

State of Oregon Economic Indicators™



March 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 rose to 0.66 in March, up from an upwardly-revised 0.50 in February. The moving average measure, which smooths out the volatility, edged up to 0.90, well above average (“zero” indicates average growth over the 1990-present period). Only the manufacturing sector, weighed down by the hours worked component, made a negative contribution; hours worked appears unusually weak and inconsistent with the broad trends in manufacturing data. Rising building permits supported the construction sector while a rebound in job growth helped stabilize the services sector. The household sector continues to make a solid positive contribution, buoyed by low unemployment numbers.

The University of Oregon Index of Economic Indicators fell again, dropping 0.2 percent in March. Similar to last month, rising unemployment claims were a substantial drag on the UO Index. Although the level of

unemployment claims remains low, the rise bears watching; note that a similar rise in national numbers was subsequently reversed. Other components were little changed. Building permits (smoothed) continue to edge higher, rebounding from last year’s softening. This suggests the underlying demand for housing remains solid. Consumer sentiment continues to hover near recent highs. In a good sign that firms remain willing to invest in new equipment, core manufacturing orders rose to its highest level since October.

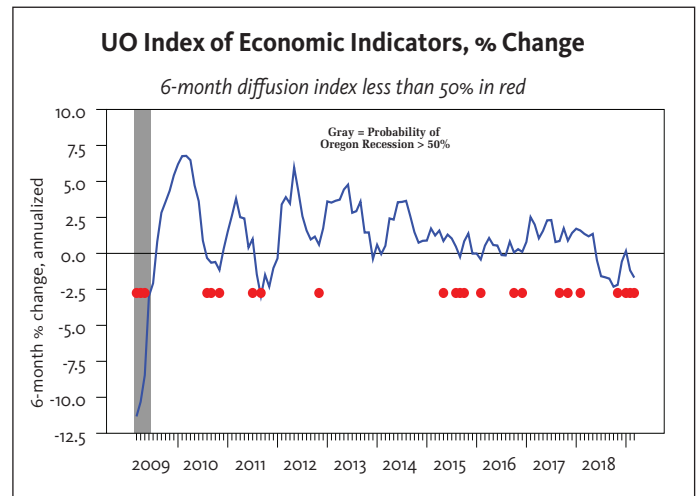
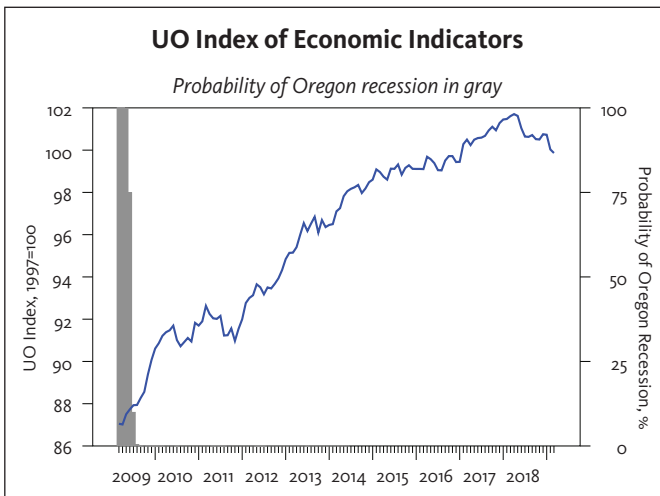
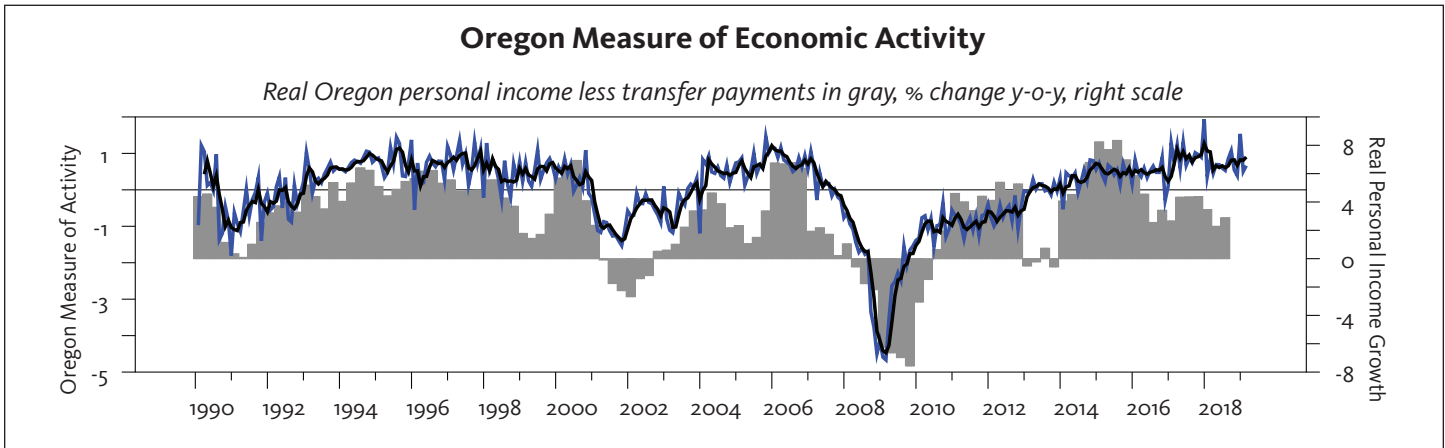
The recent decline of the UO Index remains insufficient to raise imminent recession concerns. It’s behavior instead is consistent with a mature business cycle in which growth is relatively slower compared to early in the expansion. Indicators overall still suggest the economy is poised for continued growth.

Contributions to Oregon Measure of Economic Activity—March 2019

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.02			
ISM Manufacturing: Supplier Deliveries Index	0.04			
Manufacturing Employment, Oregon	-0.03			
Hours, Manufacturing Production Workers, Oregon	-0.13			
Manufacturing Exports, Oregon	-0.02			
New Private Housing Units Authorized by Building Permit, Oregon		0.09		
Construction Employment in Oregon		0.03		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			-0.01	
Initial Unemployment Claims, Oregon			0.15	
Civilian Labor Force, Oregon			0.00	
Unemployment Rate, Oregon			0.15	
Interest Rate Spread			0.08	
S & P 500 Stock Index			0.01	
Consumer Sentiment, University of Michigan—Reuters			0.11	
Educational and Health Services Employment, Oregon				0.00
Financial Activities Employment, Oregon				-0.08
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.03
Professional and Business Services Employment, Oregon				0.05
Other Services Employment, Oregon				0.15
Trade, Transportation and Utilities Employment, Oregon				0.02
Total by Sector	-0.16	0.16	0.48	0.18
	Jan '19	Feb '19	Mar '19	
Oregon Measure of Economic Activity	1.54	0.50	0.66	
Three-Month Moving Average	0.82	0.81	0.90	

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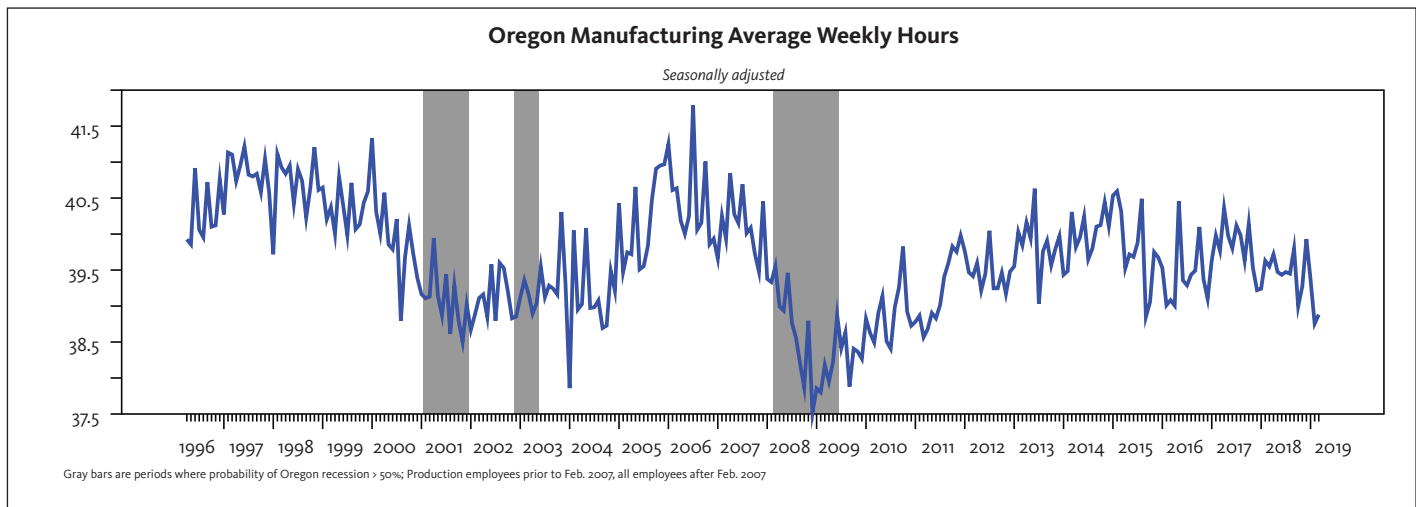
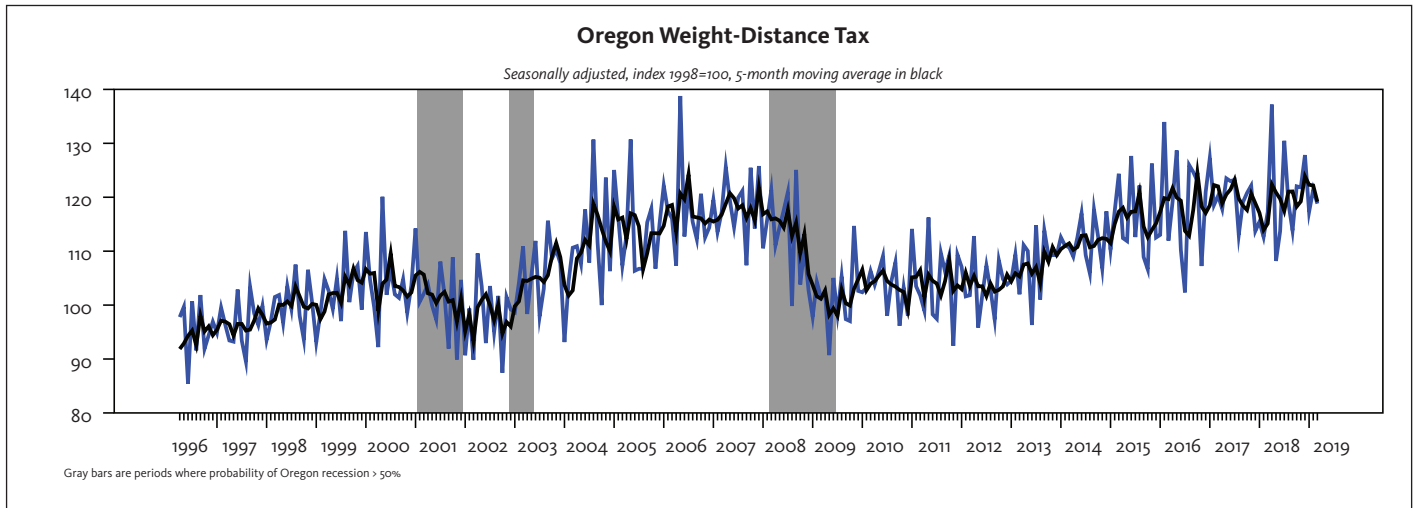
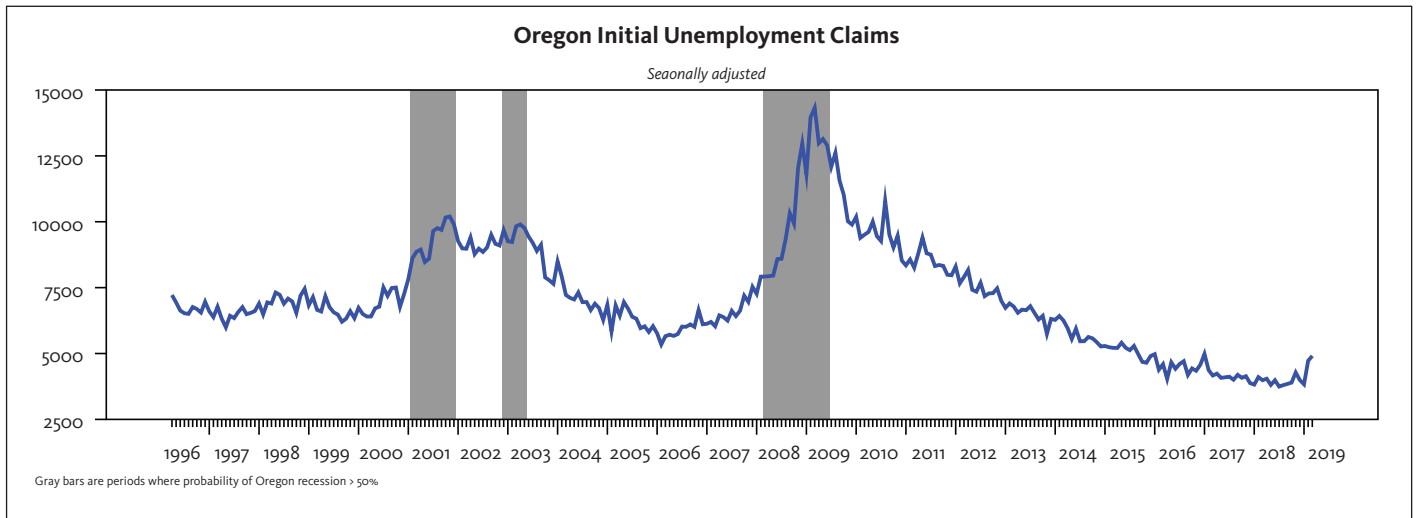


University of Oregon Index of Economic Indicators–Summary and Components

	Oct '18	Nov '18	Dec '18	Jan '19	Feb '19	Mar '19
UO Index of Economic Indicators™, 1997 = 100	100.5	100.5	100.8	100.7	100.0	99.9
Percentage Change	-0.2	0.0	0.2	0.0	-0.7	-0.2
Oregon Initial Unemployment Claims, SA*	3,896	4,280	3,991	3,831	4,725	4,911
Oregon Employment Services Payrolls, SA	41,644	41,868	40,516	42,091	42,237	42,131
Oregon Residential Building Permits, SA, 5 MMA*	1,466	1,552	1,656	1,651	1,721	1,766
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	118.26	119.22	123.89	122.31	122.18	119.18
Oregon Manufacturing Average Weekly Hours, SA	38.99	39.27	39.93	39.37	38.76	38.88
US Consumer Sentiment, SA, 5 MMA	98.2	98.1	98.1	97.1	95.9	95.8
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,890	39,301	38,960	39,092	39,124	39,626
Interest Rate Spread	0.96	0.92	0.56	0.31	0.28	0.16

SA = Seasonally Adjusted, MMA = Months Moving Average

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