

# State of Oregon Economic Indicators™



February 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

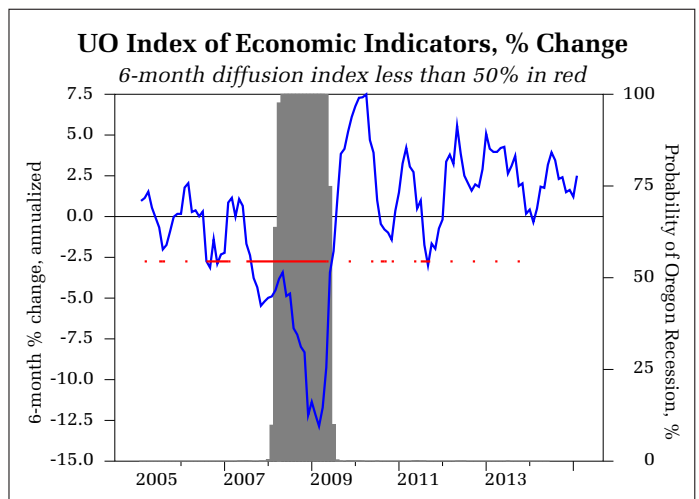
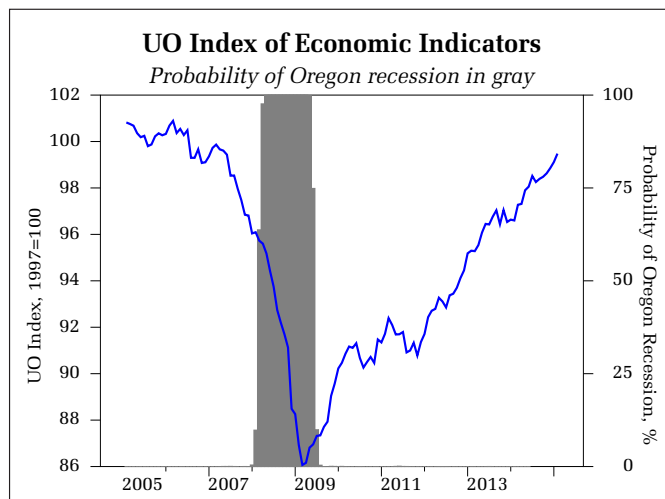
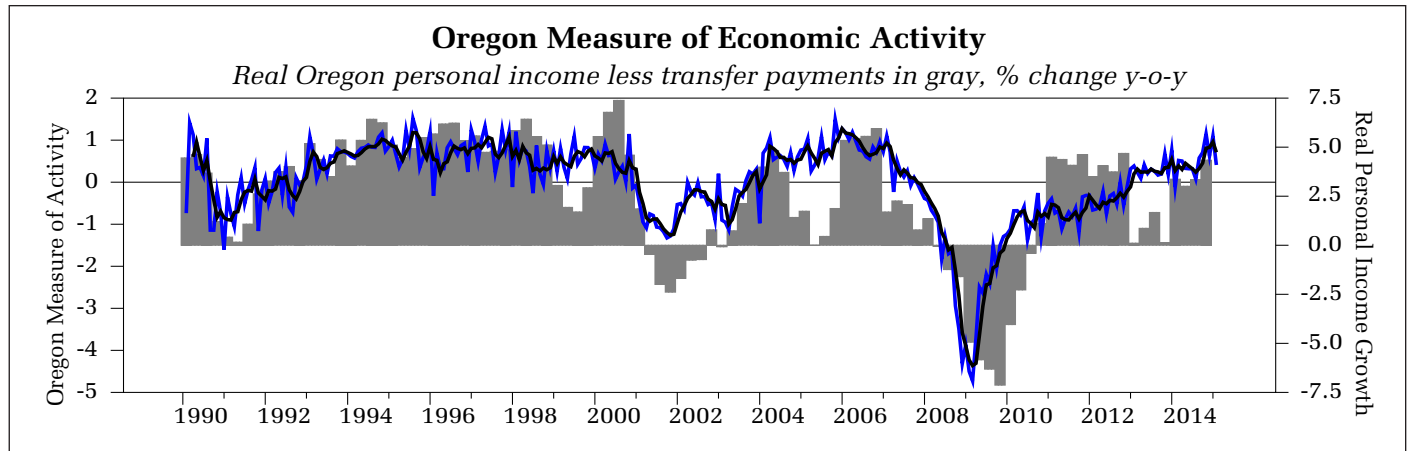
Although the Oregon Measure of Economic Activity dipped in February, underlying trends suggests growth remains above average and similar to that experienced in past expansions. The Oregon Measure of Economic Activity fell to 0.41 in February from 1.10 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, stood at 0.71, where “zero” for this measure indicates average growth over the 1990-present period. The manufacturing, construction, and household sectors contributed positively to the measure, while the services sector was negative. All manufacturing components were positive; average weekly hours worked in the sector was particularly supportive. Initial unemployment claims, consumer confidence, and unemployment (which declined further) again made positive contributions to the household sector. Note however, that the improvement in the unemployment rate was driven in part by a decline in the labor force, which made a negative contribution to the measure. Service sector employment components were a bit softer than in recent months. Overall, the economy continues to grow at a healthy pace.

The University of Oregon Index of Economic Indicators gained 0.4 percent in February for the sixth consecutive month of gains. Initial unemployment claims continue to track at historically low levels while employment services payrolls (mostly temporary help positions) edged down. The low levels of claims suggest job growth will continue at a solid pace. Residential building permits (smoothed) continue to track sideways; new housing construction remains muted and is expected to recover only slowly. The Oregon weight distance tax (a measure of trucking activity) rose. Average hours worked in manufacturing rose, although core manufacturing orders have been sluggish in recent months. Consumer sentiment (smoothed)—still supported by lower energy prices—rose again.

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 – Feb. 2015

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.04			
ISM Manufacturing: Supplier Deliveries Index	0.02			
Manufacturing Employment, Oregon	0.05			
Hours, Manufacturing Production Workers, Oregon	0.19			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.02		
Construction Employment in Oregon		0.12		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.06	
Initial Unemployment Claims, Oregon			0.26	
Civilian Labor Force, Oregon			-0.07	
Unemployment Rate, Oregon			0.07	
Interest Rate Spread			-0.01	
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				-0.08
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.20
Professional and Business Services Employment, Oregon				-0.04
Other Services Employment, Oregon				-0.22
Trade, Transportation and Utilities Employment, Oregon				-0.21
<b>Total By Sector</b>	<b>0.30</b>	<b>0.07</b>	<b>0.30</b>	<b>-0.27</b>
	Dec-14	Jan-15	Feb-15	
Oregon Measure of Economic Activity	0.63	1.10	0.41	
Three-Month Moving Average	0.83	0.96	0.71	



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

	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
UO Index of Economic Indicators™, 1997=100	98.4	98.5	98.6	98.9	99.1	99.5
Percentage Change	0.1	0.1	0.2	0.2	0.3	0.4
Oregon Initial Unemployment Claims, SA*	5,673	5,431	5,286	5,382	5,322	5,241
Oregon Employment Services Payrolls, SA	38,713	40,067	39,085	39,521	39,606	39,043
Oregon Residential Building Permits, SA, 5 MMA*	1,357	1,306	1,319	1,339	1,315	1,340
Oregon Weight Distance Tax, SA, Index, 1998=100	111.61	111.65	112.07	112.44	112.39	114.18
Oregon Manufacturing Average Weekly Hours, SA	40.14	39.78	40.18	40.19	40.83	41.24
U.S. Consumer Sentiment, SA, 5 MMA	82.5	83.6	84.9	87.3	90.4	92.6
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	43,366	42,539	42,327	42,050	41,975	41,343
Interest Rate Spread	2.44	2.21	2.24	2.09	1.77	1.87

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