

State of Oregon Economic Indicators™



March 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

The headline measure of Oregon’s economic activity softened in March but underlying trends indicate that growth remains solid. The three-month moving average, which smooths volatility in the measure, was 0.73 (“zero” indicates average growth over the 1990–present period), virtually unchanged for five consecutive months. The manufacturing sector again made a positive contribution to the index as the sector heals from a slowdown that began in 2015. The construction sector made a neutral contribution as the employment components cancelled each other out and housing permits held near average levels (although low for expansions). Broad labor market measures continued to support the household sector while weaker employment components resulted in a negative contribution from the services sector.

The University of Oregon Index of Economic Indicators rose 0.2 percent in March while

February’s number was revised higher. Initial unemployment claims fell and remains near historical lows; strong underlying demand means a low level of layoffs. Residential building permits (smoothed) continue to track near 1,500 units a month; single family permits remain low compared to past expansions in Oregon. The Oregon Weight Distance tax, a measure of trucking activity, core manufacturing orders for capital goods and average weekly hours continue to hold relatively steady. Consumer sentiment (smoothed) rose again although most indicators suggest the consumer spending was soft in the first quarter of 2017. This may, however, be related to a recent issue in accurately adjusting first quarter data to account for seasonal impacts.

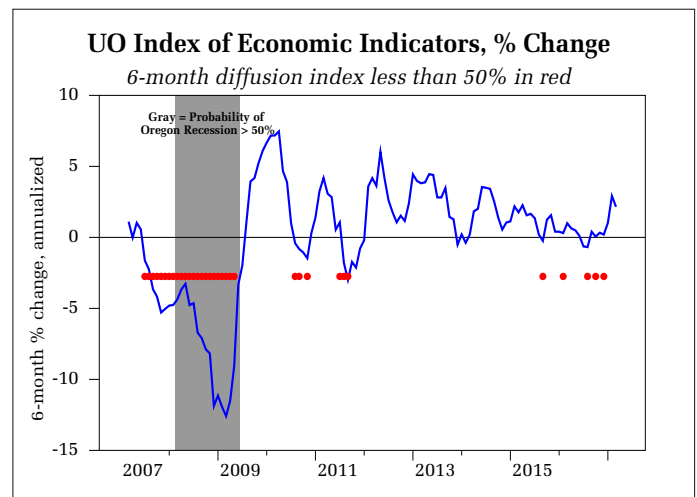
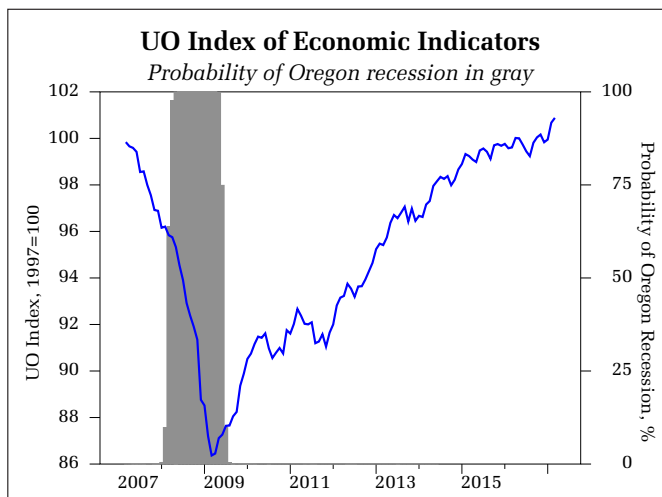
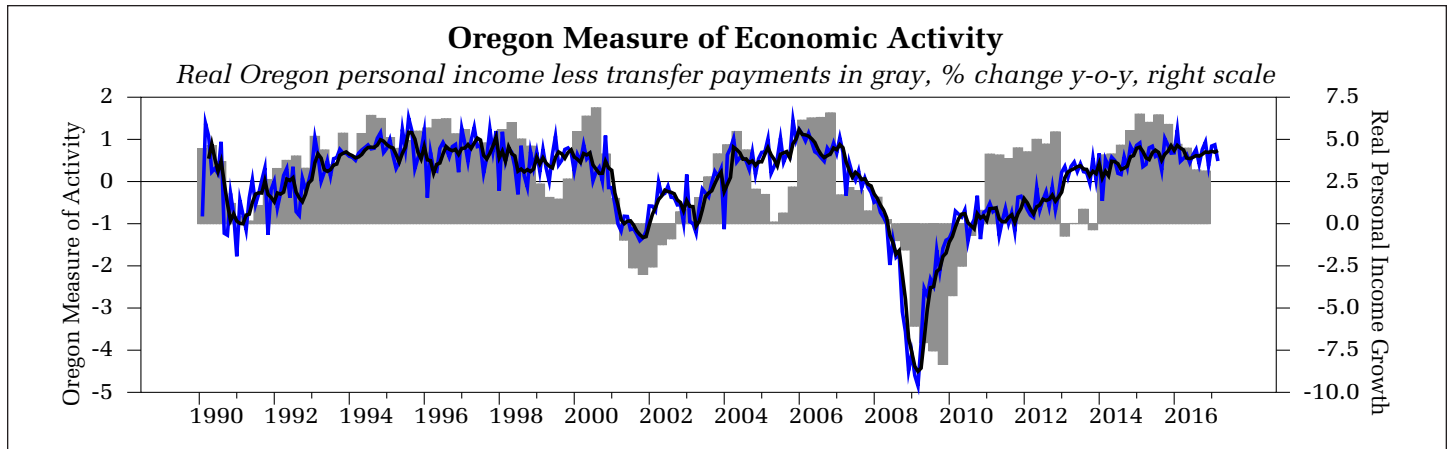
Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity.

Contributions to Oregon Measure of Economic Activity – March 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.04			
ISM Manufacturing: Supplier Deliveries Index	0.04			
Manufacturing Employment, Oregon	0.12			
Hours, Manufacturing Production Workers, Oregon	0.00			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		0.00		
Construction Employment in Oregon		-0.05		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			-0.03	
Initial Unemployment Claims, Oregon			0.32	
Civilian Labor Force, Oregon			0.07	
Unemployment Rate, Oregon			0.20	
Interest Rate Spread			0.00	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			0.10	
Educational and Health Services Employment, Oregon				-0.03
Financial Activities Employment, Oregon				-0.28
Government Employment, Oregon				0.02
Leisure and Hospitality Employment, Oregon				0.00
Professional and Business Services Employment, Oregon				0.09
Other Services Employment, Oregon				-0.11
Trade, Transportation and Utilities Employment, Oregon				-0.05
Total By Sector	0.18	0.00	0.67	-0.36
	Jan-17	Feb-17	Mar-17	
Oregon Measure of Economic Activity	0.84	0.87	0.49	
Three-Month Moving Average	0.72	0.70	0.73	

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University of Oregon Index of Economic Indicators – Summary and Components

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
UO Index of Economic Indicators™, 1997=100	100.0	100.2	99.8	100.0	100.7	100.9
Percentage Change	0.2	0.1	-0.3	0.1	0.7	0.2
Oregon Initial Unemployment Claims, SA*	4,355	4,387	4,554	4,894	4,536	4,182
Oregon Employment Services Payrolls, SA	39,655	40,491	39,516	40,321	41,645	41,371
Oregon Residential Building Permits, SA, 5 MMA*	1,525	1,597	1,512	1,489	1,502	1,548
Oregon Weight Distance Tax, SA, Index, 1998=100	123.18	120.12	120.50	121.13	120.68	119.35
Oregon Manufacturing Average Weekly Hours, SA	41.27	40.03	39.31	39.66	40.25	39.83
U.S. Consumer Sentiment, SA, 5 MMA	90.3	90.4	92.0	93.8	94.8	96.7
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,194	37,837	38,022	38,063	38,165	38,126
Interest Rate Spread	1.36	1.73	1.95	1.78	1.76	1.69

* SA—seasonally adjusted; MMA—months moving average