

State of Oregon Economic Indicators™



January 2016

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 gained sharply in the first month of 2016, indicating the state's economy remains on solid ground. The three-month moving average, which smooths month-to-month volatility in the measure, rose to 0.85 from a downwardly revised 0.79 in December. (“zero” indicates average growth over the 1990-present period). Although national indicators of manufacturing activity softened over the past year, the Oregon manufacturing sector held firm with employment rising and hours worked at high levels. This likely reflects the more-limited exposure of Oregon to declining oil and gas activity relative to other states. Construction employment supported the measure while housing permits were a neutral factor. The household sector also held strong despite the anticipated negative contribution from equity prices. Employment components of the service sector generally contributed positively with the exception of the trade, transportation, and utilities sector, which has been a bit softer in recent months.

The University of Oregon Index of Economic Indicators grew 0.2 percent in January. Initial unemployment claims held steady while, employment services payrolls (largely temporary help workers) rose. Both indicators suggest continued job gains for Oregon. Residential building permits (smoothed) edged higher. The Oregon weight distance tax (a measure of trucking activity) and core manufacturing orders (a national indicator) both rose; average weekly hours worked in manufacturing, however, slipped. Consumer sentiment was stable despite falling equity prices.

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. Indexes were updated to account for revised employment data.

Contributions to Oregon Measure of Economic Activity – Jan. 2016

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.02			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.19			
Hours, Manufacturing Production Workers, Oregon	0.05			
Manufacturing Exports, Oregon	-0.03			
New Private Housing Units Authorized By Building Permit, Oregon		0.00		
Construction Employment in Oregon		0.26		
Natural Resources and Mining Employment, Oregon		0.11		
Employment Services Employment, Oregon			0.05	
Initial Unemployment Claims, Oregon			0.27	
Civilian Labor Force, Oregon			0.10	
Unemployment Rate, Oregon			0.12	
Interest Rate Spread			0.00	
S&P500 Stock Index			-0.07	
Consumer Sentiment, University of Michigan - Reuters			0.06	
Educational and Health Services Employment, Oregon				0.05
Financial Activities Employment, Oregon				0.09
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.16
Professional and Business Services Employment, Oregon				0.05
Other Services Employment, Oregon				0.13
Trade, Transportation and Utilities Employment, Oregon				-0.29
Total By Sector	0.17	0.37	0.53	0.20
	Nov-15	Dec-15	Jan-16	
Oregon Measure of Economic Activity	1.00	0.26	1.28	
Three-Month Moving Average	0.77	0.79	0.85	

Contact

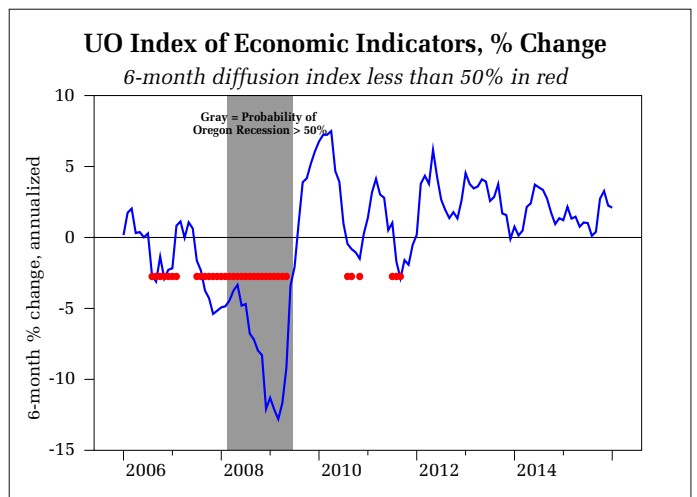
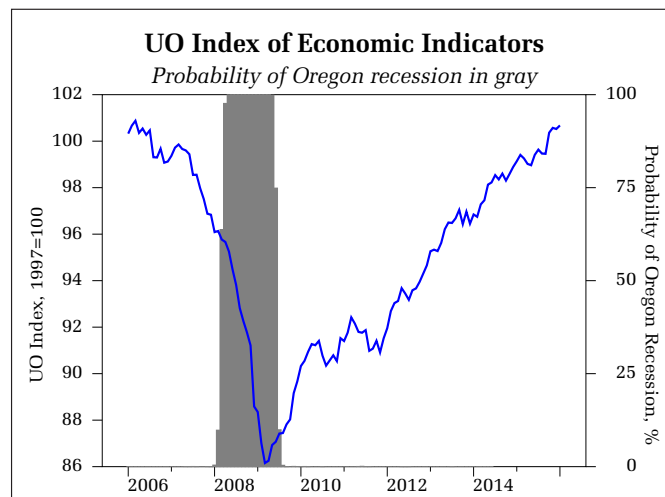
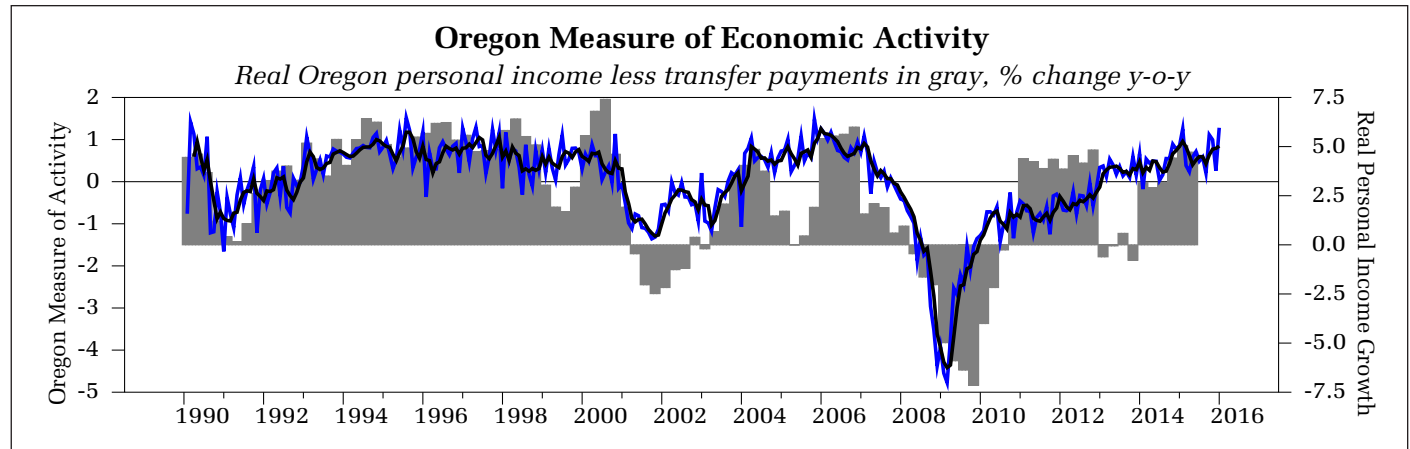
Timothy A. Duy
 Director, Oregon Economic Forum
 Department of Economics, University of Oregon
 541-346-4660 • duy@uoregon.edu
 econforum.uoregon.edu

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University of Oregon Economic Indicators™

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University of Oregon Index of Economic Indicators – Summary and Components

	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
UO Index of Economic Indicators™, 1997=100	99.5	99.5	100.4	100.6	100.5	100.7
Percentage Change	-0.2	0.0	0.9	0.2	0.0	0.2
Oregon Initial Unemployment Claims, SA*	5,475	5,025	4,531	4,628	4,973	4,983
Oregon Employment Services Payrolls, SA	38,360	38,957	41,231	41,881	42,514	42,915
Oregon Residential Building Permits, SA, 5 MMA*	1,305	1,436	1,507	1,507	1,589	1,616
Oregon Weight Distance Tax, SA, Index, 1998=100	119.86	115.16	113.30	115.35	117.39	119.22
Oregon Manufacturing Average Weekly Hours, SA	40.83	39.70	40.19	40.40	40.48	40.20
U.S. Consumer Sentiment, SA, 5 MMA	93.6	91.8	91.7	90.7	90.6	90.6
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	40,796	40,963	41,272	40,860	39,369	40,722
Interest Rate Spread	2.03	2.03	1.95	2.14	2.00	1.75

* SA—seasonally adjusted; MMA—months moving average