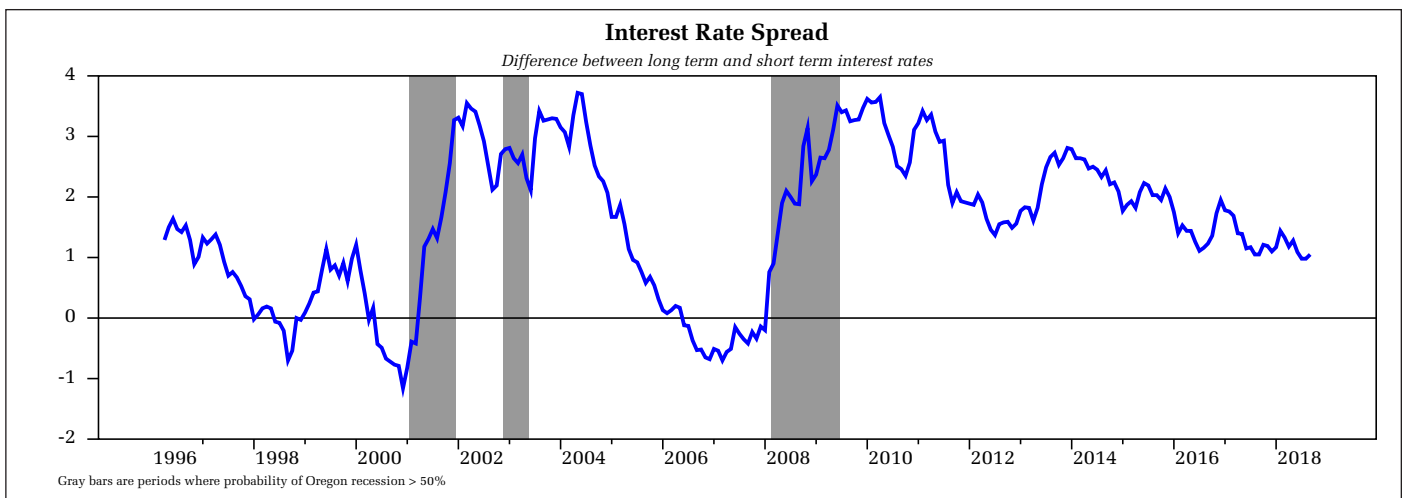
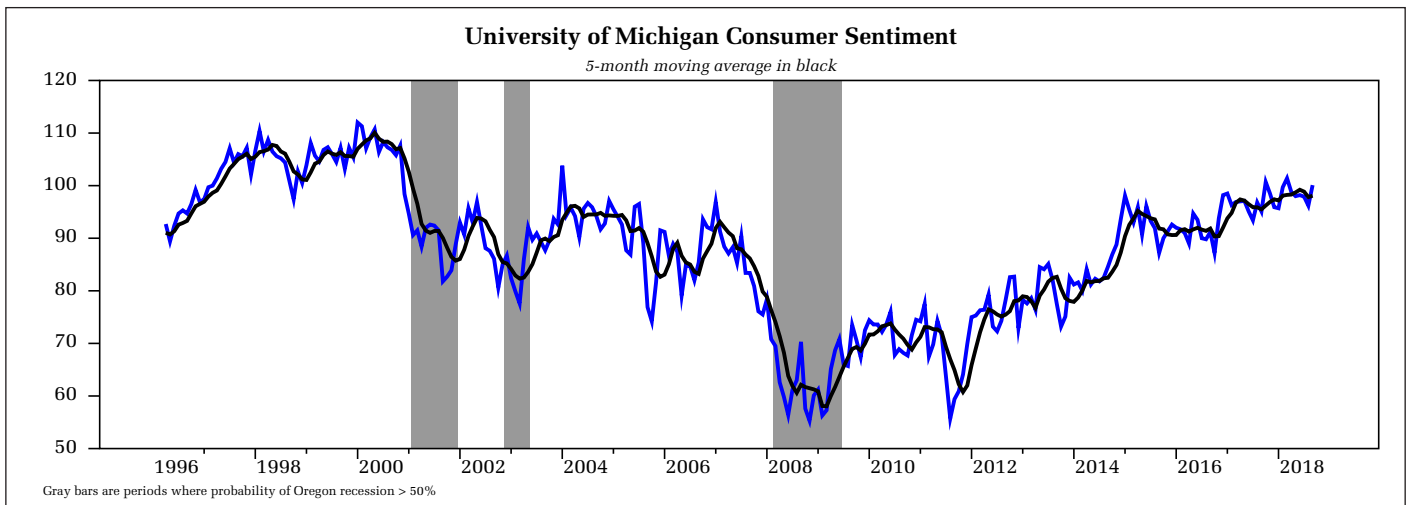
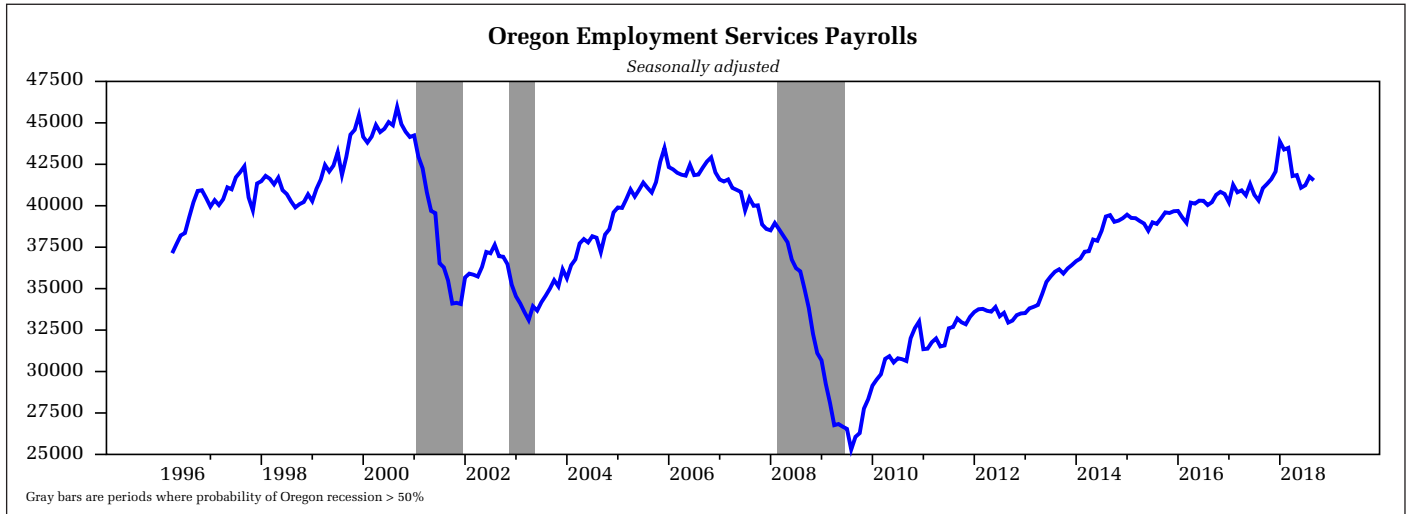


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