

STATE OF OREGON ECONOMIC INDICATORS™



A program of the College of Arts and Sciences and its Department of Economics

MAY 2014

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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

Oregon posted another month of above average growth in May. The Oregon Measure of Economic Activity rose to 0.69, compared to a revised 0.16 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, is 0.50 where “zero” for this measure indicates the average growth rate over the 1990-present period. All sectors contributed positively to the measure. Employment and hours worked components both indicated solid manufacturing activity. The construction sector gained on the back of somewhat above average level of housing permits. Low levels of initial unemployment claims continue to be a very positive factor in the household sector. Growth in the civilian labor force supported the sector in May. Strong job gains propelled the services measure higher.

The University of Oregon Index of Economic Indicators rose 0.4 percent in May. Initial unemployment claims fell again to the

lowest level since 2006; the pace of layoffs is consistent with that of previous periods of solid economic growth in Oregon and ongoing improvement in labor markets. Residential building permits (smoothed) rose, with the gains largely attributable to an increase in multifamily permits. The market for single-family construction remains constrained. The Oregon weight distance tax, new orders for core manufacturing goods and average weekly hours worked in manufacturing all improved during May, while consumer confidence edged down. Falling longer-term interest rates narrowed the interest rate spread as financial market participants concluded that the pace of national growth is not yet sufficient to justify a significantly tighter monetary policy.

The two indicators suggest continued growth in Oregon at an above average pace of activity. Further gains are likely as the national economy will continue its general upward trajectory for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – May 2014

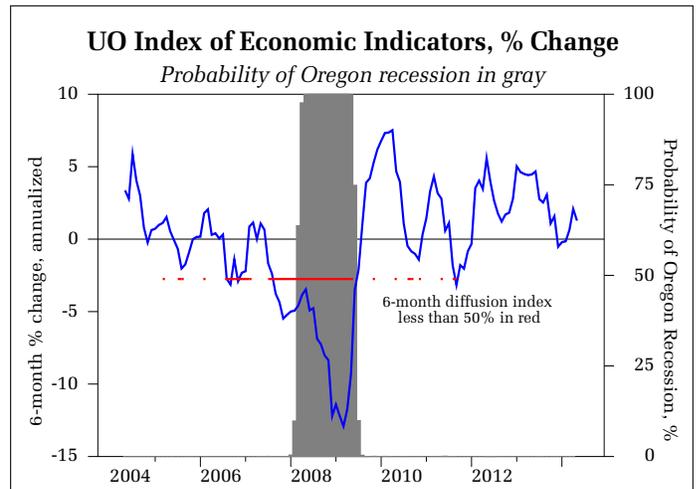
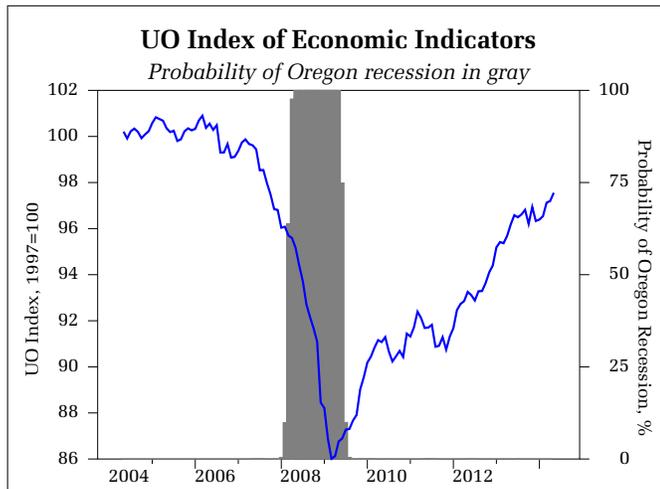
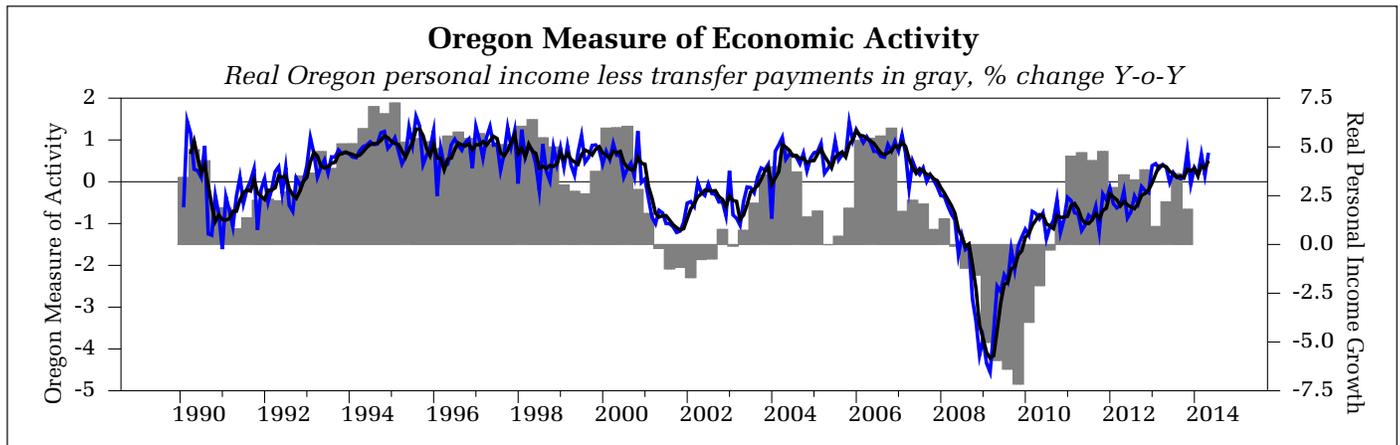
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	0.01			
Manufacturing Employment, Oregon	0.05			
Hours, Manufacturing Production Workers, Oregon	0.06			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.05			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		0.04		
Construction Employment in Oregon		0.01		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.06	
Initial Unemployment Claims, Oregon			0.18	
Civilian Labor Force, Oregon			0.02	
Unemployment Rate, Oregon			0.00	
Interest Rate Spread			-0.04	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			-0.03	
Educational and Health Services Employment, Oregon				-0.03
Financial Activities Employment, Oregon				0.06
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.22
Professional and Business Services Employment, Oregon				-0.04
Other Services Employment, Oregon				0.24
Trade, Transportation and Utilities Employment, Oregon				0.01
Total By Sector	0.11	0.05	0.07	0.45
	Mar-14	Apr-14	May-14	
Oregon Measure of Economic Activity	0.66	0.16	0.69	
Three-Month Moving Average	0.38	0.32	0.50	



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University of Oregon Index of Economic Indicators – Summary and Components

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
UO Index of Economic Indicators, 1997=100™	96.3	96.4	96.5	97.1	97.2	97.6
Percentage Change	-0.6	0.1	0.2	0.6	0.1	0.4
Oregon Initial Unemployment Claims, SA*	6,455	6,336	6,439	6,210	5,852	5,600
Oregon Employment Services Payrolls, SA	35,857	35,835	36,317	36,410	36,280	35,754
Oregon Residential Building Permits, SA, 5 MMA*	1,115	1,154	1,182	1,179	1,209	1,329
Oregon Weight Distance Tax, SA,	109.21	110.33	110.76	111.12	109.41	111.02
Oregon Manufacturing Average Weekly Hours, SA	40.25	40.18	40.13	40.57	39.95	40.20
U.S. Consumer Sentiment, SA, 5 MMA	78.1	77.9	78.7	80.1	81.9	81.6
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	41,852	40,963	40,954	42,871	42,287	42,529
Interest Rate Spread	2.81	2.79	2.64	2.64	2.62	2.47

* SA—seasonally adjusted; MMA—months moving average

