

State of Oregon Economic Indicators™



October 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

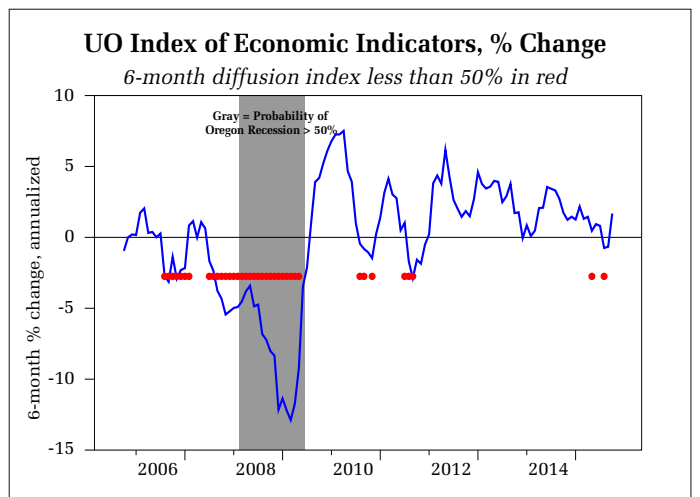
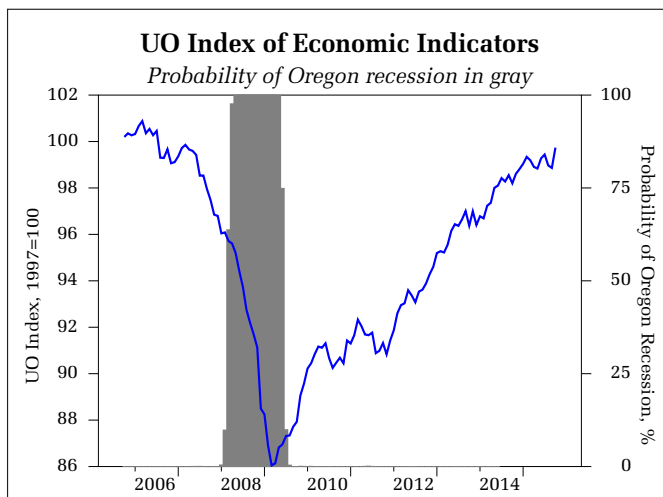
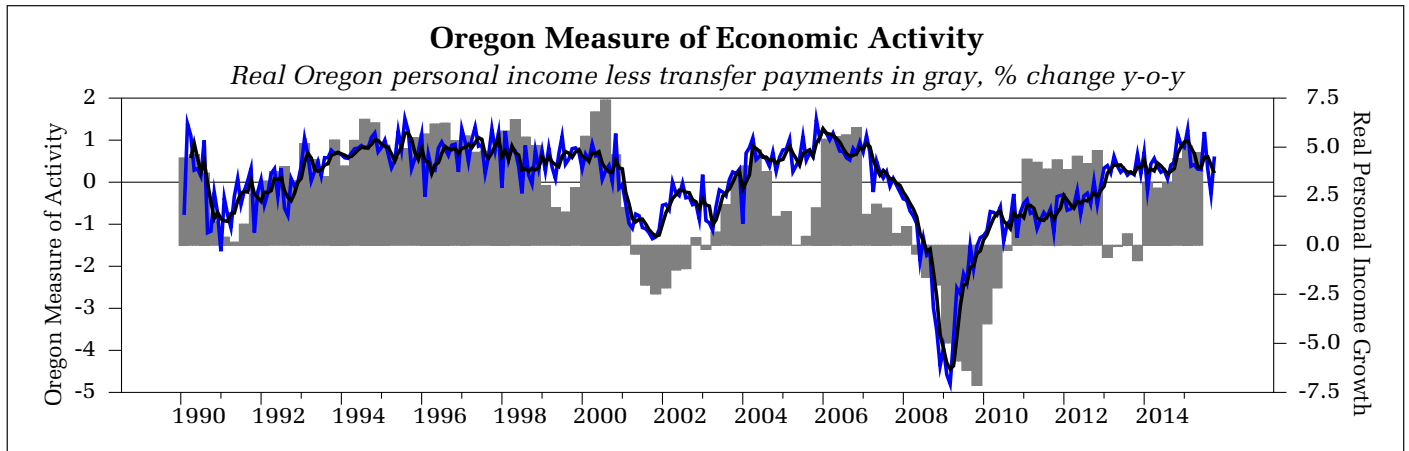
The Oregon Measure of Economic Activity rebounded from an upwardly revised September number. The three-month moving average, which smooths month-to-month volatility in the measure, remains above average (“zero” indicates average growth over the 1990–present period). As expected, the steep job losses reported in September were almost entirely revised away with the October employment report. In October, the manufacturing sector made a neutral contribution as the negative impact of national manufacturing indicators was offset by stronger Oregon manufacturing labor-related data. Construction employment boosted that sector while housing permits were neutral. Labor indicators—initial unemployment claims, labor force, and employment services jobs—bolstered the household sector. Also, a rebound in equity prices pushed the contribution from the S&P 500 component back into positive territory. Some soft employment numbers weighed on the services sector. Overall, the economy continues to grow in a range consistent with past expansions.

The University of Oregon Index of Economic Indicators rose 0.9 percent in October, more than reversing declines of the previous two months. Initial unemployment claims fell while employment services payrolls—mostly temporary help workers—rose. Both indicators suggest a solid labor market likely to continue to add jobs. Residential building permits (smoothed) climbed modestly. Core manufacturing orders (a national indicator) and average weekly hours worked in manufacturing both edged modestly higher. The Oregon weight distance tax (a measure of trucking activity) fell. Consumer sentiment (smoothed) was effectively unchanged while the interest rate spread narrowed as financial market participants worried that national economic activity was slower than anticipated.

Despite choppy data, 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 sustain Oregon’s economy for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – Oct. 2015

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.11			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.10			
Hours, Manufacturing Production Workers, Oregon	0.05			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized By Building Permit, Oregon		0.00		
Construction Employment in Oregon		0.13		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			0.16	
Initial Unemployment Claims, Oregon			0.34	
Civilian Labor Force, Oregon			0.11	
Unemployment Rate, Oregon			0.06	
Interest Rate Spread			-0.01	
S&P500 Stock Index			0.03	
Consumer Sentiment, University of Michigan - Reuters			0.04	
Educational and Health Services Employment, Oregon				-0.06
Financial Activities Employment, Oregon				0.10
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				0.08
Professional and Business Services Employment, Oregon				-0.01
Other Services Employment, Oregon				-0.11
Trade, Transportation and Utilities Employment, Oregon				-0.22
Total By Sector	0.02	0.10	0.72	-0.24
	Aug-15	Sep-15	Oct-15	
Oregon Measure of Economic Activity	0.32	-0.29	0.61	
Three-Month Moving Average	0.60	0.41	0.22	



University of Oregon Index of Economic Indicators – Summary and Components

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
UO Index of Economic Indicators, 1997=100	98.8	99.3	99.4	99.0	98.9	99.7
Percentage Change	-0.1	0.4	0.2	-0.5	-0.1	0.9
Oregon Initial Unemployment Claims, SA*	5,391	5,201	5,095	5,475	5,038	4,531
Oregon Employment Services Payrolls, SA	38,774	38,183	38,351	36,278	36,414	38,401
Oregon Residential Building Permits, SA, 5 MMA*	1,119	1,266	1,234	1,296	1,425	1,486
Oregon Weight Distance Tax, SA, Index, 1998=100	116.31	115.67	116.37	120.29	115.66	113.66
Oregon Manufacturing Average Weekly Hours, SA	40.38	40.40	40.79	40.83	39.70	40.13
U.S. Consumer Sentiment, SA, 5 MMA	94.6	94.2	93.8	93.6	91.8	91.7
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	40,077	40,652	41,371	40,796	40,963	41,574
Interest Rate Spread	2.08	2.23	2.19	2.03	2.03	1.95

* SA—seasonally adjusted; MMA—months moving average