

State of Oregon Economic Indicators™



June 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

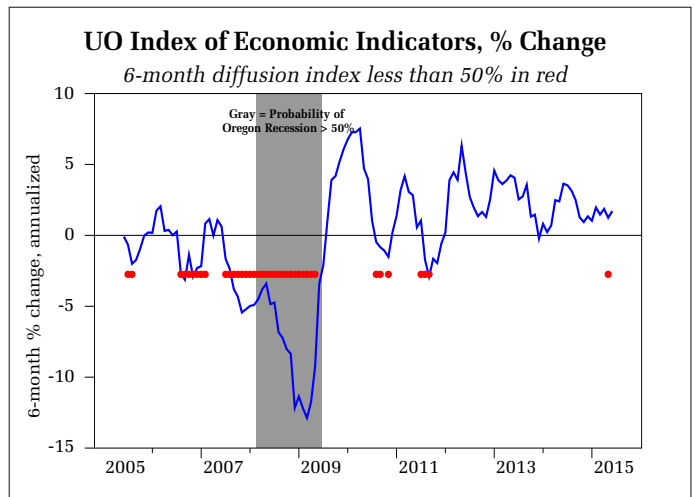
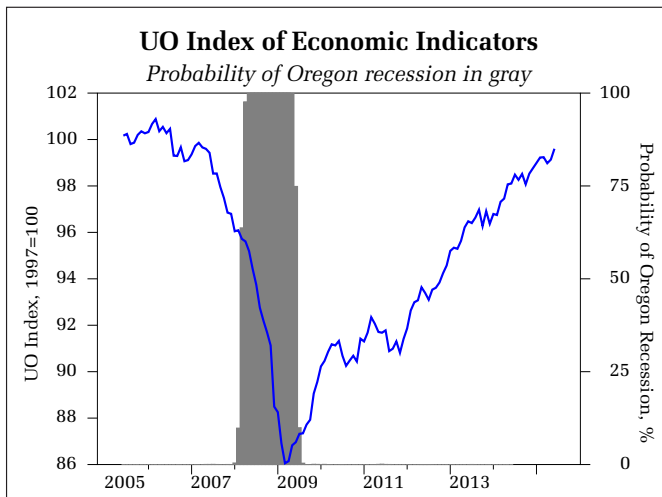
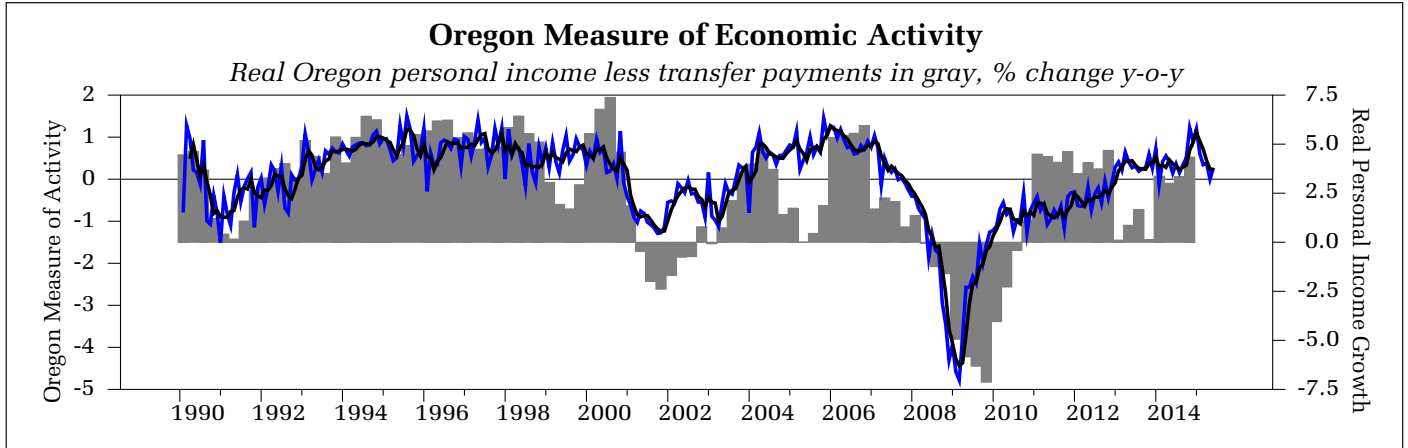
The Oregon Measure of Economic Activity rebounded modestly in June to an above-average level. The three-month moving average, which smooths month-to-month volatility in the measure, stood at 0.22, where “zero” for this measure indicates average growth over the 1990–present period. The manufacturing sector offered a neutral contribution to the measure while the construction sector provided a boost. Both measures suffered from weaker job growth. Residential building permits, however, climbed to more normal levels, thus having a neutral impact on the sector. Continuing the pattern of recent months, low levels of initial unemployment claims, a low unemployment rate, and above-average consumer sentiment all supported the household sector. Weak labor force numbers continue to weigh on the index; Strong labor force growth supported by new residents receives credit for Oregon’s traditional ability to exceed national job growth rates during expansions. Continued stagnation in labor force growth could call into question that model. Generally positive job growth supported a modestly positive contribution from the services sector. Note that employment data is subject to possible revisions.

The University of Oregon Index of Economic Indicators rose 0.5 percent in June with most components fairly stable or higher. Initial unemployment claims were down, continuing to track in a very low range consistent with solid job growth. Employment services payrolls—mostly temporary help workers—were essentially unchanged. Residential building permits (smoothed) gained, rising to the highest level since February. Permits, however, remain weak compared to past recoveries; the damage from the housing bubble continues to weigh on the sector. The Oregon weight distance tax (a measure of trucking activity) edged down while manufacturing orders (a national indicator) edged up. The interest rate spread rose further as the U.S. economy showed signs of better growth relative to first quarter numbers.

The two indicators suggest ongoing growth in Oregon at an average to 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 – June 2015

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.04			
ISM Manufacturing: Supplier Deliveries Index	-0.05			
Manufacturing Employment, Oregon	-0.07			
Hours, Manufacturing Production Workers, Oregon	0.09			
Manufacturing Exports, Oregon	0.02			
New Private Housing Units Authorized By Building Permit, Oregon		0.03		
Construction Employment in Oregon		-0.19		
Natural Resources and Mining Employment, Oregon		-0.07		
Employment Services Employment, Oregon			-0.03	
Initial Unemployment Claims, Oregon			0.22	
Civilian Labor Force, Oregon			-0.10	
Unemployment Rate, Oregon			0.09	
Interest Rate Spread			-0.03	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			0.10	
Educational and Health Services Employment, Oregon				-0.06
Financial Activities Employment, Oregon				0.04
Government Employment, Oregon				0.03
Leisure and Hospitality Employment, Oregon				-0.04
Professional and Business Services Employment, Oregon				-0.07
Other Services Employment, Oregon				0.00
Trade, Transportation and Utilities Employment, Oregon				0.35
Total By Sector	0.02	-0.24	0.24	0.25
	Apr-15	May-15	Jun-15	
Oregon Measure of Economic Activity	0.38	0.00	0.28	
Three-Month Moving Average	0.44	0.24	0.22	



University of Oregon Index of Economic Indicators – Summary and Components

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
UO Index of Economic Indicators™, 1997=100	99.0	99.2	99.2	99.0	99.1	99.6
Percentage Change	0.2	0.2	0.0	-0.3	0.2	0.5
Oregon Initial Unemployment Claims, SA*	5,321	5,248	5,183	5,241	5,375	5,223
Oregon Employment Services Payrolls, SA	39,140	38,595	38,969	39,028	39,609	39,500
Oregon Residential Building Permits, SA, 5 MMA*	1,290	1,323	1,203	1,135	1,143	1,278
Oregon Weight Distance Tax, SA, Index, 1998=100	112.67	114.58	116.84	117.15	117.07	116.35
Oregon Manufacturing Average Weekly Hours, SA	40.72	41.23	40.72	40.29	40.35	40.41
U.S. Consumer Sentiment, SA, 5 MMA	90.4	92.6	93.8	95.2	94.6	94.2
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	42,386	40,101	40,708	40,434	40,214	40,555
Interest Rate Spread	1.77	1.87	1.93	1.82	2.08	2.23

* SA—seasonally adjusted; MMA—months moving average