

State of Oregon Economic Indicators™



December 2015

Review

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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.

The Oregon Measure of Economic Activity retreated in December from a surge the previous month, but continues to signal above-average growth for state. The three-month moving average, which smooths month-to-month volatility in the measure, rose to 0.90 (“zero” indicates average growth over the 1990-present period). The manufacturing sector made a modest positive contribution despite weak national indicators; Oregon manufacturing indicators of employment and hours worked supported the sector. The construction sector made a near neutral contribution. New permits for residential housing are near average, but are still weaker than typically associated with an expansion in Oregon. Components of the household sector were again mostly positive and provided a substantial boost to the overall measure. Note that the stock index component will reflect substantial declines in equity prices in January’s report. The employment components of the service sector were softer compared to the previous month as job growth slowed in those industries.

The University of Oregon Index of Economic Indicators edged up 0.1 percent in December. Initial unemployment claims ticked up to the highest level since September, but remain in a range consistent with solid job growth. Employment services payrolls (largely temporary help workers) rose. Residential building permits (smoothed) and the Oregon weight distance tax (a measure of trucking activity) both rose. Average weekly hours worked in the manufacturing sector and consumer sentiment held steady. Core manufacturing orders (a national indicator) fell sharply; manufacturing activity is being negatively impacted by the decline in oil drilling as well as the rise in the value of the dollar (which makes US goods relatively more expensive for foreign buyers).

These two indicators suggest ongoing growth in Oregon at an above average pace of activity. The ongoing US economic expansion provides sufficient support to sustain Oregon’s economy for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – Dec. 2015

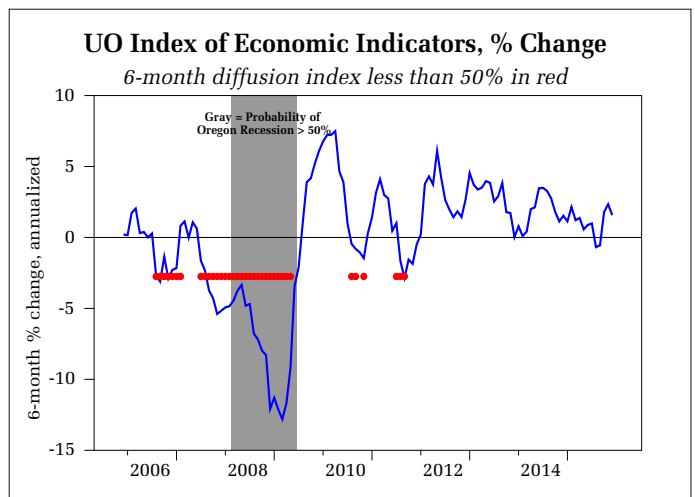
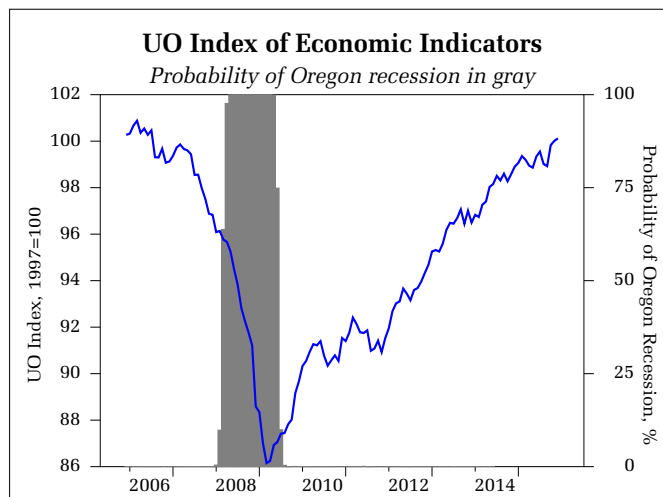
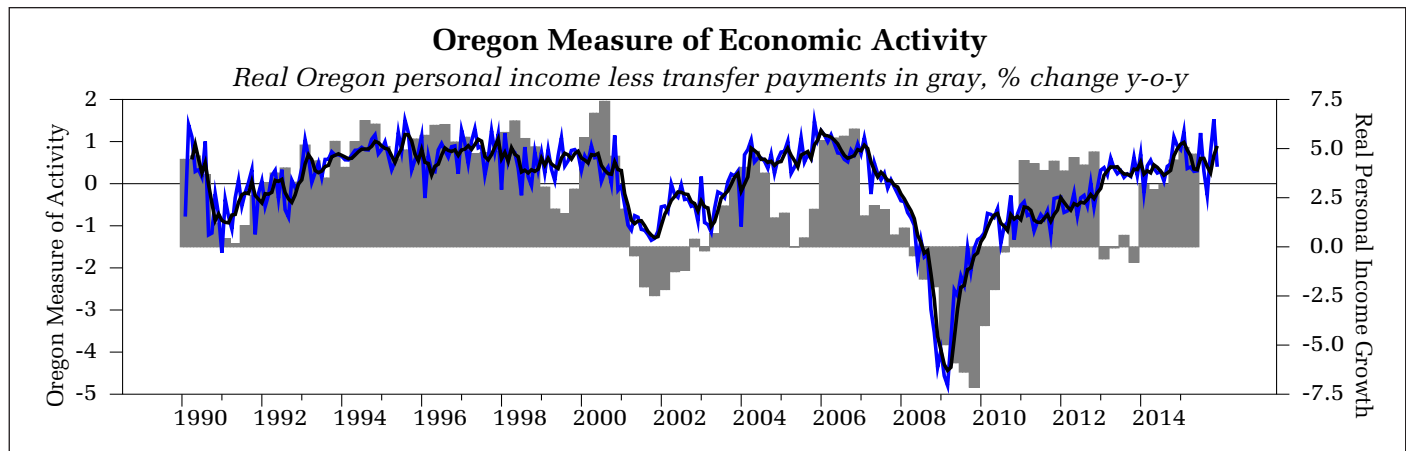
	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.14			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.13			
Hours, Manufacturing Production Workers, Oregon	0.11			
Manufacturing Exports, Oregon	-0.02			
New Private Housing Units Authorized By Building Permit, Oregon		0.02		
Construction Employment in Oregon		0.01		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.12	
Initial Unemployment Claims, Oregon			0.26	
Civilian Labor Force, Oregon			0.07	
Unemployment Rate, Oregon			0.10	
Interest Rate Spread			-0.01	
S&P500 Stock Index			-0.02	
Consumer Sentiment, University of Michigan - Reuters			0.06	
Educational and Health Services Employment, Oregon				-0.01
Financial Activities Employment, Oregon				0.02
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				-0.09
Professional and Business Services Employment, Oregon				-0.13
Other Services Employment, Oregon				-0.04
Trade, Transportation and Utilities Employment, Oregon				-0.02
Total By Sector	0.05	0.03	0.57	-0.26
	Oct-15	Nov-15	Dec-15	
Oregon Measure of Economic Activity	0.76	1.53	0.40	
Three-Month Moving Average	0.26	0.67	0.90	

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University of Oregon Index of Economic Indicators – Summary and Components

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
UO Index of Economic Indicators™, 1997=100	99.6	99.0	98.9	99.8	100.0	100.1
Percentage Change	0.2	-0.5	-0.1	0.9	0.2	0.1
Oregon Initial Unemployment Claims, SA*	5,079	5,470	5,019	4,526	4,625	4,951
Oregon Employment Services Payrolls, SA	38,427	36,288	36,429	38,201	38,798	40,313
Oregon Residential Building Permits, SA, 5 MMA*	1,245	1,310	1,442	1,513	1,516	1,602
Oregon Weight Distance Tax, SA, Index, 1998=100	116.61	119.88	115.29	113.44	115.48	117.33
Oregon Manufacturing Average Weekly Hours, SA	40.82	40.81	39.69	40.46	40.62	40.63
U.S. Consumer Sentiment, SA, 5 MMA	93.8	93.6	91.8	91.7	90.7	90.6
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	41,371	40,796	40,963	41,296	40,815	39,043
Interest Rate Spread	2.19	2.03	2.03	1.95	2.14	2.00

* SA—seasonally adjusted; MMA—months moving average