

# State of Oregon Economic Indicators™



February 2016

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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

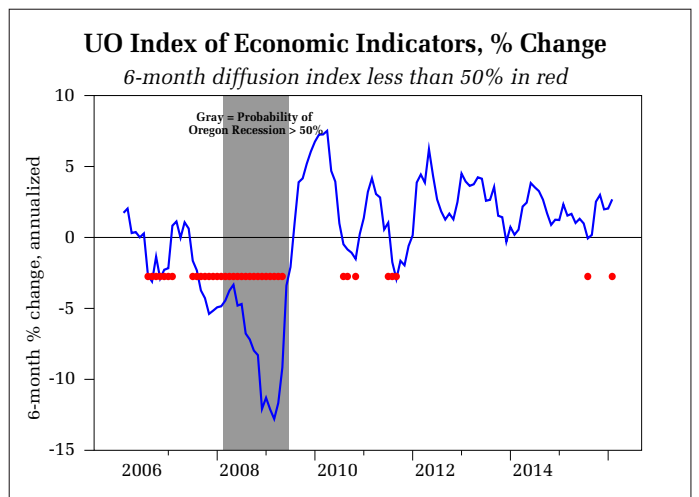
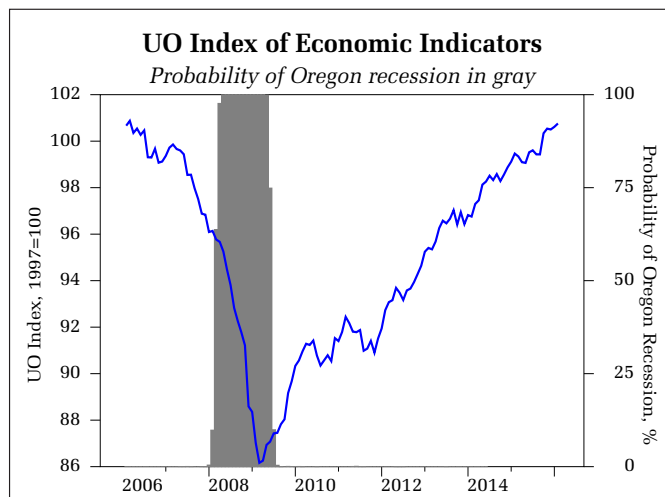
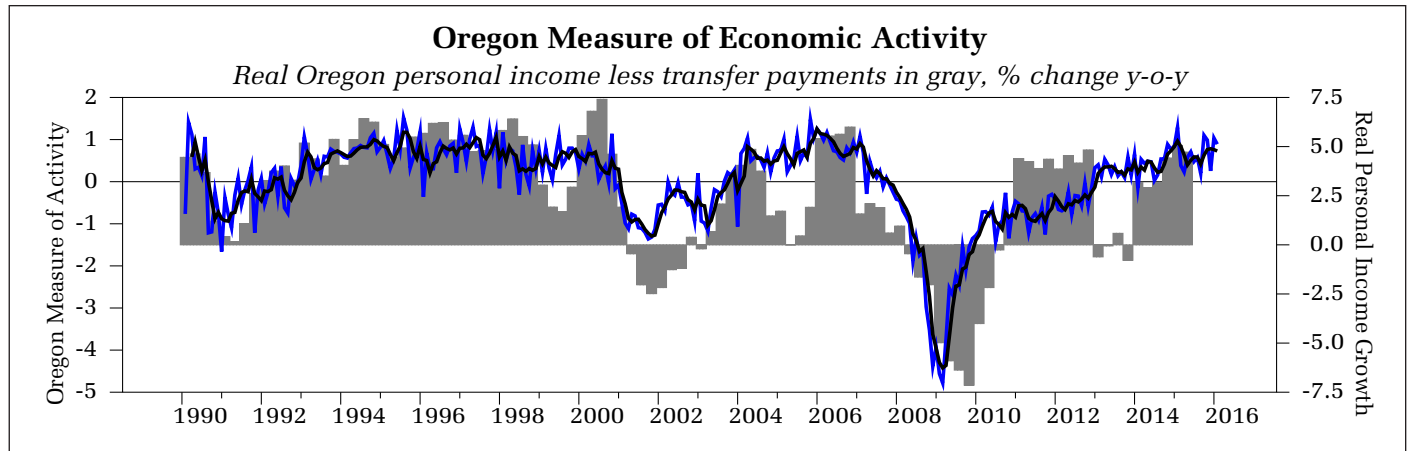
The Oregon economy continued to grow in February at a pace consistent with past expansions. The Oregon measure of economic activity was a touch softer than the previous month, but the three-month moving average, which smooths month-to-month volatility in the measure, has been hovering in a tight range for the past three months (“zero” indicates average growth over the 1990–present period). The manufacturing sector was a net negative in February, largely driven by national factors but also a fall in Oregon employment in the sector. The construction sector was supportive of the measure, largely due to employment growth. Building permits are tracking at an average level; they are typically higher during Oregon expansions. The household sector provided the largest boost to the measure, supported by labor market components (initial unemployment rates, the unemployment rate, and the labor force). The service sector was mildly supportive in February, with mixed impacts from employment components.

The University of Oregon Index of Economic Indicators edged up 0.1 percent in February. Sharply lower initial unemployment claims held steady while employment services payrolls (largely temporary help workers) rose; the two factors together drove the overall index higher and remain consistent with further job gains in Oregon. Remaining indicators were generally flat compared to the previous month. Core-manufacturing (nondefense, nonaircraft capital goods) orders (a national indicator) fell, continuing to track sideways as lower oil prices and a stronger dollar weigh on the sector. And, notably, the interest rate spread fell as financial market participants reassessed the path of monetary policy and concluded a shallower path of rate hikes was likely.

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 – Feb. 2016

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.06			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	-0.07			
Hours, Manufacturing Production Workers, Oregon	0.03			
Manufacturing Exports, Oregon	0.02			
New Private Housing Units Authorized By Building Permit, Oregon		0.00		
Construction Employment in Oregon		0.26		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			0.06	
Initial Unemployment Claims, Oregon			0.33	
Civilian Labor Force, Oregon			0.15	
Unemployment Rate, Oregon			0.14	
Interest Rate Spread			0.01	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			0.06	
Educational and Health Services Employment, Oregon				-0.03
Financial Activities Employment, Oregon				0.17
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.06
Professional and Business Services Employment, Oregon				-0.01
Other Services Employment, Oregon				-0.15
Trade, Transportation and Utilities Employment, Oregon				0.13
<b>Total By Sector</b>	<b>-0.12</b>	<b>0.23</b>	<b>0.74</b>	<b>0.05</b>
	Dec-15	Jan-16	Feb-16	
Oregon Measure of Economic Activity	0.26	1.04	0.89	
Three-Month Moving Average	0.78	0.76	0.73	



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

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
UO Index of Economic Indicators™, 1997=100	99.4	100.3	100.5	100.5	100.6	100.8
Percentage Change	0.0	0.9	0.2	0.0	0.1	0.1
Oregon Initial Unemployment Claims, SA*	5,024	4,528	4,632	4,941	4,963	4,466
Oregon Employment Services Payrolls, SA	39,007	41,245	41,862	42,481	42,813	43,724
Oregon Residential Building Permits, SA, 5 MMA*	1,414	1,483	1,485	1,563	1,581	1,572
Oregon Weight Distance Tax, SA, Index, 1998=100	115.36	113.62	115.68	117.79	119.92	118.75
Oregon Manufacturing Average Weekly Hours, SA	39.70	40.18	40.40	40.46	40.18	39.99
U.S. Consumer Sentiment, SA, 5 MMA	91.8	91.7	90.7	90.6	90.6	91.5
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	40,963	41,272	40,860	39,369	40,592	39,876
Interest Rate Spread	2.03	1.95	2.14	2.00	1.75	1.40

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