

# State of Oregon Economic Indicators™



January 2015

SPONSORED BY



## 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](mailto:duy@uoregon.edu)  
[econforum.uoregon.edu](http://econforum.uoregon.edu)

## Review

Oregon continues to experience solid economic growth on par with past expansions. The Oregon Measure of Economic Activity rose to 1.12 in January from 0.62 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, stood at 0.96, where “zero” for this measure indicates average growth over the 1990–present period. All four major sectors contributed positively to the overall measure. A solid employment gain boosted the manufacturing sector; jobs in that sector grew by 1.2 percent during the month. Construction employment also contributed positively, although below-normal levels of building permits continue to drag on the measure. Initial unemployment claims, consumer confidence, and unemployment (which declined further) all made positive contributions to the household sector. Service sector employment components were more mixed relative to recent months, but the net effect remains positive. Business and professional service job growth has been strong, up 1.4 percent during the month and 6.1 percent over the past

year. The Oregon Measure of Economic Activity is tracking at levels consistent with past expansions. Employment data, however, is subject to revisions.

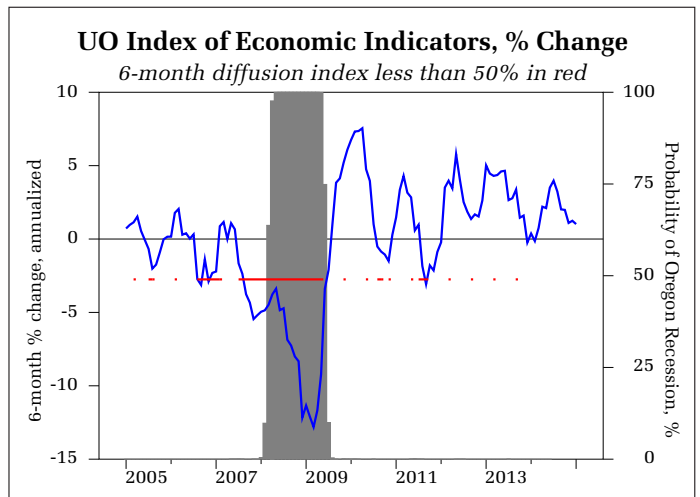
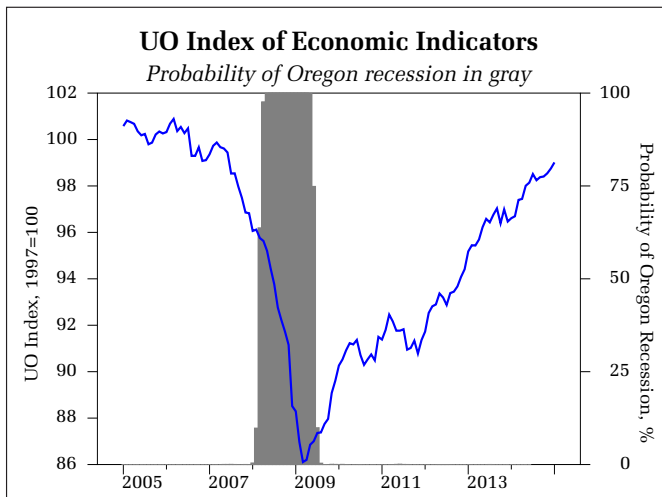
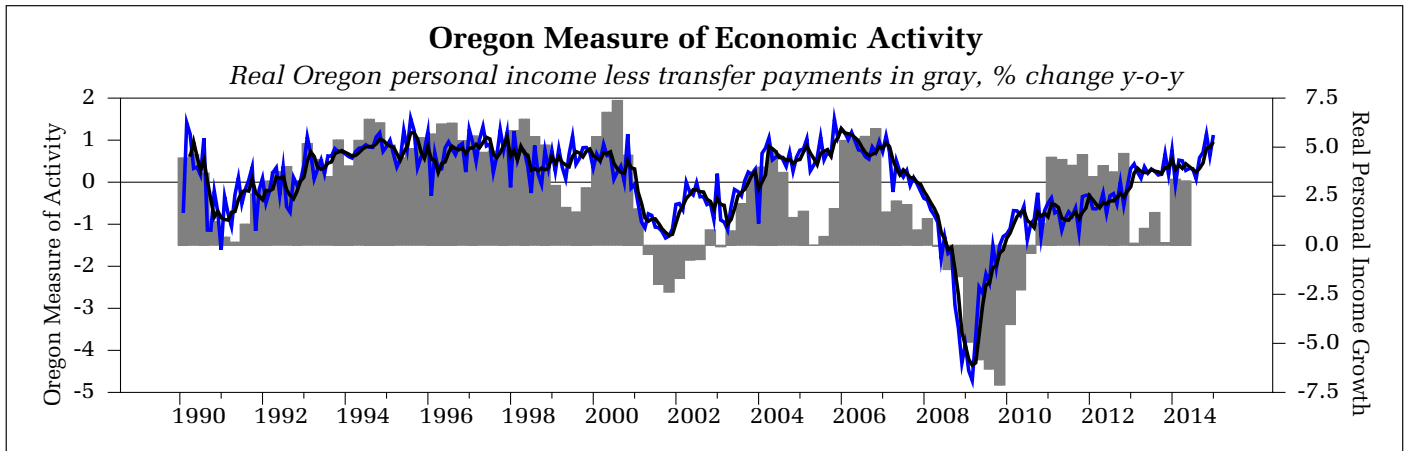
The University of Oregon Index of Economic Indicators gained 0.3 percent in January; the index has not declined in the past five months. Initial unemployment claims, employment services payrolls (mostly temporary help positions), residential building permits (smoothed), and the Oregon weight distance tax (a measure of trucking activity), were all largely unchanged. Average hours worked in manufacturing and core manufacturing orders both edged upward. Consumer sentiment (smoothed) rose; sentiment has been supported by the recent rapid decline in gasoline prices. The interest rate spread continued its decline in January as overseas investors sought the safety of U.S. assets

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 – Jan. 2015

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.07			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.25			
Hours, Manufacturing Production Workers, Oregon	0.13			
Manufacturing Exports, Oregon	-0.02			
New Private Housing Units Authorized By Building Permit, Oregon		-0.12		
Construction Employment in Oregon		0.20		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.01	
Initial Unemployment Claims, Oregon			0.25	
Civilian Labor Force, Oregon			-0.01	
Unemployment Rate, Oregon			0.04	
Interest Rate Spread			0.00	
S&P500 Stock Index			-0.02	
Consumer Sentiment, University of Michigan - Reuters			0.11	
Educational and Health Services Employment, Oregon				-0.07
Financial Activities Employment, Oregon				-0.02
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.04
Professional and Business Services Employment, Oregon				0.15
Other Services Employment, Oregon				-0.08
Trade, Transportation and Utilities Employment, Oregon				0.30
<b>Total By Sector</b>	<b>0.44</b>	<b>0.08</b>	<b>0.37</b>	<b>0.23</b>
	Nov-14	Dec-14	Jan-15	
Oregon Measure of Economic Activity	1.14	0.62	1.12	
Three-Month Moving Average	0.81	0.83	0.96	

January 2015



## University of Oregon Index of Economic Indicators – Summary and Components

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
UO Index of Economic Indicators™, 1997=100	98.2	98.4	98.4	98.5	98.8	99.0
Percentage Change	-0.3	0.1	0.0	0.1	0.2	0.3
Oregon Initial Unemployment Claims, SA*	5,650	5,673	5,429	5,283	5,379	5,324
Oregon Employment Services Payrolls, SA	38,591	38,728	40,065	39,060	39,509	39,416
Oregon Residential Building Permits, SA, 5 MMA*	1,338	1,345	1,269	1,280	1,297	1,281
Oregon Weight Distance Tax, SA, Index, 1998=100	111.30	111.47	111.52	111.92	112.29	112.24
Oregon Manufacturing Average Weekly Hours, SA	39.86	40.14	39.78	40.17	40.15	40.77
U.S. Consumer Sentiment, SA, 5 MMA	82.4	82.5	83.6	84.9	87.3	90.4
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	43,911	43,366	42,539	42,327	41,973	42,189
Interest Rate Spread	2.33	2.44	2.21	2.24	2.09	1.77

\* SA—seasonally adjusted; MMA—months moving average