

State of Oregon Economic Indicators™



July 2015

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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 bounced in July, largely on the back of solid employment numbers. The three-month moving average, which smooths month-to-month volatility in the measure, stood at 0.49, where “zero” for this measure indicates average growth over the 1990–present period. Average weekly hours worked boosted the manufacturing contribution into positive territory. Within the construction sector, residential building permits made a slightly negative contribution to the measure while a solid month for employment bolstered the sector. Consistent with recent trends, low levels of initial unemployment claims, a low unemployment rate, and above-average consumer sentiment all supported the household sector. Strong job gains in the underlying service sector employment components supported a very strong overall contribution to the measure. Note that employment data is subject to possible revisions.

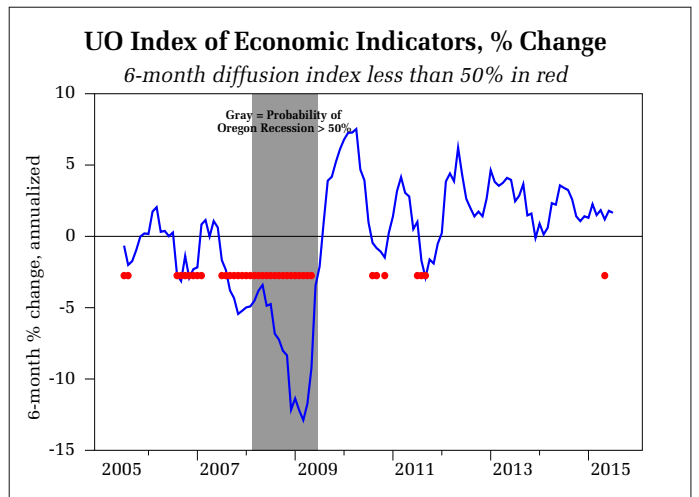
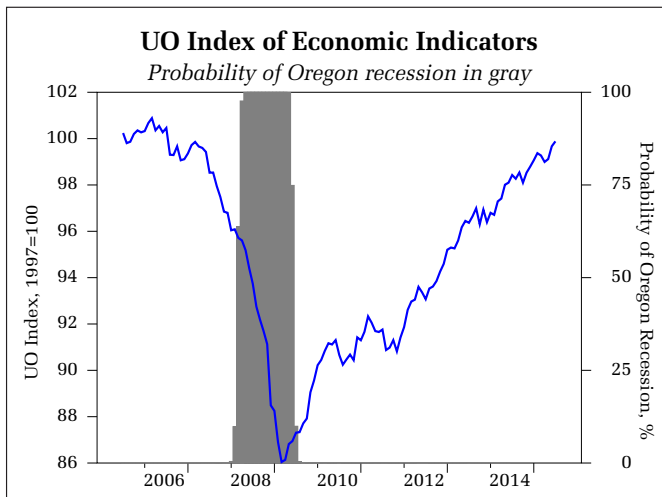
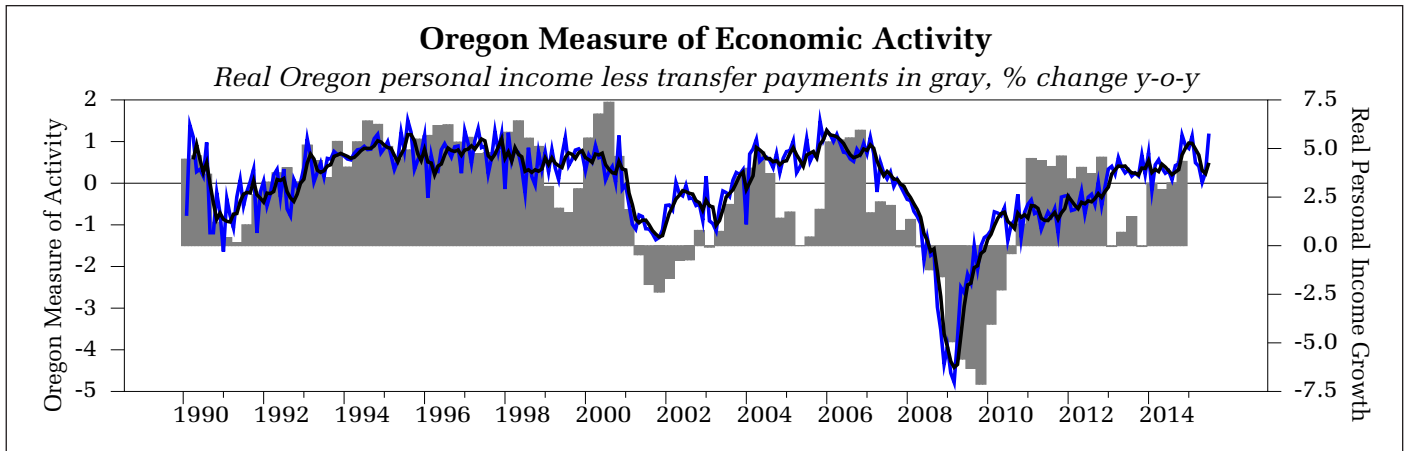
The University of Oregon Index of Economic Indicators rose 0.2 percent in July. Most components improved during the month.

Initial unemployment claims fell back to their lowest level since March, maintaining a range consistent with solid job growth. Employment services payrolls—mostly temporary help workers—rose, continuing a slow upward trend. Residential building permits (smoothed) slipped and, while much higher compared to the low points of the most recent recession, remain weak compared to past recoveries. The Oregon weight distance tax (a measure of trucking activity), manufacturing orders (a national indicator), and average weekly hours worked in the manufacturing all gained during the month, indicating that the goods producing sector of the economy remains solid. Consumer sentiment numbers softened but remain at levels consistent with solid demand from households.

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 – July 2015

| | Manufacturing | Construction | Households | Services |
|---|---------------|--------------|-------------|-------------|
| ISM Manufacturing: Imports Index | 0.00 | | | |
| ISM Manufacturing: Supplier Deliveries Index | -0.05 | | | |
| Manufacturing Employment, Oregon | 0.04 | | | |
| Hours, Manufacturing Production Workers, Oregon | 0.17 | | | |
| Manufacturing Exports, Oregon | -0.01 | | | |
| New Private Housing Units Authorized By Building Permit, Oregon | | -0.07 | | |
| Construction Employment in Oregon | | 0.33 | | |
| Natural Resources and Mining Employment, Oregon | | 0.01 | | |
| Employment Services Employment, Oregon | | | 0.00 | |
| Initial Unemployment Claims, Oregon | | | 0.26 | |
| Civilian Labor Force, Oregon | | | -0.03 | |
| Unemployment Rate, Oregon | | | 0.06 | |
| Interest Rate Spread | | | -0.02 | |
| S&P500 Stock Index | | | -0.01 | |
| Consumer Sentiment, University of Michigan - Reuters | | | 0.07 | |
| Educational and Health Services Employment, Oregon | | | | 0.02 |
| Financial Activities Employment, Oregon | | | | 0.19 |
| Government Employment, Oregon | | | | -0.06 |
| Leisure and Hospitality Employment, Oregon | | | | -0.23 |
| Professional and Business Services Employment, Oregon | | | | 0.07 |
| Other Services Employment, Oregon | | | | 0.22 |
| Trade, Transportation and Utilities Employment, Oregon | | | | 0.23 |
| Total By Sector | 0.15 | 0.26 | 0.33 | 0.44 |
| | May-15 | Jun-15 | Jul-15 | |
| Oregon Measure of Economic Activity | 0.02 | 0.26 | 1.19 | |
| Three-Month Moving Average | 0.31 | 0.23 | 0.49 | |



University of Oregon Index of Economic Indicators – Summary and Components

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 |
|---|--------|--------|--------|--------|--------|--------|
| UO Index of Economic Indicators™, 1997=100 | 99.4 | 99.3 | 99.0 | 99.1 | 99.7 | 99.9 |
| Percentage Change | 0.3 | -0.1 | -0.3 | 0.1 | 0.6 | 0.2 |
| Oregon Initial Unemployment Claims, SA* | 5,248 | 5,183 | 5,237 | 5,341 | 5,206 | 5,110 |
| Oregon Employment Services Payrolls, SA | 39,360 | 39,302 | 39,343 | 39,909 | 39,821 | 40,051 |
| Oregon Residential Building Permits, SA, 5 MMA* | 1,314 | 1,193 | 1,122 | 1,120 | 1,281 | 1,227 |
| Oregon Weight Distance Tax, SA, Index, 1998=100 | 114.78 | 116.71 | 116.94 | 116.76 | 116.25 | 117.22 |
| Oregon Manufacturing Average Weekly Hours, SA | 41.24 | 40.73 | 40.29 | 40.36 | 40.36 | 41.03 |
| U.S. Consumer Sentiment, SA, 5 MMA | 92.6 | 93.8 | 95.2 | 94.6 | 94.2 | 93.8 |
| Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA | 40,101 | 40,708 | 40,434 | 40,077 | 40,652 | 41,449 |
| Interest Rate Spread | 1.87 | 1.93 | 1.82 | 2.08 | 2.23 | 2.19 |

* SA—seasonally adjusted; MMA—months moving average