STATE OF OREGON ECONOMIC INDICATORS™

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

JUNE 2014

SPONSORED BY

KeyBank

Unlock your possibilities

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

Weak employment data in June contributed to a drop in the Oregon Measure of Economic Activity to -0.60 compared to a revised 0.68 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, is 0.08 where "zero" for this measure indicates the average growth rate over the 1990–present period. Note that the occasional fall in the measure during expansions is not uncommon. Declines in the manufacturing, construction, and leisure and hospitality employment components jointly contributed a -0.81 weight on the measure. Note though that employment data can be volatile, and these numbers are likely to be revised higher in later releases. Hours worked in manufacturing, initial unemployment claims, and education and health services employment all made substantially positive contributions to the measure. The unemployment rate was a neutral factor.

The University of Oregon Index of Economic Indicators rose 0.1% in June; most measures were improved modestly during the month. Initial unemployment claims edged up, continuing to hover in a range consistent with a solid pace of job growth. Residential building permits (smoothed) were flat while the Oregon weight distance tax, a measure of trucking activity, rose, extending a recent upward trend consistent with expanding economic activity. New orders for core manufacturing goods and average weekly hours worked in manufacturing both gained, signaling continued growth in Oregon's manufacturing sector. Consumer confidence (smoothed) gained modestly, partially reversing the previous month's decline.

Taking into account the volatility of the employment data, 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 – June 2014

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.10			
ISM Manufacturing: Supplier Deliveries Index	-0.01			
Manufacturing Employment, Oregon	-0.13			
Hours, Manufacturing Production Workers, Oregon	0.12			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.04			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.04		
Construction Employment in Oregon		-0.52		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.04	
Initial Unemployment Claims, Oregon			0.15	
Civilian Labor Force, Oregon			-0.02	
Unemployment Rate, Oregon			0.00	
Interest Rate Spread			-0.04	
S&P500 Stock Index			0.02	
Consumer Sentiment, University of Michigan - Reuters			-0.02	
Educational and Health Services Employment, Oregon				0.10
Financial Activities Employment, Oregon				-0.05
Government Employment, Oregon				-0.03
Leisure and Hospitality Employment, Oregon				-0.16
Professional and Business Services Employment, Oregon				-0.07
Other Services Employment, Oregon				0.06
Trade, Transportation and Utilities Employment, Oregon				0.01
Total By Sector	**0.06**	**-0.56**	**0.06**	**-0.15**

	Mar-14	Apr-14	May-14
Oregon Measure of Economic Activity	0.15	0.68	-0.60
Three-Month Moving Average	0.30	0.49	0.08

UNIVERSITY OF OREGON
College of Arts and Sciences

© 2014 University of Oregon. All rights reserved.
Released: August 7, 2014.

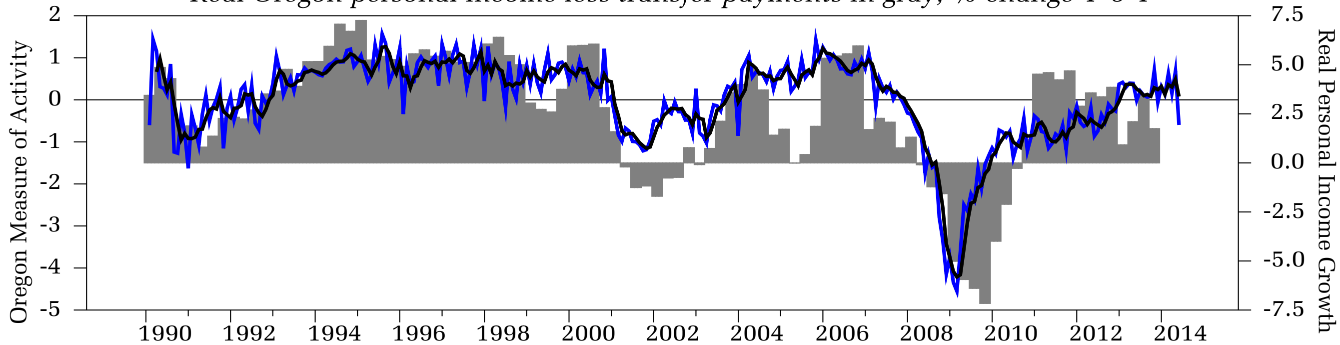
oregon economic forum

JUNE 2014

UNIVERSITY OF OREGON ECONOMIC INDICATORS™

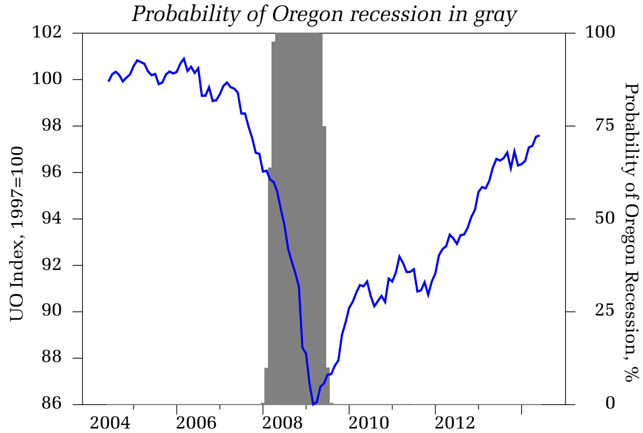
Oregon Measure of Economic Activity

Real Oregon personal income less transfer payments in gray, % change Y-o-Y



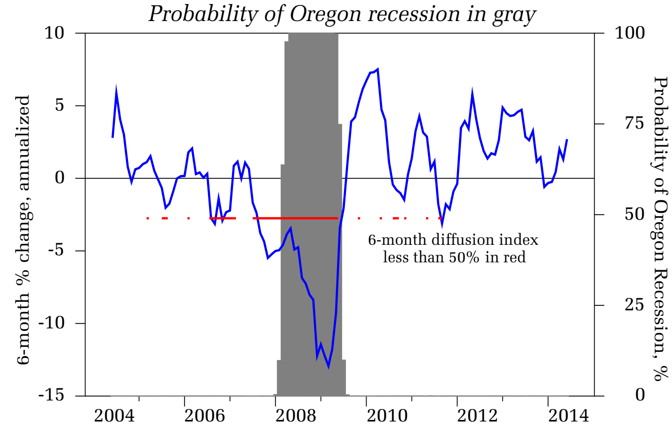
UO Index of Economic Indicators

Probability of Oregon recession in gray



UO Index of Economic Indicators, % Change

Probability of Oregon recession in gray



University of Oregon Index of Economic Indicators – Summary and Components

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
UO Index of Economic Indicators,™ 1997=100	96.4	96.5	97.1	97.2	97.5	97.6
Percentage Change	0.1	0.1	0.6	0.1	0.4	0.1
Oregon Initial Unemployment Claims, SA*	6,331	6,438	6,216	5,867	5,594	5,958
Oregon Employment Services Payrolls, SA	35,843	36,339	36,430	36,271	35,702	35,347
Oregon Residential Building Permits, SA, 5 MMA*	1,142	1,164	1,157	1,182	1,350	1,338
Oregon Weight Distance Tax, SA, Index, 1998=100	110.21	110.71	111.18	109.83	111.77	113.73
Oregon Manufacturing Average Weekly Hours, SA	40.18	40.13	40.57	39.97	40.17	40.72
U.S. Consumer Sentiment, SA, 5 MMA	77.9	78.7	80.1	81.9	81.6	81.8
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, $ Millions, SA	40,963	40,954	42,871	42,302	41,741	42,281
Interest Rate Spread	2.79	2.64	2.64	2.62	2.47	2.50

* *SA–seasonally adjusted; MMA–months moving average*

UNIVERSITY OF OREGON
College of Arts and Sciences

© 2014 University of Oregon. All rights reserved. Released: August 7, 2014.