

State of Oregon Economic Indicators™



September 2017

SPONSORED BY



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.

Contact

Timothy A. Duy
 Director, Oregon Economic Forum
 Department of Economics, University of Oregon
 541-346-4660 • duy@uoregon.edu
 econforum.uoregon.edu

Review

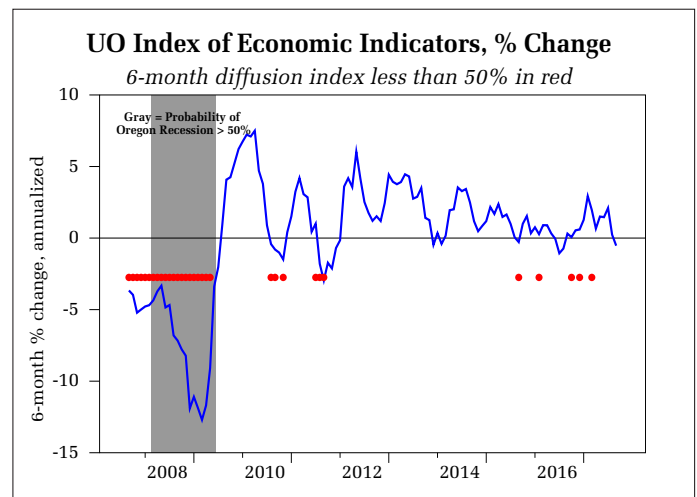
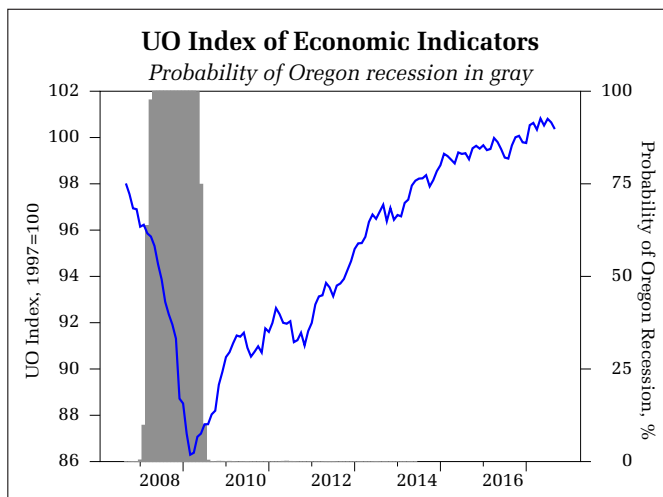
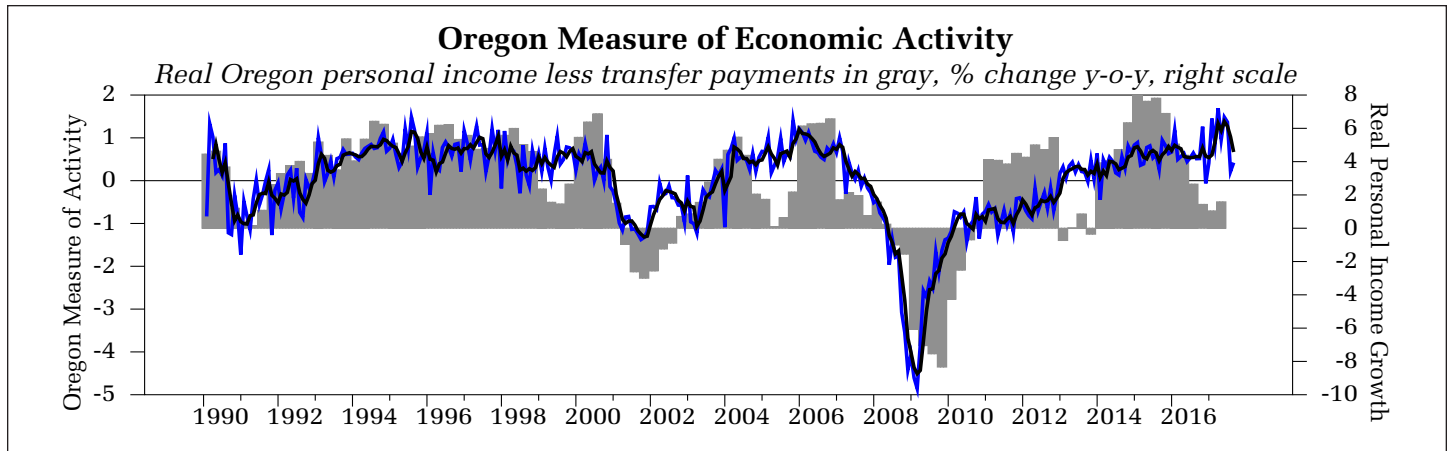
A second consecutive weak jobs report weighed on the Oregon Measure of Economic Activity in September while the August measure was revised upward into positive territory. The three-month moving average stood at 0.67, still in expansionary territory (“zero” indicates average growth over the 1990–present period). Similar to August, of the four major sectors comprising the index, only the service sector, containing only employment components, made a negative contribution to the measure. Still, employment supported both the manufacturing and construction sectors. Although the Oregon Employment Department reported a second month of job losses in Oregon, the low level of initial unemployment claims indicates a still solid job market. Note that the employment data is subject to sometimes large revisions; I expect that revisions will reduce the strong pace of job growth later this year to smooth the overall trend.

The University of Oregon Index of Economic Indicators fell again in September. The UO index fell in four of the last six months and has tracked sideways almost all year. This behavior is consistent with that of an economy in a mature expansion. Softer employment services payrolls (largely temporary employment) and initial unemployment claims weighed on the measure; the latter remains near historic lows and suggests ongoing job growth. Core (nondefense, nonaircraft) manufacturing new orders made a solid gain, extending the recent upward trend and indicating a clear rebound in spending on business equipment. Building permits (smoothed) rose while remaining components were little changed.

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

Contributions to Oregon Measure of Economic Activity – Sept. 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	0.13			
Manufacturing Employment, Oregon	0.06			
Hours, Manufacturing Production Workers, Oregon	0.12			
Manufacturing Exports, Oregon	-0.02			
New Private Housing Units Authorized By Building Permit, Oregon		0.01		
Construction Employment in Oregon		0.34		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			-0.09	
Initial Unemployment Claims, Oregon			0.29	
Civilian Labor Force, Oregon			-0.01	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.03	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			0.08	
Educational and Health Services Employment, Oregon				-0.07
Financial Activities Employment, Oregon				0.08
Government Employment, Oregon				0.02
Leisure and Hospitality Employment, Oregon				-0.40
Professional and Business Services Employment, Oregon				-0.15
Other Services Employment, Oregon				-0.23
Trade, Transportation and Utilities Employment, Oregon				-0.05
Total By Sector	0.34	0.40	0.49	-0.81
	Jul-17	Aug-17	Sep-17	
Oregon Measure of Economic Activity	1.37	0.22	0.42	
Three-Month Moving Average	1.27	1.02	0.67	



University of Oregon Index of Economic Indicators – Summary and Components

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
UO Index of Economic Indicators™, 1997=100	100.3	100.8	100.5	100.8	100.7	100.4
Percentage Change	-0.3	0.5	-0.3	0.3	-0.2	-0.3
Oregon Initial Unemployment Claims, SA*	4,307	4,029	4,104	4,076	3,967	4,169
Oregon Employment Services Payrolls, SA	41,013	41,148	40,829	40,410	39,971	38,478
Oregon Residential Building Permits, SA, 5 MMA*	1,427	1,503	1,530	1,538	1,670	1,766
Oregon Weight Distance Tax, SA, Index, 1998=100	117.32	119.55	119.17	121.74	118.59	118.14
Oregon Manufacturing Average Weekly Hours, SA	40.73	40.72	40.68	41.48	40.65	40.66
U.S. Consumer Sentiment, SA, 5 MMA	97.4	97.2	96.5	95.9	95.9	95.5
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	36,918	37,257	37,157	37,622	38,060	38,513
Interest Rate Spread	1.40	1.39	1.15	1.17	1.05	1.05

* SA—seasonally adjusted; MMA—months moving average