

# State of Oregon Economic Indicators™



March 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

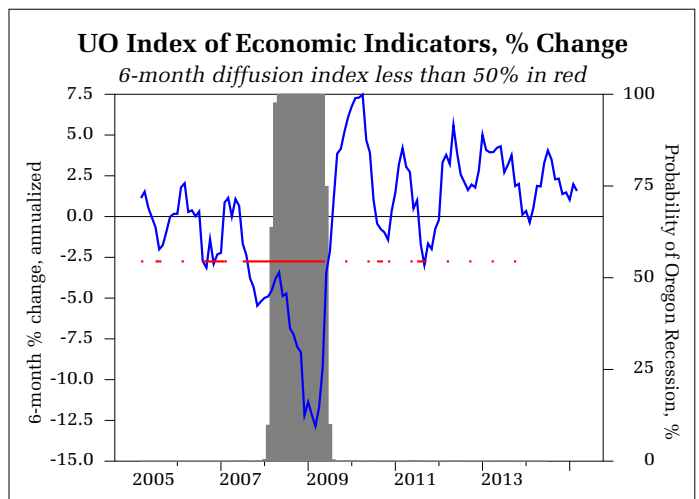
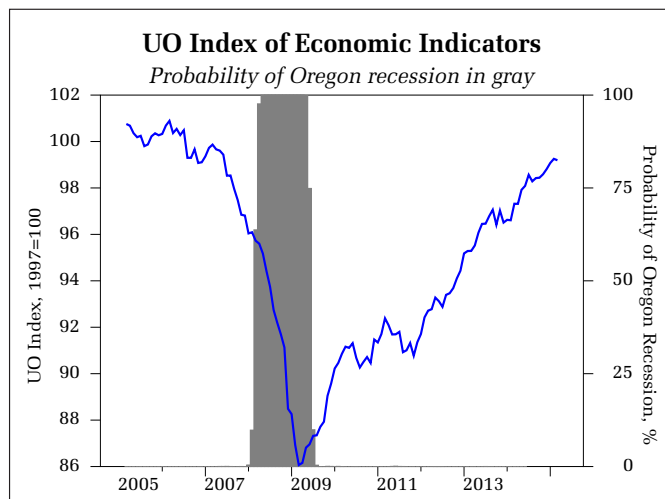
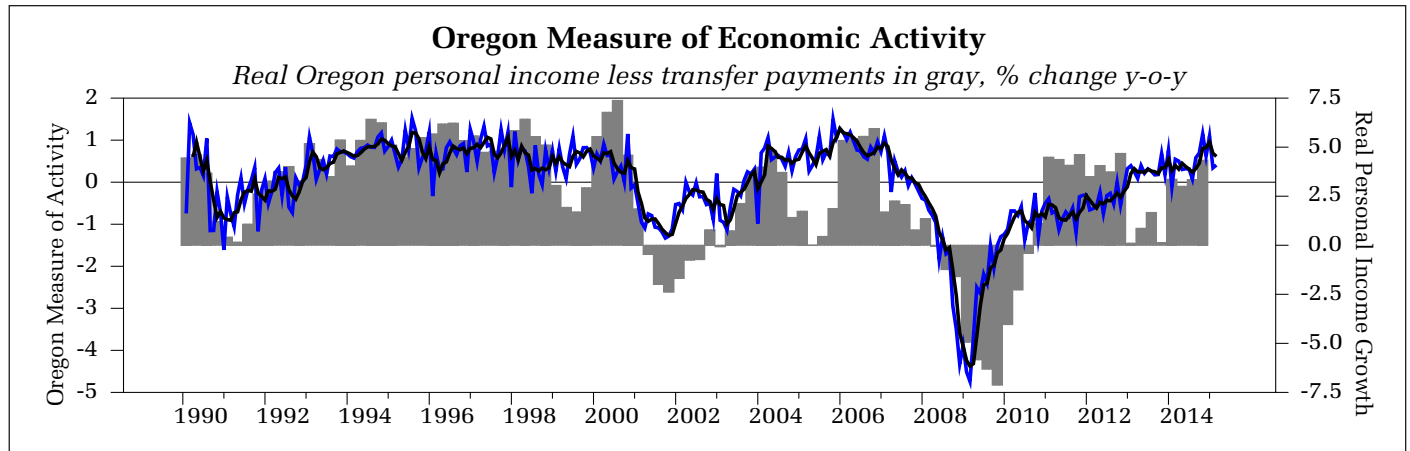
The Oregon Measure of Economic Activity edged up in March and remains consistent with conditions of above average growth. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.61, where “zero” for this measure indicates average growth over the 1990–present period. The manufacturing, household, and services sectors contributed positively to the measure, while the construction sector was negative. The manufacturing sector, however, contributed only slightly positively as employment and national indicators were weak; hours worked in the sector remains solid. The household sector was bolstered by low levels of initial claims and a low unemployment rate. Like last month, the low unemployment rate was driven in part by a decline in the labor force. In the calculation of this measure, the two effectively cancelled each other out. A low unemployment rate in the context of a rising labor force would be more consistent with past expansions in Oregon. Service sector employment components were generally positive for the month, with particularly robust contributions from the trade, transportation, and utilities and financial sectors. Overall, the economy continues to grow at a healthy pace.

The University of Oregon Index of Economic Indicators slipped a slight 0.1 percent in March, breaking a trend of six consecutive months of gains. Initial unemployment claims continue to track at historically low levels and employment services payrolls (mostly temporary help positions) rose; both suggest solid job growth is likely to continue. Residential building permits (smoothed) edged downward from recent trends; activity remains muted compared to that seen in past recoveries. The Oregon weight distance tax (a measure of trucking activity) rose again, sustaining a general upward trend in the measure. Core manufacturing orders (a national indicator) remain sluggish, likely reflecting the impact of a stronger dollar, decline in oil well drilling, and a West coast port slowdown early in the year. Consumer sentiment (smoothed) rose again.

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 – Mar. 2015

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.01			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.00			
Hours, Manufacturing Production Workers, Oregon	0.08			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.09		
Construction Employment in Oregon		-0.11		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.01	
Initial Unemployment Claims, Oregon			0.26	
Civilian Labor Force, Oregon			-0.11	
Unemployment Rate, Oregon			0.10	
Interest Rate Spread			-0.01	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			0.07	
Educational and Health Services Employment, Oregon				0.04
Financial Activities Employment, Oregon				0.11
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				-0.06
Professional and Business Services Employment, Oregon				-0.02
Other Services Employment, Oregon				-0.01
Trade, Transportation and Utilities Employment, Oregon				0.16
<b>Total By Sector</b>	<b>0.07</b>	<b>-0.19</b>	<b>0.30</b>	<b>0.22</b>
	Jan-15	Feb-15	Mar-15	
Oregon Measure of Economic Activity	1.09	0.34	0.41	
Three-Month Moving Average	0.95	0.68	0.61	



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

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
UO Index of Economic Indicators™, 1997=100	98.4	98.6	98.8	99.1	99.3	99.2
Percentage Change	0.0	0.2	0.2	0.3	0.2	-0.1
Oregon Initial Unemployment Claims, SA*	5,428	5,287	5,383	5,324	5,244	5,171
Oregon Employment Services Payrolls, SA	40,057	39,085	39,530	39,619	39,145	39,441
Oregon Residential Building Permits, SA, 5 MMA*	1,292	1,304	1,321	1,302	1,310	1,187
Oregon Weight Distance Tax, SA, Index, 1998=100	111.59	112.12	112.65	112.80	114.81	116.82
Oregon Manufacturing Average Weekly Hours, SA	39.77	40.16	40.15	40.75	40.61	40.40
U.S. Consumer Sentiment, SA, 5 MMA	83.6	84.9	87.3	90.4	92.6	93.8
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	42,539	42,327	42,050	41,878	40,918	40,516
Interest Rate Spread	2.21	2.24	2.09	1.77	1.87	1.93

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