

State of Oregon Economic Indicators™



September 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

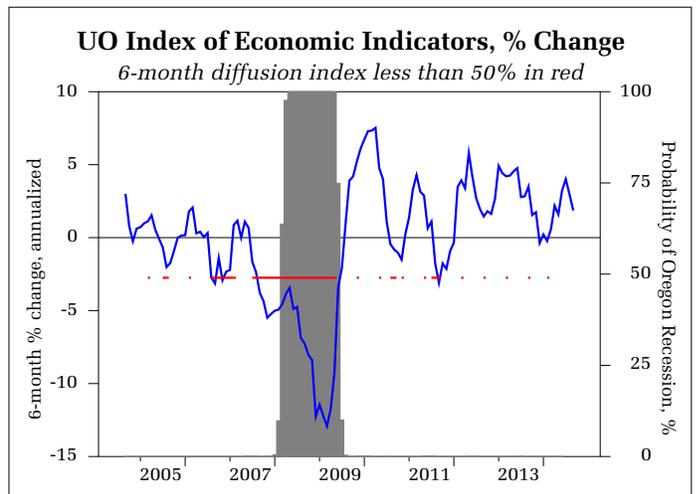
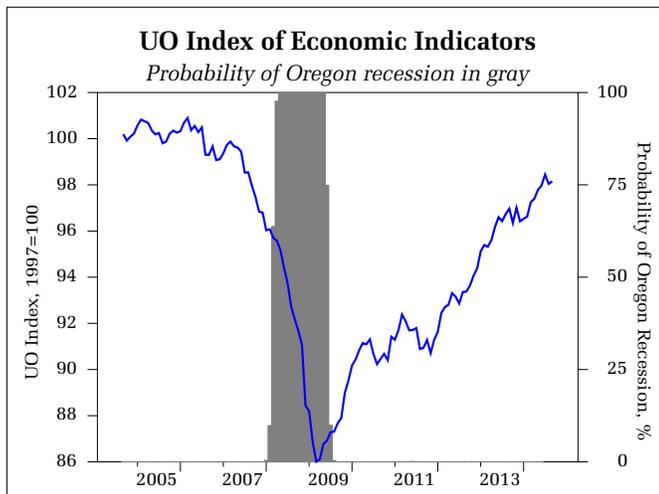
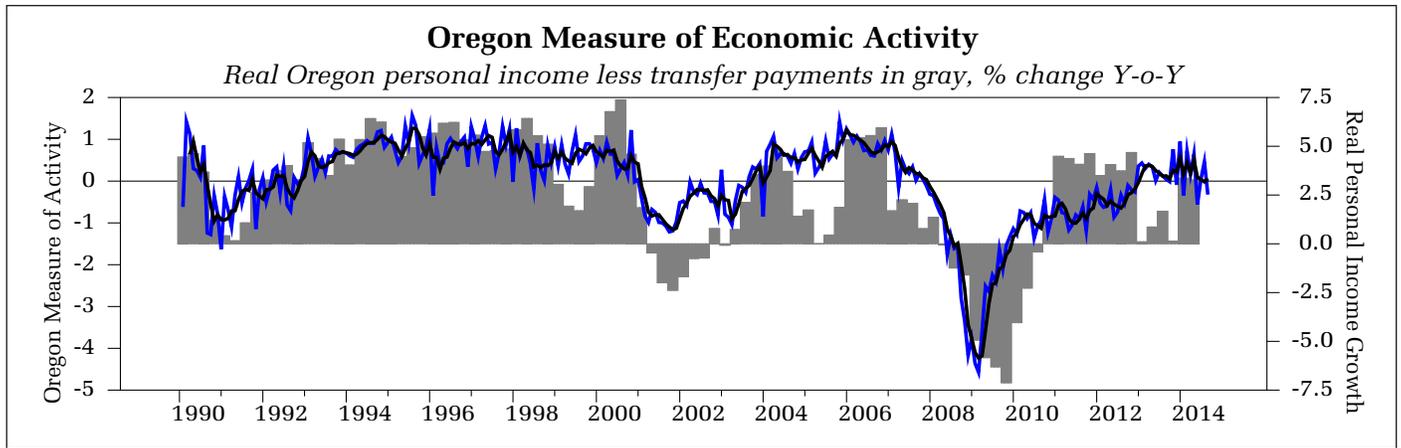
The Oregon Measure of Economic Activity fell in September while the three-month moving average, which smooths month-to-month volatility in the measure, rose to 0.06 on the back of a substantial upward revision to the August data. Recall that “zero” for this measure indicates the average growth rate over the 1990-present period. Weaker employment data in comparison with earlier this year continues to weigh on the measure, although it is important to recognize that employment data can be volatile and subject to large revisions. For example, the “other services employment” component made a significant negative contribution that represents a reversal from exceptionally strong growth earlier this year. Final revisions may smooth this volatility. Consequently, it is important to follow the moving average measure. Note that the ongoing positive contribution from initial unemployment claims points to solid job growth in the months ahead while the labor force gains are consistent with economic activity turning sufficiently stronger to draw people back into the job market.

The University of Oregon Index of Economic Indicators rose a slight 0.1 percent in September while the August number was revised upward. Most components were largely unchanged during the month. The level of initial unemployment claims and the general improvement in employment services payrolls point toward continued job growth. Residential building permits (smoothed), the Oregon weight distance tax, and consumer confidence (smoothed) were largely unchanged. Average hours worked in manufacturing rose, partially offsetting a decline in August, while new orders for core manufactured goods (an often volatile measure) slipped. Overall, there was little movement in the indicators, which is not uncommon as a recovery matures and the indicators reach levels consistent with stable growth.

The two indicators suggest continued growth in Oregon at an average to somewhat 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 – Sep. 2014

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.02			
ISM Manufacturing: Supplier Deliveries Index	-0.01			
Manufacturing Employment, Oregon	-0.09			
Hours, Manufacturing Production Workers, Oregon	0.07			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.05			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.06		
Construction Employment in Oregon		0.00		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			0.01	
Initial Unemployment Claims, Oregon			0.18	
Civilian Labor Force, Oregon			0.06	
Unemployment Rate, Oregon			-0.01	
Interest Rate Spread			-0.04	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			0.00	
Educational and Health Services Employment, Oregon				-0.06
Financial Activities Employment, Oregon				-0.11
Government Employment, Oregon				0.03
Leisure and Hospitality Employment, Oregon				0.08
Professional and Business Services Employment, Oregon				0.08
Other Services Employment, Oregon				-0.34
Trade, Transportation and Utilities Employment, Oregon				-0.07
Total By Sector	-0.06	-0.08	0.21	-0.39
	Jul-14	Aug-14	Sep-14	
Oregon Measure of Economic Activity	0.04	0.46	-0.32	
Three-Month Moving Average	0.04	-0.02	0.06	



University of Oregon Index of Economic Indicators – Summary and Components

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
UO Index of Economic Indicators, 1997=100	97.4	97.8	98.0	98.4	98.0	98.1
Percentage Change	0.2	0.4	0.2	0.5	-0.4	0.1
Oregon Initial Unemployment Claims, SA*	5,841	5,631	5,926	5,435	5,656	5,702
Oregon Employment Services Payrolls, SA	37,503	37,021	36,716	37,518	37,672	37,931
Oregon Residential Building Permits, SA, 5 MMA*	1,177	1,356	1,339	1,365	1,335	1,328
Oregon Weight Distance Tax, SA, Index, 1998=100	109.69	111.38	112.65	113.90	111.44	111.67
Oregon Manufacturing Average Weekly Hours, SA	39.95	40.13	40.51	40.42	39.91	40.26
U.S. Consumer Sentiment, SA, 5 MMA	81.9	81.6	81.8	81.9	82.4	82.5
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	42,276	41,634	43,837	43,745	43,891	43,086
Interest Rate Spread	2.62	2.47	2.50	2.45	2.33	2.44

* SA—seasonally adjusted; MMA—months moving average