

State of Oregon Economic Indicators™



April 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.

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Review

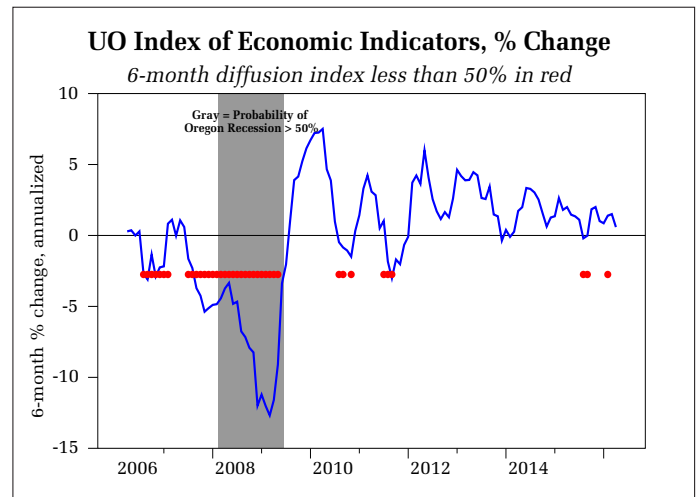
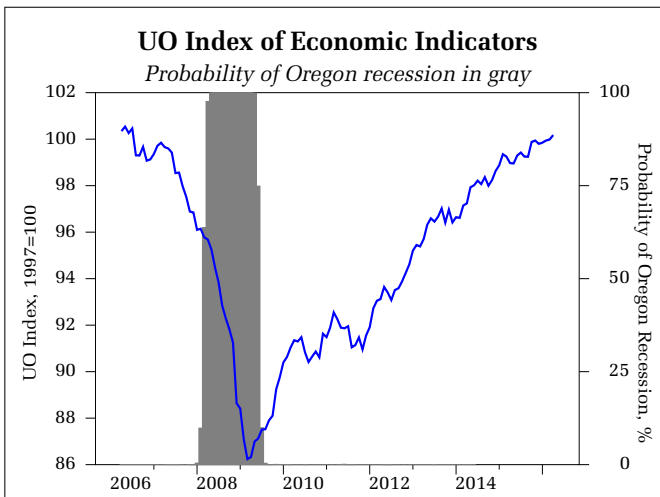
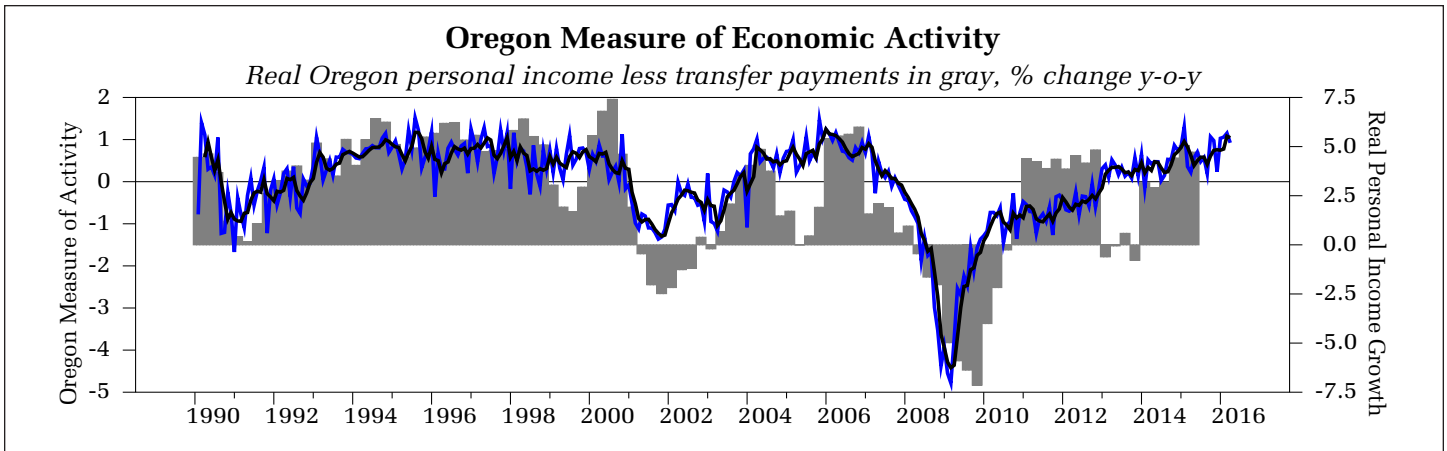
The Oregon economy sustained its momentum in April despite a drag from manufacturing indicators. The Oregon measure of economic activity edged down from an upwardly revised March figure, while the three-month moving average, which smooths month-to-month volatility in the measure was effectively unchanged at 1.04, where “zero” indicates average growth over the 1990–present period. The manufacturing sector again contributed negatively, held back in part by weaker employment numbers. Soft manufacturing activity currently affects firms nationwide and is more significant in sectors exposed to a stronger dollar or the low energy prices. Note that both factors have been reversing themselves in recent months, suggesting that the drag from manufacturing will lessen in the second half of the year. Remaining sectors of the economy remained supportive of the measures, with particularly strong contributions from household related components. The UO measure of economic activity suggests a pace of growth similar to that experienced in other post-1990 expansions.

The University of Oregon Index of Economic Indicators was up 0.2 percent in April. The UO Index incorporates revisions to capital goods orders data this month; the Index remained qualitatively unchanged by the revisions. Initial unemployment claims fell while employment services payrolls (largely temporary help workers) rose; both indicators suggest overall job growth is set to continue. Residential building permits and consumer sentiment both edged back while hours worked in manufacturing and the weight distance tax, a measure of trucking activity gained. Core manufacturing orders continued to trend down; as noted earlier, the sector is under pressure from a strong dollar and weak energy prices. The interest rate spread narrowed.

Together, these 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 – Apr. 2016

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.04			
ISM Manufacturing: Supplier Deliveries Index	-0.04			
Manufacturing Employment, Oregon	-0.13			
Hours, Manufacturing Production Workers, Oregon	0.01			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.02		
Construction Employment in Oregon		0.13		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.02	
Initial Unemployment Claims, Oregon			0.36	
Civilian Labor Force, Oregon			0.11	
Unemployment Rate, Oregon			0.16	
Interest Rate Spread			0.01	
S&P500 Stock Index			0.02	
Consumer Sentiment, University of Michigan - Reuters			0.03	
Educational and Health Services Employment, Oregon				0.01
Financial Activities Employment, Oregon				-0.02
Government Employment, Oregon				0.02
Leisure and Hospitality Employment, Oregon				-0.01
Professional and Business Services Employment, Oregon				0.09
Other Services Employment, Oregon				0.21
Trade, Transportation and Utilities Employment, Oregon				-0.01
Total By Sector	-0.21	0.11	0.72	0.30
	Feb-16	Mar-16	Apr-16	
Oregon Measure of Economic Activity	1.06	1.15	0.92	
Three-Month Moving Average	0.77	1.08	1.04	



University of Oregon Index of Economic Indicators – Summary and Components

	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
UO Index of Economic Indicators,™ 1997=100	99.9	99.8	99.9	99.9	100.0	100.2
Percentage Change	0.1	-0.1	0.1	0.1	0.0	0.2
Oregon Initial Unemployment Claims, SA*	4,626	4,935	4,974	4,446	4,537	4,138
Oregon Employment Services Payrolls, SA	40,150	40,385	40,593	41,035	40,799	41,278
Oregon Residential Building Permits, SA, 5 MMA*	1,475	1,553	1,572	1,583	1,658	1,593
Oregon Weight Distance Tax, SA, Index, 1998=100	115.42	117.40	119.56	118.63	117.73	118.88
Oregon Manufacturing Average Weekly Hours, SA	40.41	40.46	40.16	39.88	39.75	39.90
U.S. Consumer Sentiment, SA, 5 MMA	90.7	90.6	90.6	91.5	91.7	91.3
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	38,798	37,150	38,056	37,255	37,221	36,872
Interest Rate Spread	2.14	2.00	1.75	1.40	1.53	1.44

* SA–seasonally adjusted; MMA–months moving average