

# State of Oregon Economic Indicators™



February 2017

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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

Oregon’s economy continues to make gains in 2017. The Oregon measure of economic activity was nearly unchanged in February at 0.86 compared to 0.84 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.69 (“zero” indicates average growth over the 1990-present period), roughly unchanged over the previous three months. All components of the manufacturing sector made positive contributions to the measure as the sector rebounds from the softness of 2015 and 2016. The construction sector received support from faster job growth. Building permits made a neutral contribution but are still low in comparison to past expansions. Nearly all components supported the household sector. The low unemployment rate and initial jobless claims made large positive contributions to the measure. The services sector made a negative contribution due to a large drag from the trade,

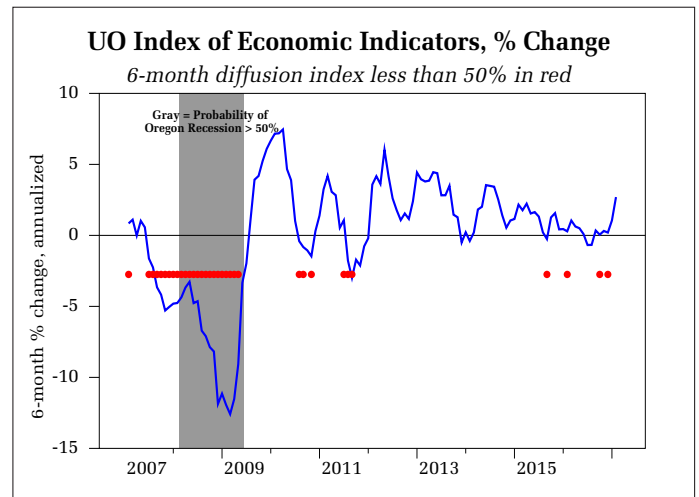
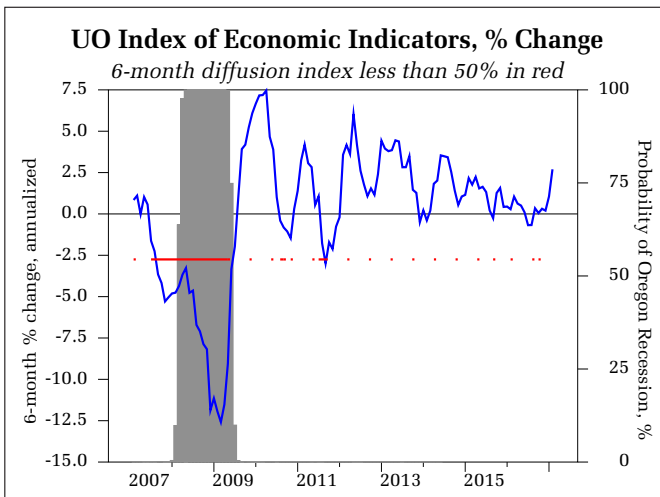
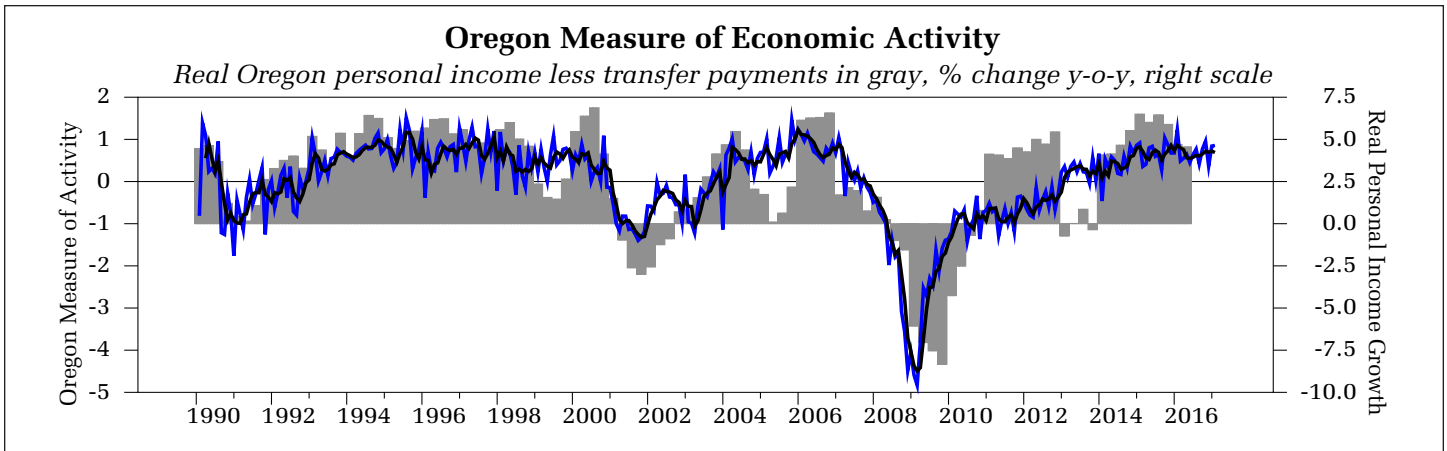
transportations, and utilities employment component.

The University of Oregon Index of Economic Indicators rose 0.6 percent in February. Initial unemployment claims fell, continuing to hover in a historically low range consistent with additional job growth. Residential building permits (smoothed) continue to track near 1,500 units a month. The Oregon Weight Distance tax, a measure of trucking activity, core manufacturing orders for capital goods and average weekly hours for manufacturing workers have all been relatively stable in recent months. Consumer sentiment (smoothed) rose for the third consecutive month. This gain has yet to be matched by an increase in household spending data.

Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity.

## Contributions to Oregon Measure of Economic Activity – February 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	0.02			
Manufacturing Employment, Oregon	0.15			
Hours, Manufacturing Production Workers, Oregon	0.06			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.01		
Construction Employment in Oregon		0.09		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.08	
Initial Unemployment Claims, Oregon			0.27	
Civilian Labor Force, Oregon			0.02	
Unemployment Rate, Oregon			0.19	
Interest Rate Spread			0.00	
S&P500 Stock Index			0.02	
Consumer Sentiment, University of Michigan - Reuters			0.09	
Educational and Health Services Employment, Oregon				0.08
Financial Activities Employment, Oregon				0.02
Government Employment, Oregon				0.07
Leisure and Hospitality Employment, Oregon				-0.11
Professional and Business Services Employment, Oregon				-0.04
Other Services Employment, Oregon				0.05
Trade, Transportation and Utilities Employment, Oregon				-0.25
<b>Total By Sector</b>	<b>0.28</b>	<b>0.09</b>	<b>0.67</b>	<b>-0.18</b>
	Dec-16	Jan-17	Feb-17	
Oregon Measure of Economic Activity	0.37	0.84	0.86	
Three-Month Moving Average	0.70	0.72	0.69	



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

	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
UO Index of Economic Indicators,™1997=100	99.8	100.0	100.2	99.8	100.0	100.6
Percentage Change	0.6	0.2	0.1	-0.3	0.1	0.6
Oregon Initial Unemployment Claims, SA*	4,261	4,346	4,399	4,575	4,829	4,571
Oregon Employment Services Payrolls, SA	39,772	39,611	40,482	39,557	40,254	41,236
Oregon Residential Building Permits, SA, 5 MMA*	1,604	1,525	1,596	1,511	1,486	1,496
Oregon Weight Distance Tax, SA, Index, 1998=100	117.68	123.13	120.08	120.53	121.23	120.91
Oregon Manufacturing Average Weekly Hours, SA	40.30	41.28	40.03	39.30	39.66	40.27
U.S. Consumer Sentiment, SA, 5 MMA	91.8	90.3	90.4	92.0	93.8	94.8
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,019	37,194	37,837	38,022	38,034	38,024
Interest Rate Spread	1.23	1.36	1.73	1.95	1.78	1.76

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