

# State of Oregon Economic Indicators™



May 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

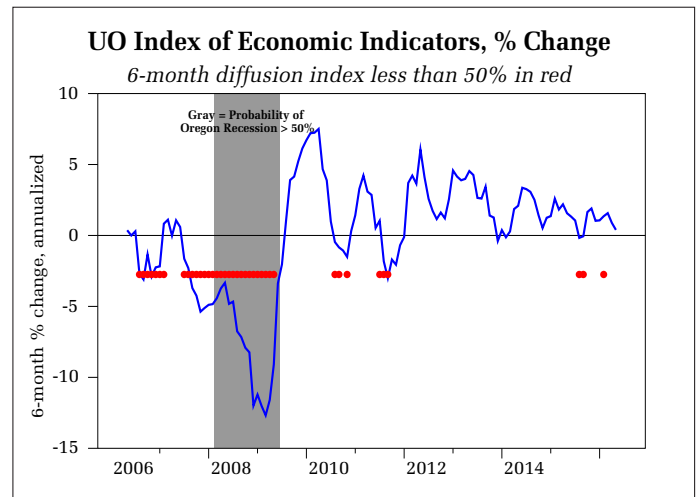
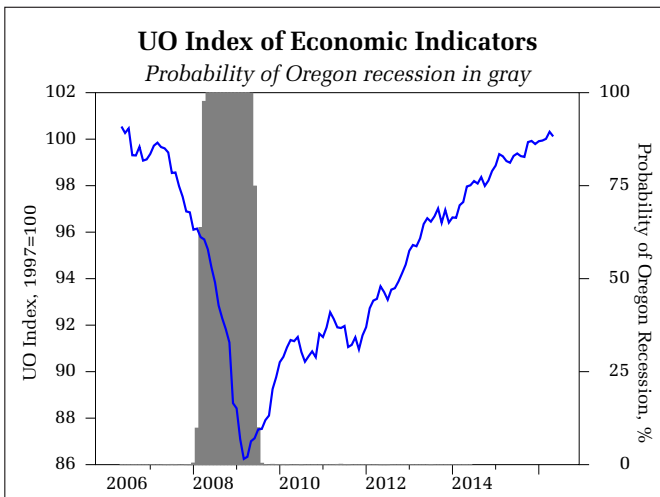
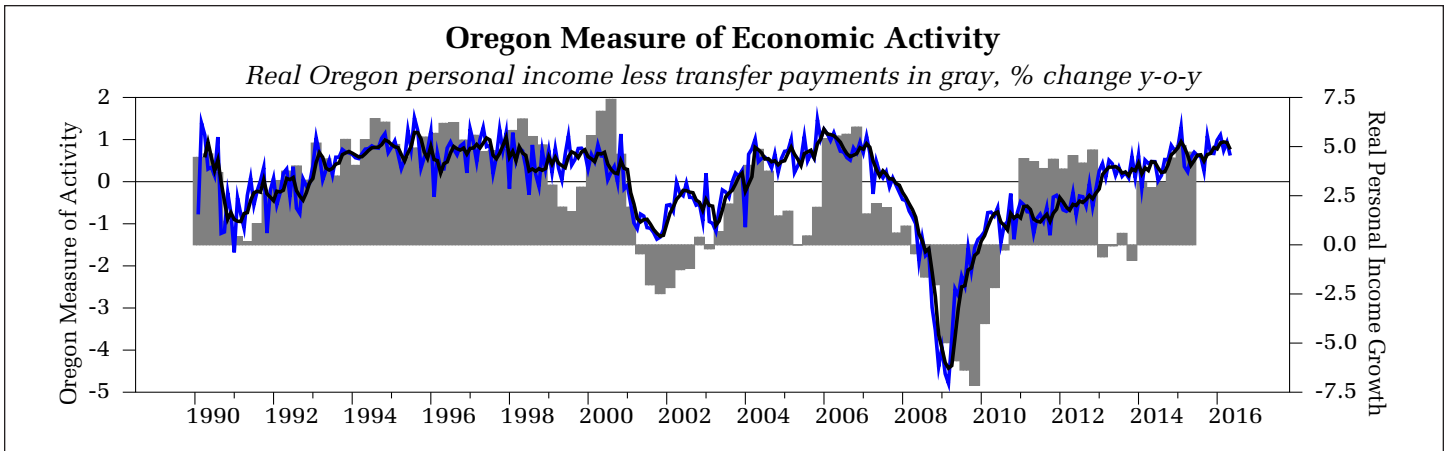
Oregon continues to grow at a pace similar to that of prior expansions. The Oregon measure of economic activity slipped to 0.62, down from an upwardly revised April figure. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.77, where “zero” indicates average growth over the 1990–present period. In a reversal from last month, the manufacturing made a positive contribution to the measure on the back of a rebound in average weekly hours worked within the sector. The construction sector impact was effectively neutral; housing starts remain low compared to the experience of prior expansions. The slow pace of construction is a supportive factor for housing prices. The household sector made the largest contribution to the index, with low levels of initial unemployment claims, low unemployment, and solid consumer confidence all significantly contributing positively to the sector. The services sector was marginally supportive to the overall measure of activity.

The University of Oregon Index of Economic Indicators slipped 0.2 percent in May. Initial unemployment claims rose but remain in a range consistent with steady employment growth. Employment services payrolls (largely temporary help workers) fell back to December 2015 levels; national numbers have been soft in recent months as well, possibly reflecting the slowdown in manufacturing. Residential building permits, the weight distance tax, and consumer sentiment all edged higher while hours worked in manufacturing jumped. Core manufacturing orders continued to trend down; the sector remains under pressure from a strong dollar and weak energy prices. The interest rate spread held steady.

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 – May 2016

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.04			
ISM Manufacturing: Supplier Deliveries Index	0.02			
Manufacturing Employment, Oregon	-0.04			
Hours, Manufacturing Production Workers, Oregon	0.13			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized By Building Permit, Oregon		0.04		
Construction Employment in Oregon		-0.03		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.10	
Initial Unemployment Claims, Oregon			0.29	
Civilian Labor Force, Oregon			0.04	
Unemployment Rate, Oregon			0.16	
Interest Rate Spread			0.01	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			0.08	
Educational and Health Services Employment, Oregon				-0.04
Financial Activities Employment, Oregon				0.15
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				-0.03
Professional and Business Services Employment, Oregon				0.06
Other Services Employment, Oregon				-0.15
Trade, Transportation and Utilities Employment, Oregon				0.10
<b>Total By Sector</b>	<b>0.07</b>	<b>0.01</b>	<b>0.46</b>	<b>0.07</b>
	Mar-16	Apr-16	May-16	
Oregon Measure of Economic Activity	0.74	0.94	0.62	
Three-Month Moving Average	0.94	0.93	0.77	



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

	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
UO Index of Economic Indicators,™ 1997=100	99.8	99.9	99.9	100.0	100.3	100.1
Percentage Change	-0.1	0.1	0.0	0.1	0.3	-0.2
Oregon Initial Unemployment Claims, SA*	4,948	4,981	4,464	4,566	4,094	4,562
Oregon Employment Services Payrolls, SA	40,376	40,597	41,035	40,777	41,513	40,384
Oregon Residential Building Permits, SA, 5 MMA*	1,549	1,568	1,580	1,656	1,594	1,636
Oregon Weight Distance Tax, SA, Index, 1998=100	117.41	119.72	118.78	118.34	119.73	120.00
Oregon Manufacturing Average Weekly Hours, SA	40.48	40.39	39.91	39.76	39.84	40.73
U.S. Consumer Sentiment, SA, 5 MMA	90.6	90.6	91.5	91.7	91.3	91.7
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,150	38,056	37,255	37,365	37,163	36,862
Interest Rate Spread	2.00	1.75	1.40	1.53	1.44	1.44

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