

State of Oregon Economic Indicators™



December 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 experienced another month of solid economic activity in December. The Oregon Measure of Economic Activity mostly held the gains of the previous month to stay above 1.0. The three-month moving average, which smooths month-to-month volatility in the measure, rose to 0.98, where “zero” for this measure indicates average growth over the 1990-present period. Similar to November, all four major sectors contributed positively to the overall measure. Manufacturing data remains generally positive, while residential building permits—still the weak spot in this recovery—made a negative contribution to the measures. Initial unemployment claims and consumer confidence both supported the household sector, the latter likely driven higher by the decline in gas prices. Widespread employment gains contributed to the services sector. The Oregon Measure of Economic Activity is tracking at levels consistent with past expansions, although note that employment data

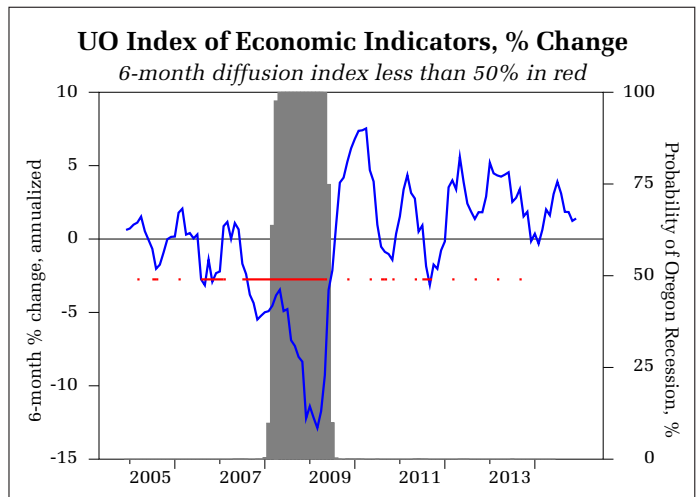
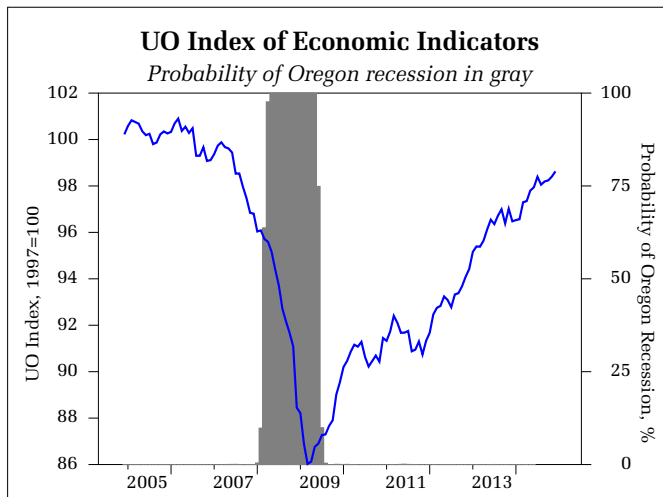
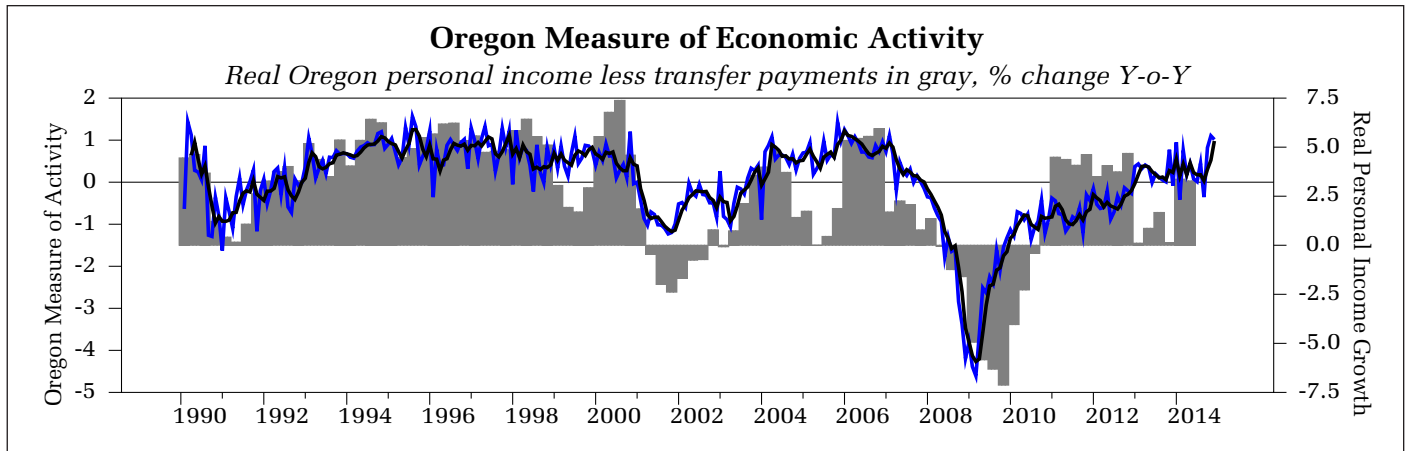
used to construct the measure is subject to revisions.

The University of Oregon Index of Economic Indicators gained 0.2 percent in December. Initial unemployment claims continue to move sideways at very low levels consistent with continued job growth while employment services payrolls (mostly temporary help positions) partially reversed November's decline. Residential building permits (smoothed), the Oregon weight distance tax (a measure of trucking activity), average hours worked in manufacturing, and core manufacturing orders were all largely unchanged. Consumer confidence rose while frenzied buying of U.S. treasuries drove the interest rate spread lower.

The two indicators suggest ongoing growth in Oregon at an above average pace of activity. The ongoing U.S. economic expansion provides sufficient support to expect that Oregon's economy will continue to grow for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – Dec. 2014

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.06			
ISM Manufacturing: Supplier Deliveries Index	0.07			
Manufacturing Employment, Oregon	0.04			
Hours, Manufacturing Production Workers, Oregon	0.05			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.07			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.05		
Construction Employment in Oregon		0.12		
Natural Resources and Mining Employment, Oregon		0.07		
Employment Services Employment, Oregon			0.02	
Initial Unemployment Claims, Oregon			0.24	
Civilian Labor Force, Oregon			-0.03	
Unemployment Rate, Oregon			0.01	
Interest Rate Spread			-0.02	
S&P500 Stock Index			0.00	
Consumer Sentiment, University of Michigan - Reuters			0.07	
Educational and Health Services Employment, Oregon				0.03
Financial Activities Employment, Oregon				0.06
Government Employment, Oregon				0.03
Leisure and Hospitality Employment, Oregon				0.05
Professional and Business Services Employment, Oregon				-0.10
Other Services Employment, Oregon				0.15
Trade, Transportation and Utilities Employment, Oregon				0.22
Total By Sector	0.15	0.13	0.30	0.44
	Oct-14	Nov-14	Dec-14	
Oregon Measure of Economic Activity	0.82	1.10	1.02	
Three-Month Moving Average	0.30	0.52	0.98	



University of Oregon Index of Economic Indicators – Summary and Components

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
UO Index of Economic Indicators™, 1997=100	98.4	98.1	98.2	98.2	98.4	98.6
Percentage Change	0.5	-0.3	0.1	0.0	0.2	0.2
Oregon Initial Unemployment Claims, SA*	5,428	5,638	5,665	5,427	5,284	5,383
Oregon Employment Services Payrolls, SA	37,819	37,961	38,095	39,063	38,138	38,444
Oregon Residential Building Permits, SA, 5 MMA*	1,339	1,314	1,325	1,292	1,308	1,331
Oregon Weight Distance Tax, SA, Index, 1998=100	113.56	111.38	111.58	111.65	112.14	112.57
Oregon Manufacturing Average Weekly Hours, SA	40.27	39.87	40.15	39.77	40.13	40.15
U.S. Consumer Sentiment, SA, 5 MMA	81.9	82.4	82.5	83.6	84.9	87.3
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	43,719	43,911	43,392	42,539	42,352	42,217
Interest Rate Spread	2.45	2.33	2.44	2.21	2.24	2.09

* SA—seasonally adjusted; MMA—months moving average