

STATE OF OREGON ECONOMIC INDICATORS™



A program of the College of Arts and Sciences and its Department of Economics

AUGUST 2014

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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.

Contact

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

Review

The Oregon Measure of Economic Activity slipped in August while the three-month moving average, which smooths month-to-month volatility in the measure, stood at -0.08. “Zero” for this measure indicates the average growth rate over the 1990–present period. Weaker employment data in comparison with earlier this year is weighing on the measure in recent months. Still, manufacturing employment continues to grow at a healthy pace and most components within the sector continue to support the measure. The construction sector contribution was negative, attributable to softer residential building permits and falling employment. Note that construction employment appears to be running contrary to general economic trends and may be revised upward in later months. The labor force contributed positively again, a hopeful sign that a strengthening economy is luring workers back into the labor force and may reflect a faster pace of migration into the state.

A string of steady gains in the University of Oregon Index of Economic Indicators was in-

terrupted by a 0.5 percent decline in August. Most components deteriorated somewhat during the month. Initial unemployment claims, which had fallen to very low levels the previous month, edged up but still remain well within a range generally consistent with solid job growth. Residential building permits (smoothed) slipped, holding below levels normally associated with economic expansions in Oregon. New orders for core manufacturing goods rose along with consumer sentiment (smoothed) while the Oregon weight distance tax, a measure of trucking activity, edged down. Consumer confidence (smoothed) rose and the average hours worked in manufacturing fell.

Note that occasional declines in either indicator are not uncommon during expansions. The two indicators suggest continued growth in Oregon at an average to somewhat above average pace of activity. Further gains are likely as the national economy will continue its general upward trajectory for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – Aug. 2014

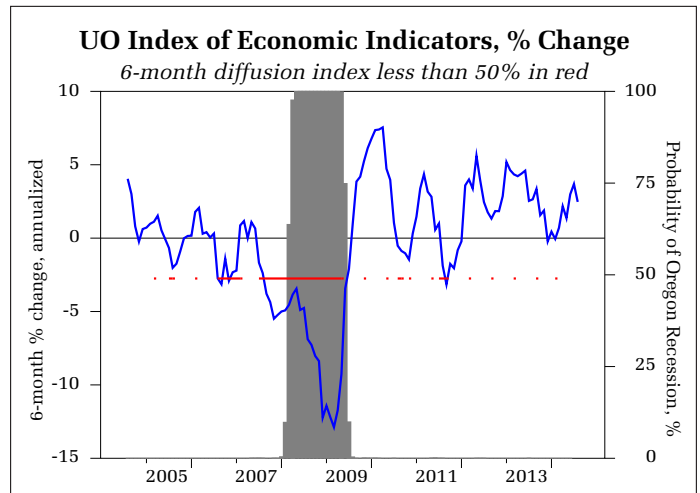
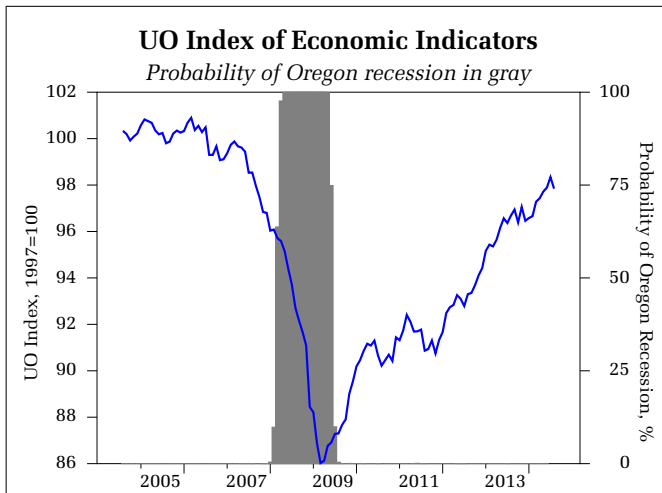
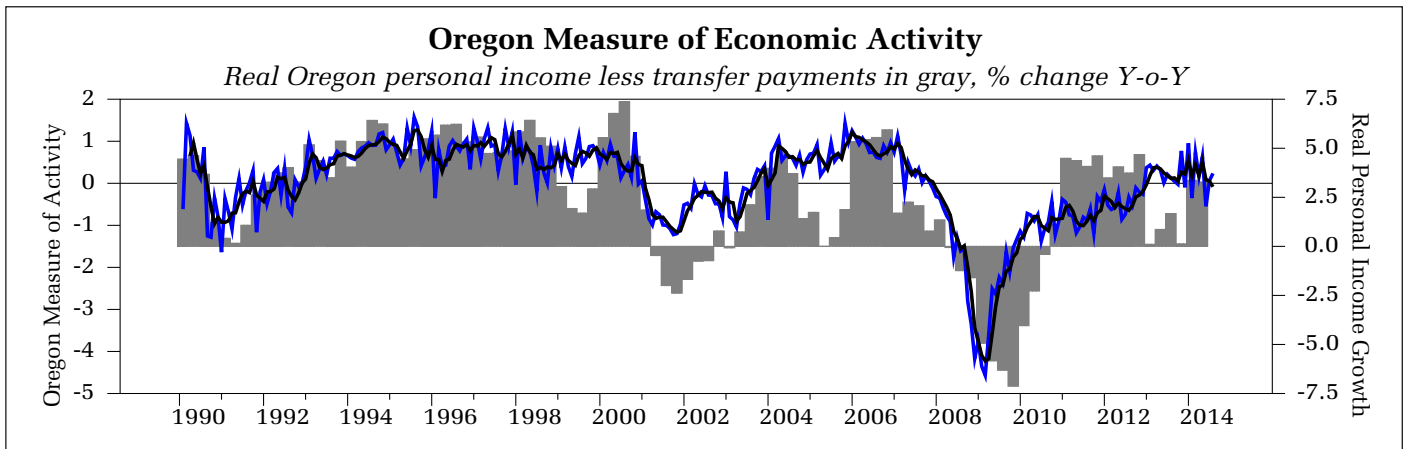
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.08			
ISM Manufacturing: Supplier Deliveries Index	0.01			
Manufacturing Employment, Oregon	0.12			
Hours, Manufacturing Production Workers, Oregon	0.02			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.04			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.11		
Construction Employment in Oregon		-0.09		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			-0.04	
Initial Unemployment Claims, Oregon			0.19	
Civilian Labor Force, Oregon			0.10	
Unemployment Rate, Oregon			-0.02	
Interest Rate Spread			-0.03	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			-0.02	
Educational and Health Services Employment, Oregon				0.03
Financial Activities Employment, Oregon				0.03
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				-0.07
Professional and Business Services Employment, Oregon				0.05
Other Services Employment, Oregon				0.03
Trade, Transportation and Utilities Employment, Oregon				-0.02
Total By Sector	0.19	-0.16	0.17	0.03
	Jun-14	Jul-14	Aug-14	
Oregon Measure of Economic Activity	-0.55	0.06	0.24	
Three-Month Moving Average	0.08	0.05	-0.08	



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University of Oregon Index of Economic Indicators – Summary and Components

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
UO Index of Economic Indicators, 1997=100™	97.3	97.4	97.7	97.9	98.3	97.8
Percentage Change	0.6	0.2	0.3	0.2	0.5	-0.5
Oregon Initial Unemployment Claims, SA*	6,205	5,850	5,637	5,923	5,422	5,629
Oregon Employment Services Payrolls, SA	37,260	37,528	37,036	36,708	37,462	37,182
Oregon Residential Building Permits, SA, 5 MMA*	1,164	1,186	1,323	1,305	1,327	1,297
Oregon Weight Distance Tax, SA, Index, 1998=100	111.33	109.78	111.44	112.61	113.72	111.15
Oregon Manufacturing Average Weekly Hours, SA	40.58	39.96	40.14	40.51	40.41	39.89
U.S. Consumer Sentiment, SA, 5 MMA	80.1	81.9	81.6	81.8	81.9	82.4
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	42,871	42,276	41,659	43,837	43,745	43,902
Interest Rate Spread	2.64	2.62	2.47	2.50	2.45	2.33

* SA—seasonally adjusted; MMA—months moving average

