

# State of Oregon Economic Indicators™



September 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.

## Contact

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

## Review

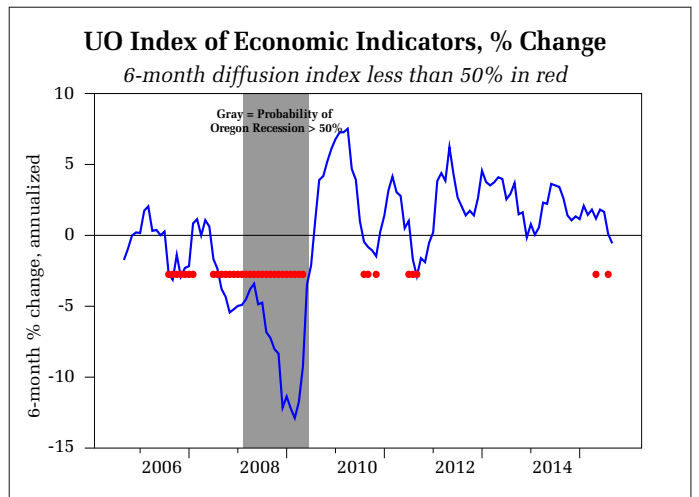
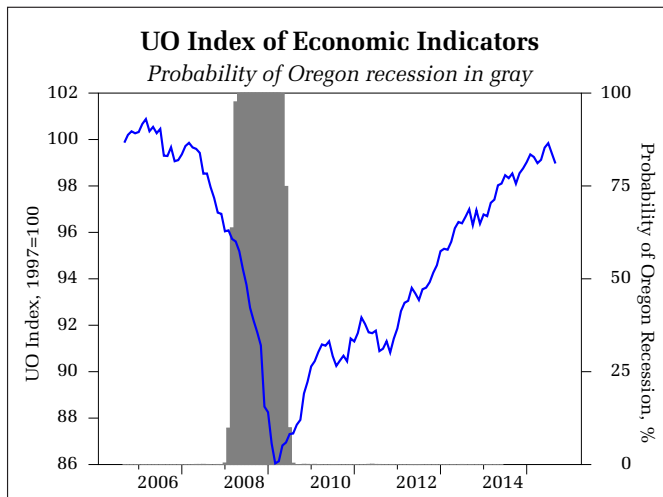
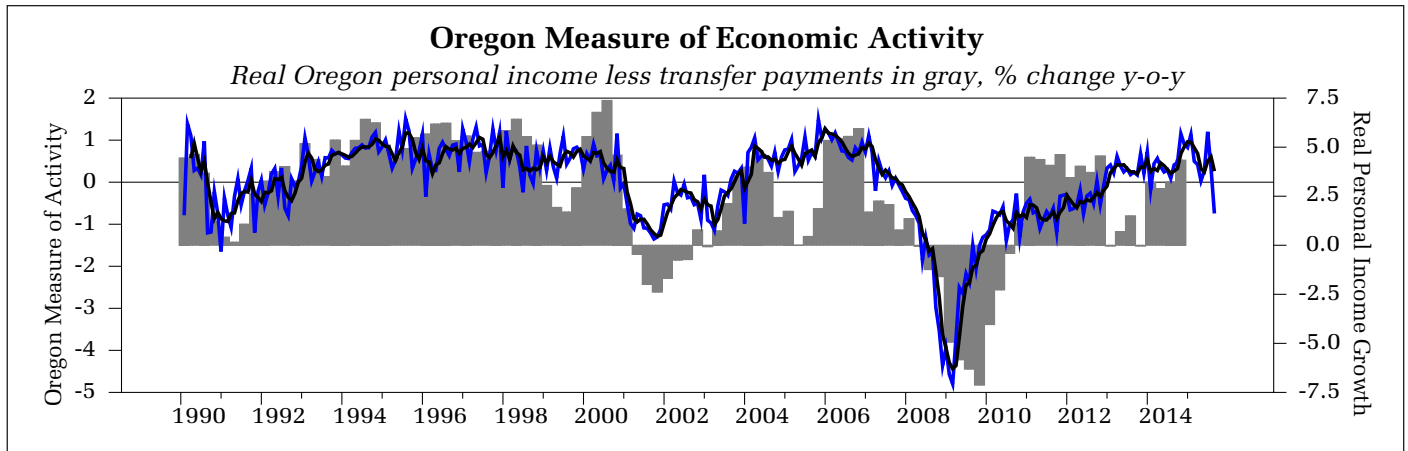
Weak employment numbers dragged the Oregon Measure of Economic Activity deep into negative territory in September. Still, the three-month moving average, which smooths month-to-month volatility in the measure, remained above average (“zero” indicates average growth over the 1990–present period). Only the household sector contributed positively to this month’s measure. Employment components were primarily responsible for weakness across other sectors. Overall, nonfarm jobs in the state dipped by 5,300 according to the first release of the employment data. Such declines are very rare outside of recessions and are generally subsequently reversed when they occur during expansions. Still, low levels of initial unemployment claims indicate that underlying labor market activity remains solid and consistent with additional job gains, suggesting that the September employment losses were an anomaly. Note also that employment data is subject to possible revisions. The stock market component contributed negatively in September, but equity prices have improved since then.

The University of Oregon Index of Economic Indicators fell 0.4 percent in September, the second decline in two months. Initial unemployment claims fell back to historically low levels. Employment services payrolls—mostly temporary help workers—fell. Residential building permits (smoothed) gained during the month; the housing sector overall continues its slow recovery. The Oregon weight distance tax (a measure of trucking activity) and average weekly hours worked both declined, reversing recent improvement in these measures. Consumer sentiment also slipped, possibly reflecting consumers reacting to the decline in equity prices in the last summer; core manufacturing orders (a national indicator) were largely flat, continuing the sideways movement of recent months.

Despite choppy data, the two indicators suggest ongoing growth in Oregon at an above average pace of activity. Note that the UO Index is likely to show more sideways movement characterized by occasional declines. The ongoing U.S. economic expansion provides sufficient support to sustain Oregon’s economy for the foreseeable future.

## Contributions to Oregon Measure of Economic Activity – Sep. 2015

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.03			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	-0.05			
Hours, Manufacturing Production Workers, Oregon	-0.01			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		0.02		
Construction Employment in Oregon		-0.29		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.08	
Initial Unemployment Claims, Oregon			0.23	
Civilian Labor Force, Oregon			0.09	
Unemployment Rate, Oregon			0.04	
Interest Rate Spread			-0.02	
S&P500 Stock Index			-0.05	
Consumer Sentiment, University of Michigan - Reuters			0.02	
Educational and Health Services Employment, Oregon				0.02
Financial Activities Employment, Oregon				-0.09
Government Employment, Oregon				0.02
Leisure and Hospitality Employment, Oregon				-0.20
Professional and Business Services Employment, Oregon				-0.06
Other Services Employment, Oregon				-0.14
Trade, Transportation and Utilities Employment, Oregon				-0.16
<b>Total By Sector</b>	<b>-0.11</b>	<b>-0.26</b>	<b>0.24</b>	<b>-0.60</b>
	Jul-15	Aug-15	Sep-15	
Oregon Measure of Economic Activity	1.20	0.33	-0.74	
Three-Month Moving Average	0.50	0.60	0.26	



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

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
UO Index of Economic Indicators™, 1997=100	99.0	99.1	99.7	99.8	99.4	99.0
Percentage Change	-0.3	0.1	0.5	0.2	-0.4	-0.4
Oregon Initial Unemployment Claims, SA*	5,243	5,361	5,217	5,122	5,407	5,087
Oregon Employment Services Payrolls, SA	39,368	39,917	39,719	40,077	37,935	37,076
Oregon Residential Building Permits, SA, 5 MMA*	1,122	1,128	1,279	1,235	1,297	1,428
Oregon Weight Distance Tax, SA, Index, 1998=100	116.71	116.56	116.19	117.19	120.74	115.81
Oregon Manufacturing Average Weekly Hours, SA	40.28	40.38	40.41	40.82	40.88	39.73
U.S. Consumer Sentiment, SA, 5 MMA	95.2	94.6	94.2	93.8	93.6	91.8
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	40,410	40,077	40,652	41,371	40,745	40,607
Interest Rate Spread	1.82	2.08	2.23	2.19	2.03	2.03

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