

State of Oregon Economic Indicators™



January 2019

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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.

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 jumped to 1.51 in January from an upwardly revised December reading of 0.41. The moving average measure, which smooths out the volatility, was a more moderate 0.84, though still well above average (“zero” indicates average growth over the 1990-present period). All sectors made positive contributions to the measure. In particular strong job growth in the manufacturing and construction sectors made large contributions to those sectors. The household sector continues to be supported by broad labor market indicators such as the unemployment rate but also experienced a gain as the equity market weakness of December reversed. A decline in consumer sentiment brought down the contribution of that component to just above neutral. Job growth in the trade, transportation, and utilities sector was the primary driver of the positive contribution from the service sector.

consecutive month, gaining 0.2 percent over December. Employment services payrolls (mostly temporary help jobs) jumped while initial unemployment claims edged down; the general trends of both indicators remain consistent with future job growth. Capital goods orders edged up but in general have been fairly flat over the last six months. Consumer confidence fell in January during the partial government shutdown (but rebounded in February). The interest rate spread fell sharply as market participants reduced their expectations for Federal Reserve interest rate hikes. As a result, longer-term interest rates fell, reducing the spread between long and short term rates.

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

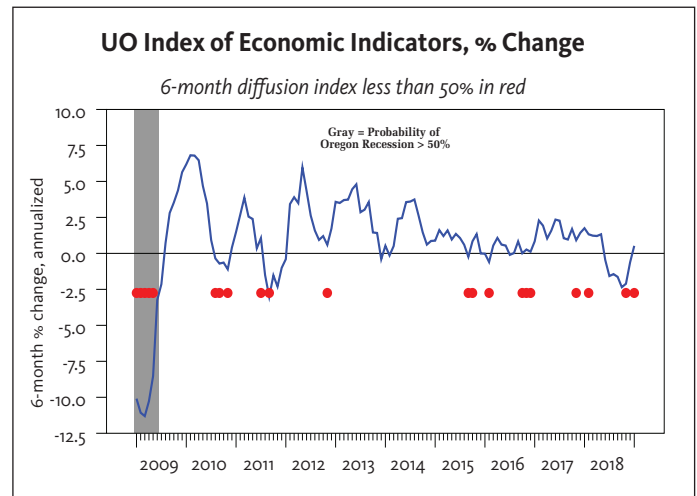
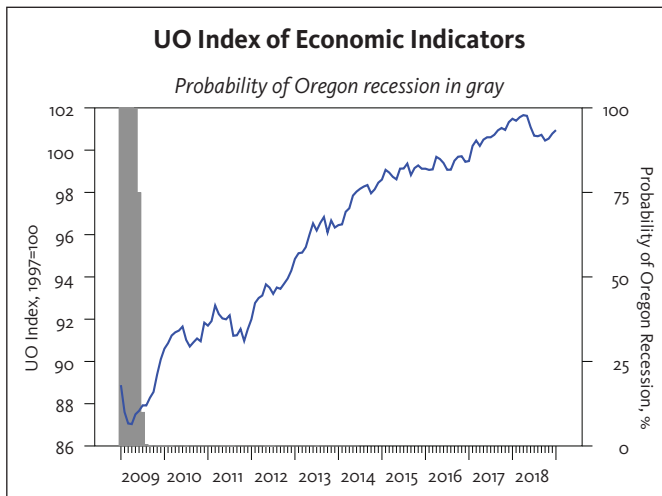
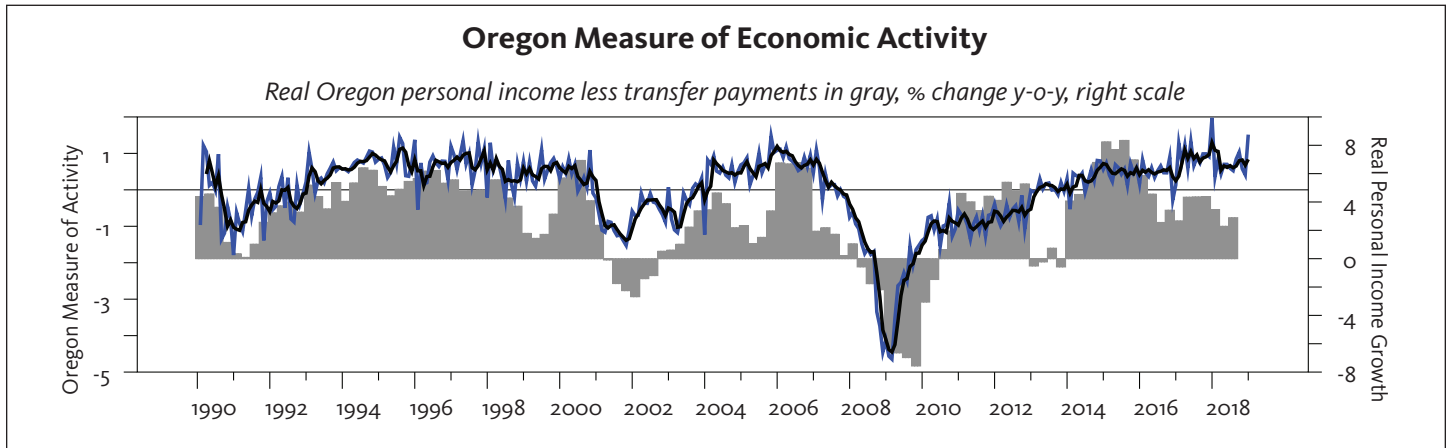
The University of Oregon Index of Economic Indicators rose in January for the third

Contributions to Oregon Measure of Economic Activity—January 2019

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.04			
ISM Manufacturing: Supplier Deliveries Index	0.04			
Manufacturing Employment, Oregon	0.27			
Hours, Manufacturing Production Workers, Oregon	0.01			
Manufacturing Exports, Oregon	-0.02			
New Private Housing Units Authorized by Building Permit, Oregon		-0.03		
Construction Employment in Oregon		0.20		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			0.19	
Initial Unemployment Claims, Oregon			0.30	
Civilian Labor Force, Oregon			0.03	
Unemployment Rate, Oregon			0.15	
Interest Rate Spread			0.07	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan—Reuters			0.05	
Educational and Health Services Employment, Oregon				0.04
Financial Activities Employment, Oregon				0.02
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.01
Professional and Business Services Employment, Oregon				-0.10
Other Services Employment, Oregon				-0.03
Trade, Transportation and Utilities Employment, Oregon				0.24
Total by Sector	0.34	0.21	0.81	0.16
	Nov '18	Dec '18	Jan '19	
Oregon Measure of Economic Activity	0.58	0.41	1.51	
Three-Month Moving Average	0.82	0.68	0.84	

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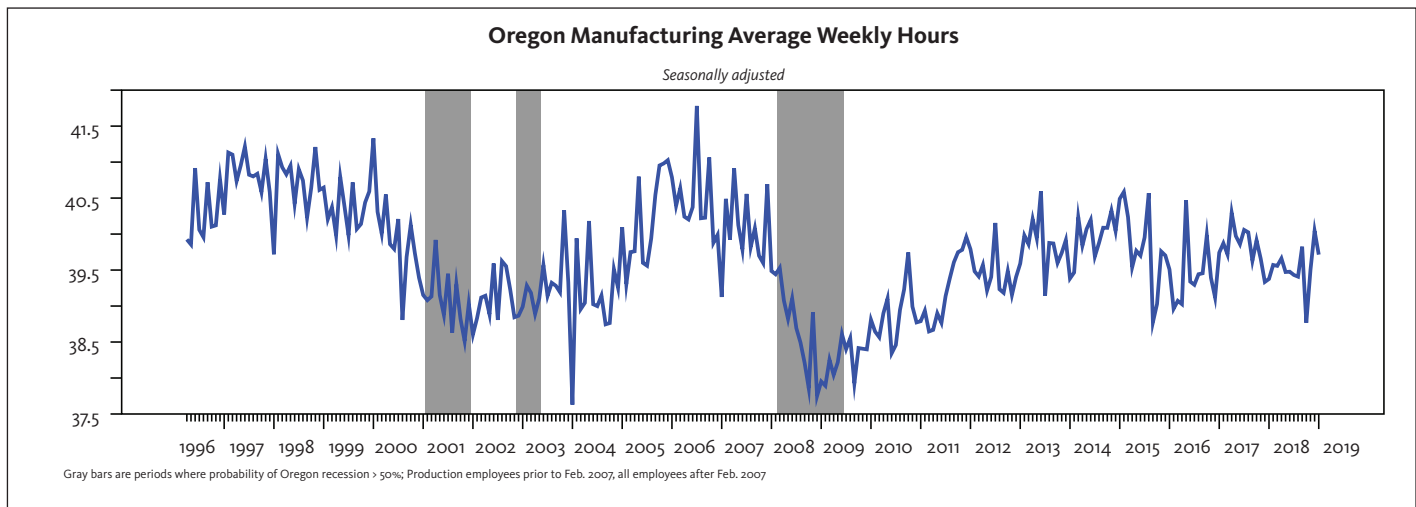
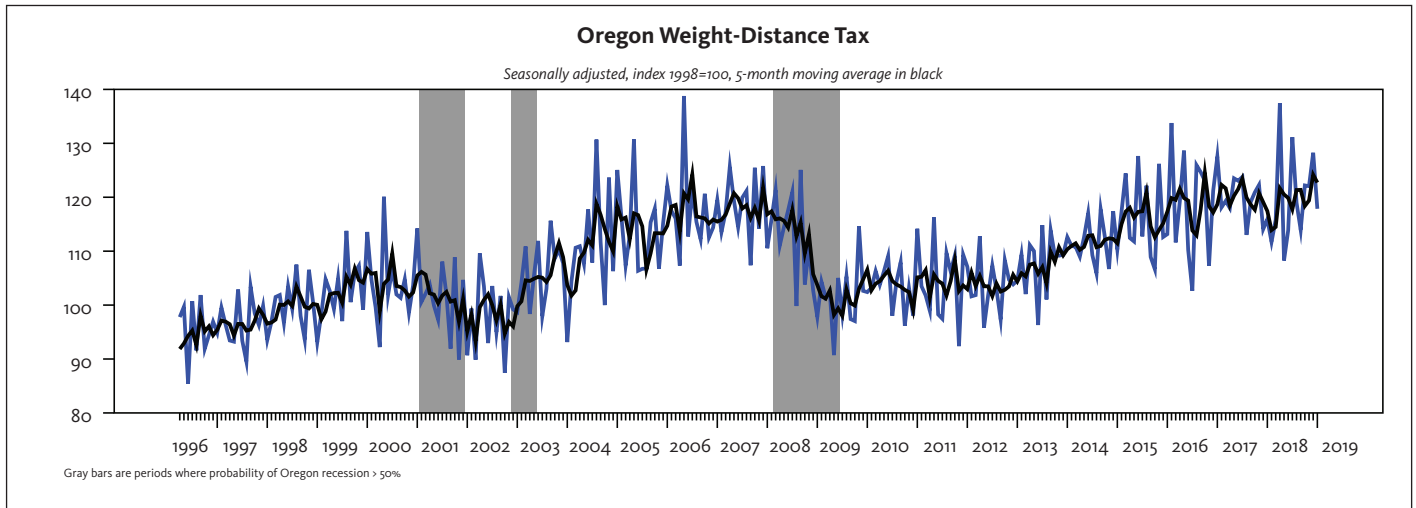


University of Oregon Index of Economic Indicators–Summary and Components

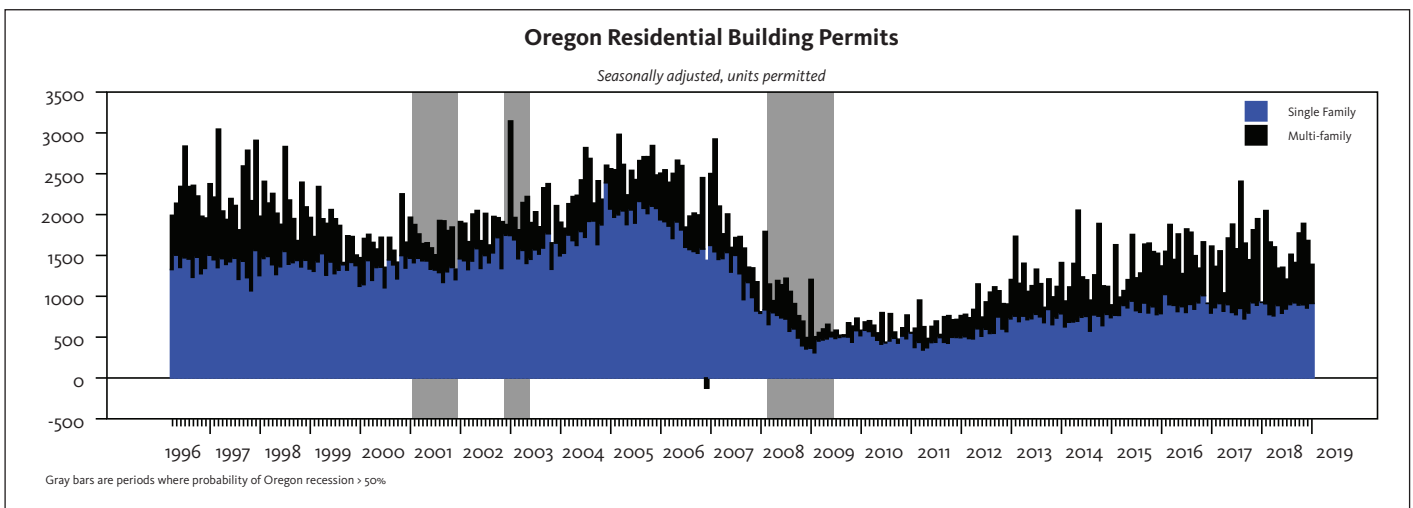
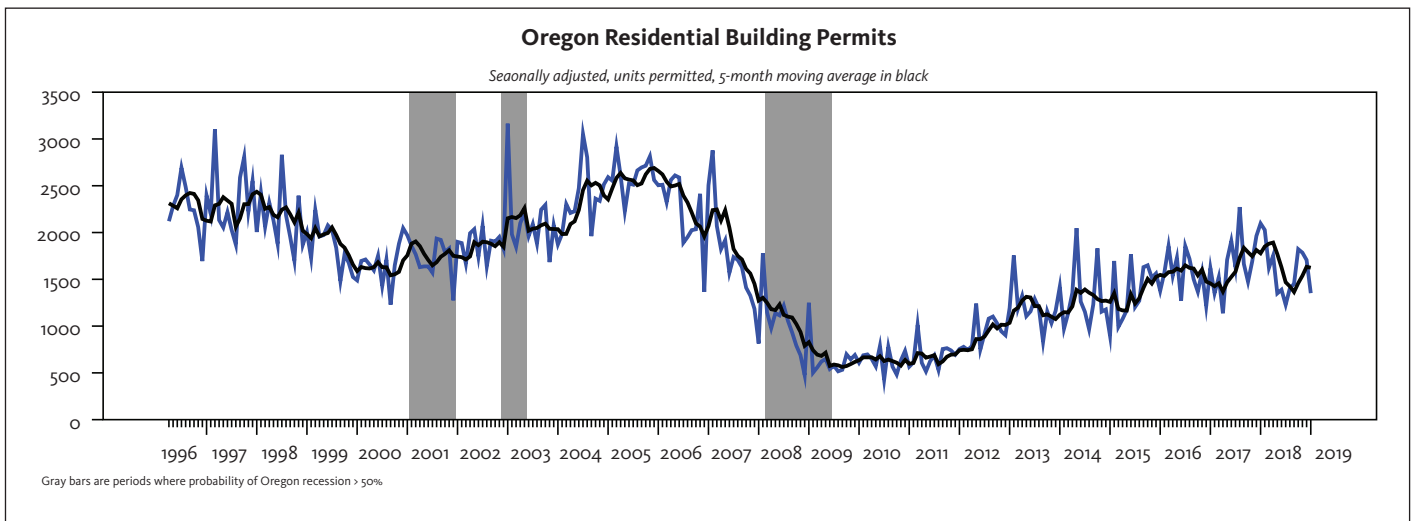
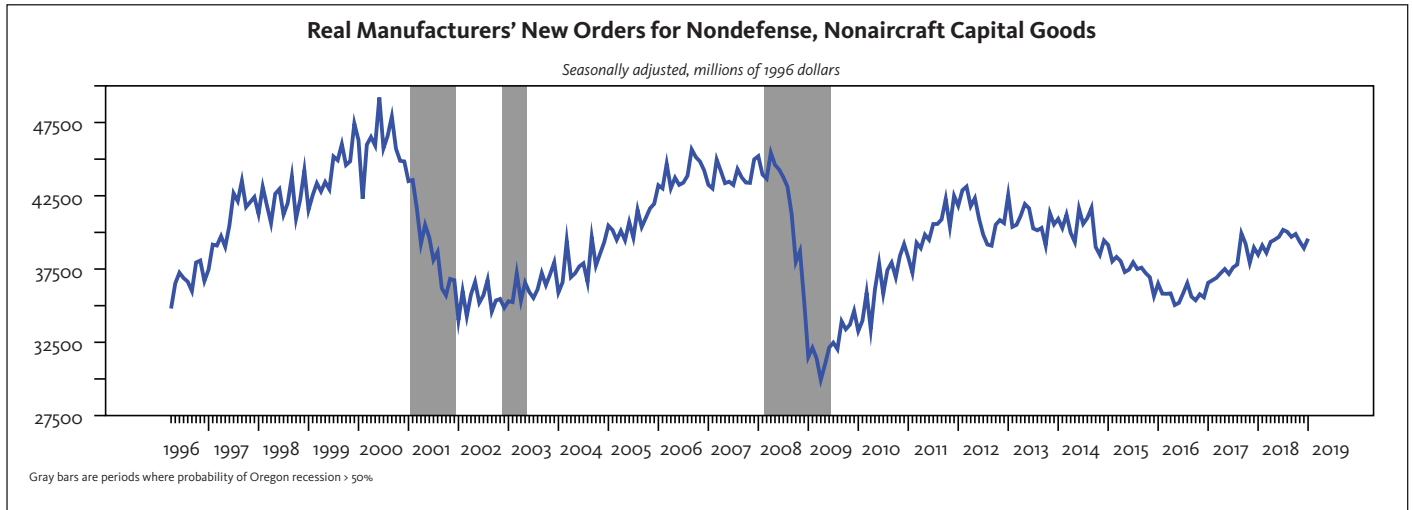
	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18	Jan '19
UO Index of Economic Indicators™, 1997 = 100	100.7	100.7	100.5	100.5	100.8	100.9
Percentage Change	0.0	0.1	-0.3	0.1	0.2	0.2
Oregon Initial Unemployment Claims, SA*	3,765	3,821	3,869	4,273	3,924	3,847
Oregon Employment Services Payrolls, SA	41,034	41,497	41,563	41,809	40,455	42,683
Oregon Residential Building Permits, SA, 5 MMA*	1,425	1,364	1,459	1,538	1,634	1,623
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	121.34	121.37	118.38	119.40	124.17	122.72
Oregon Manufacturing Average Weekly Hours, SA	39.41	39.82	38.77	39.50	40.04	39.71
US Consumer Sentiment, SA, 5 MMA	97.8	98.1	98.2	98.1	98.1	97.1
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	40,038	39,694	39,890	39,369	38,925	39,571
Interest Rate Spread	0.98	1.05	0.96	0.92	0.56	0.31

SA = Seasonally Adjusted, MMA = Months Moving Average

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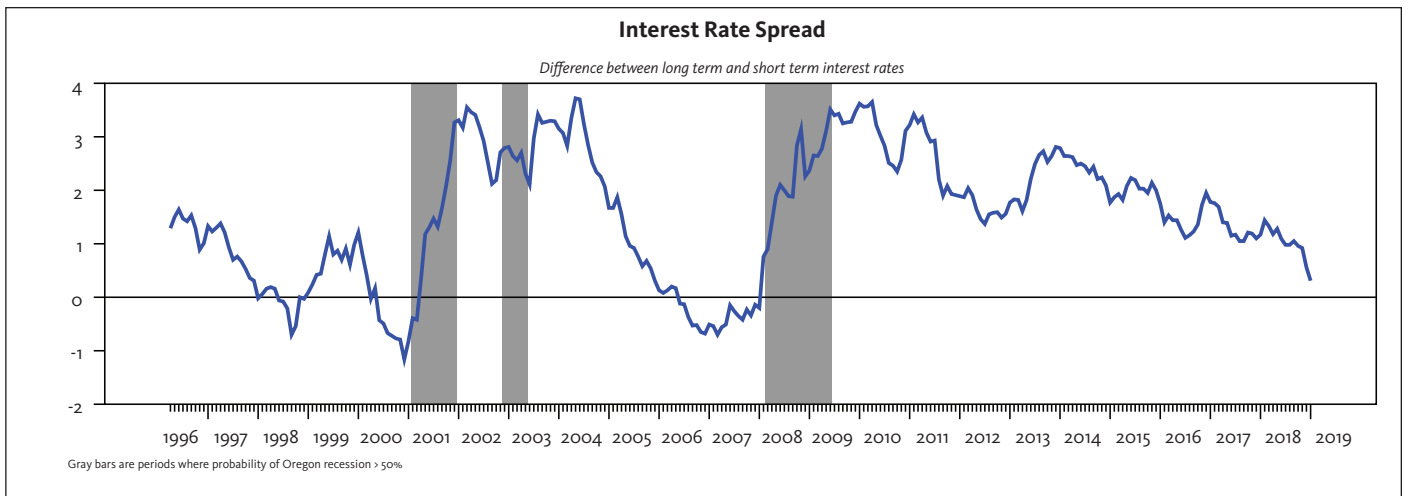
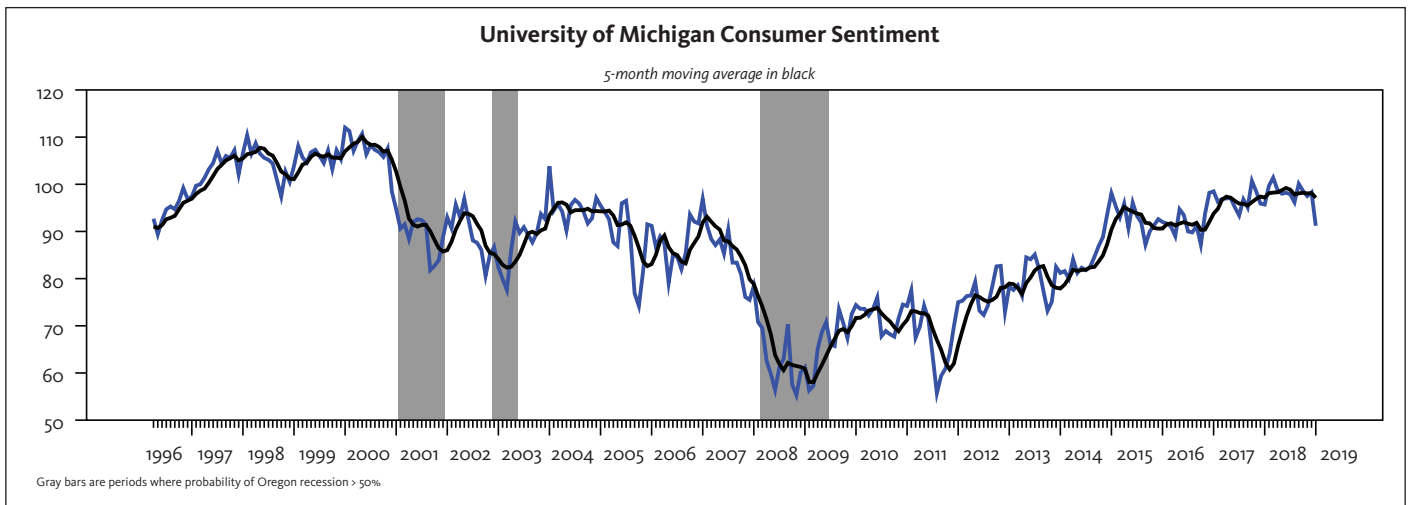
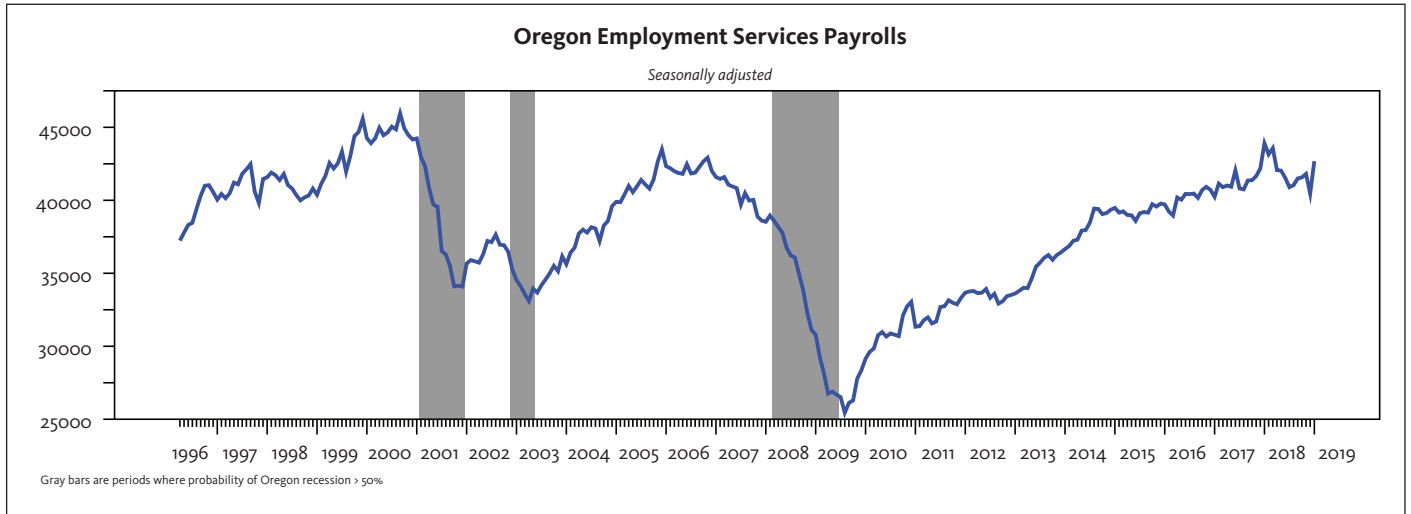


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