

# State of Oregon Economic Indicators™



August 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 retreated in August after a very strong July as employment numbers softened. Still, the three-month moving average, which smooths month-to-month volatility in the measure, remained above average at 0.58, where “zero” indicates average growth over the 1990–present period. Average weekly hours worked again supported the manufacturing sector while other components were nearly neutral. Within the construction sector, the employment component weakened compared to last month, highlighting the importance of following underlying trends. Employment services payroll were a drag on the household sector while low levels of initial unemployment claims were an offsetting factor. Note that a rising unemployment rate is reducing the positive contribution from that component. The rising unemployment rate, however, is a reversion to trend from the sharp drop in unemployment earlier this year that was inconsistent with the degree of strength in the Oregon economy. Employment data is subject to possible revisions.

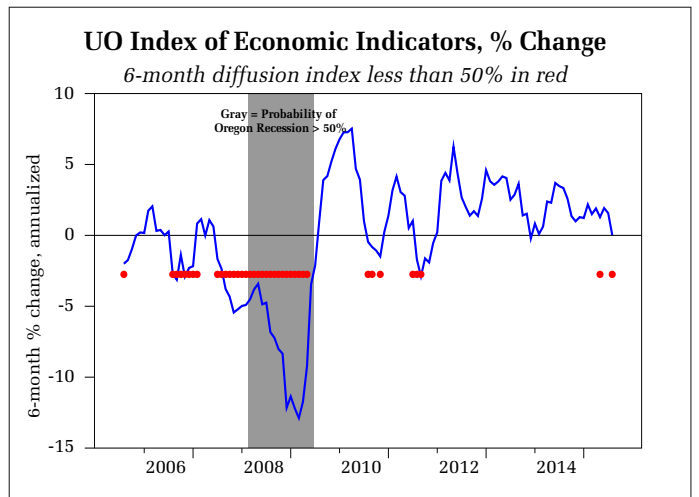
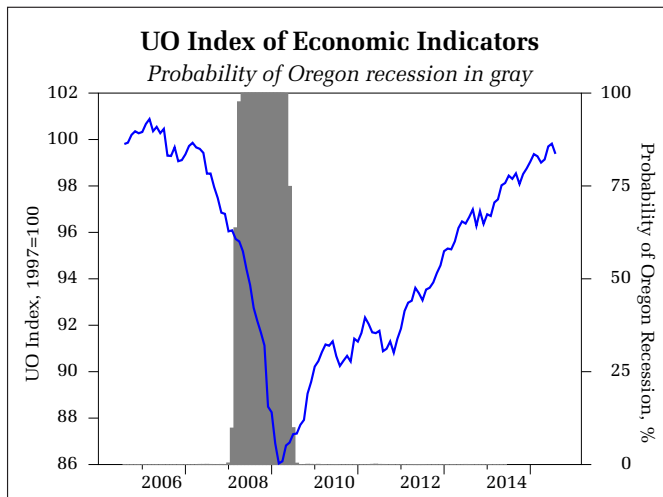
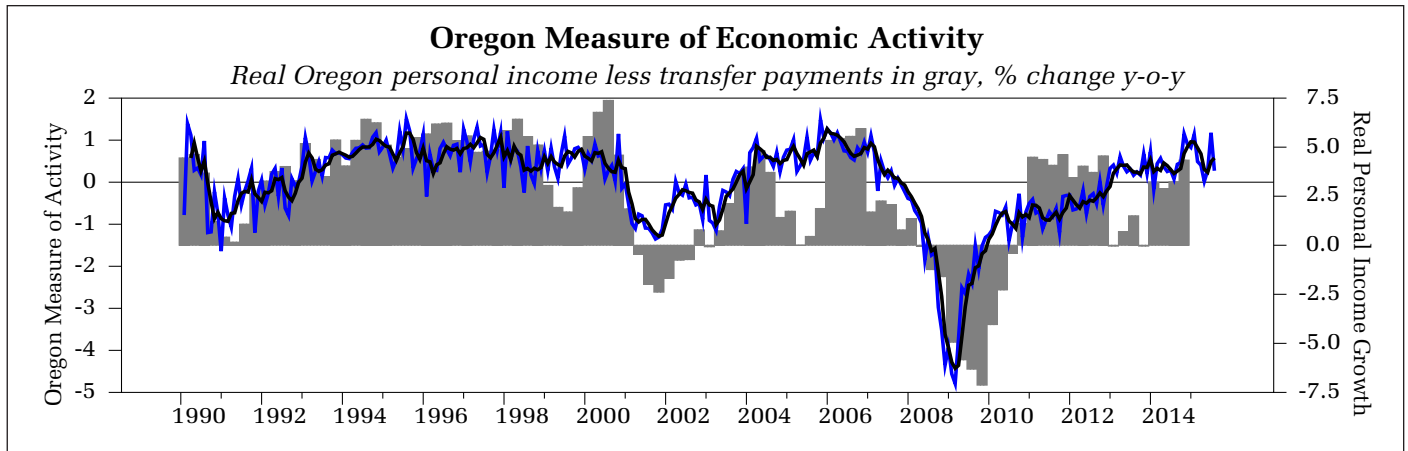
The University of Oregon Index of Economic Indicators fell 0.4 percent in August, the first

decline since April. Initial unemployment claims rose after declining to very low levels the previous month; the indicator remains in a range consistent with solid job growth. Employment services payrolls—mostly temporary help workers—fell. Residential building permits (smoothed) held steady at still below-normal levels. The Oregon weight distance tax (a measure of trucking activity) and average weekly hours worked both posted solid gains during the month, consistent with firm underlying demand in the goods sector of the economy. Core manufacturing orders (a national indicator) were flat, while consumer sentiment softened further. The interest rate spread narrowed as market participants reacted to weaker global indicators that suggested a less aggressive policy path on the part of the Federal Reserve.

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 – Aug 2015

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.01			
ISM Manufacturing: Supplier Deliveries Index	-0.02			
Manufacturing Employment, Oregon	-0.03			
Hours, Manufacturing Production Workers, Oregon	0.16			
Manufacturing Exports, Oregon	-0.02			
New Private Housing Units Authorized By Building Permit, Oregon		-0.03		
Construction Employment in Oregon		-0.11		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.17	
Initial Unemployment Claims, Oregon			0.20	
Civilian Labor Force, Oregon			0.02	
Unemployment Rate, Oregon			0.05	
Interest Rate Spread			-0.02	
S&P500 Stock Index			-0.03	
Consumer Sentiment, University of Michigan - Reuters			0.02	
Educational and Health Services Employment, Oregon				0.00
Financial Activities Employment, Oregon				-0.02
Government Employment, Oregon				0.02
Leisure and Hospitality Employment, Oregon				0.18
Professional and Business Services Employment, Oregon				0.09
Other Services Employment, Oregon				-0.04
Trade, Transportation and Utilities Employment, Oregon				0.05
<b>Total By Sector</b>	<b>0.08</b>	<b>-0.17</b>	<b>0.07</b>	<b>0.29</b>
	Jun-15	Jul-15	Aug-15	
Oregon Measure of Economic Activity	0.28	1.18	0.27	
Three-Month Moving Average	0.23	0.49	0.58	



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

	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
UO Index of Economic Indicators™, 1997=100	99.3	99.0	99.1	99.7	99.8	99.4
Percentage Change	-0.1	-0.3	0.1	0.6	0.1	-0.4
Oregon Initial Unemployment Claims, SA*	5,180	5,237	5,357	5,221	5,136	5,434
Oregon Employment Services Payrolls, SA	39,309	39,357	39,907	39,771	40,055	38,055
Oregon Residential Building Permits, SA, 5 MMA*	1,196	1,125	1,127	1,289	1,234	1,287
Oregon Weight Distance Tax, SA, Index, 1998=100	116.69	116.98	116.93	116.39	117.64	121.12
Oregon Manufacturing Average Weekly Hours, SA	40.72	40.29	40.38	40.44	40.80	40.96
U.S. Consumer Sentiment, SA, 5 MMA	93.8	95.2	94.6	94.2	93.5	92.4
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	40,708	40,410	40,077	40,652	41,423	41,348
Interest Rate Spread	1.93	1.82	2.08	2.23	2.19	2.03

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