

State of Oregon Economic Indicators™



October 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

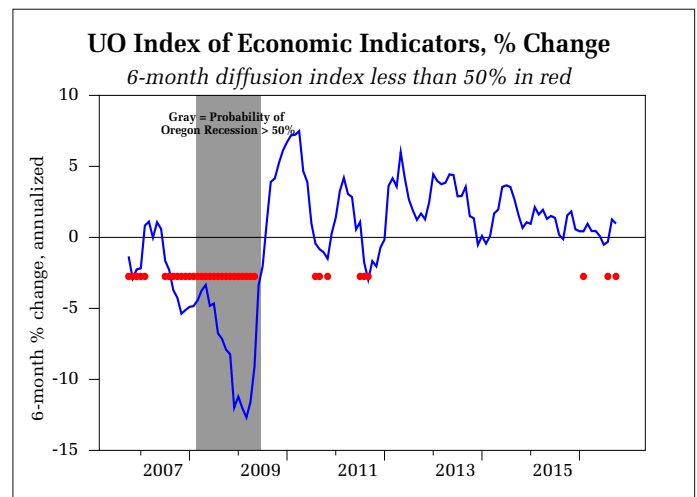
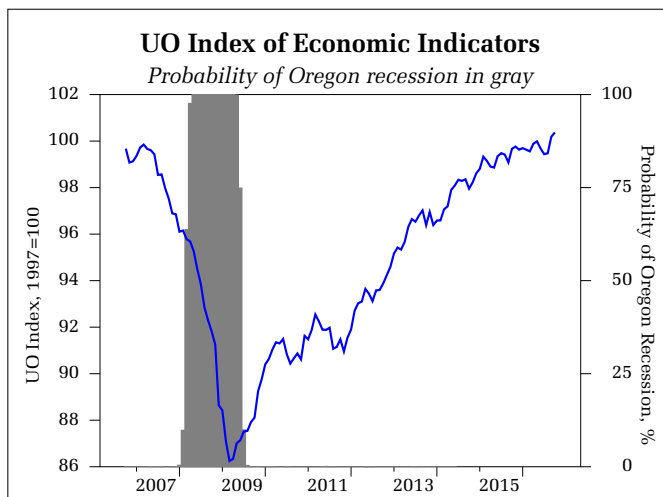
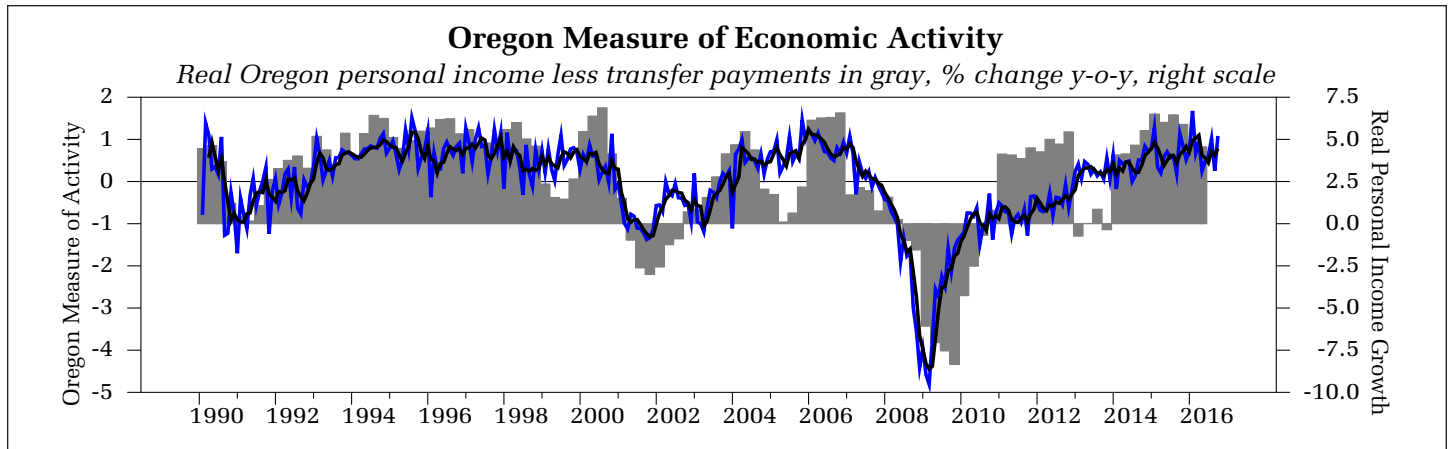
Oregon continues to enjoy solid economic growth. The Oregon measure of economic activity rose to 1.08 from an upwardly revised September figure of 0.25. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.78 (“zero” indicates average growth over the 1990–present period). All sectors contributed positively to the measure in October. A strong read on average weekly hours worked boosted the beleaguered manufacturing sector contribution. The construction sector felt the positive impact of stronger employment; housing permits made a slightly negative contribution. Positive or neutral contributions from nearly all components buoyed the household sector; historically low initial unemployment claims were particularly supportive. With the exception of the professional and business services numbers, the employment components of the services sector were all positive in October.

The University of Oregon Index of Economic Indicators extended September’s gain, rising 0.2 percent in October. The softness in employment services payrolls (largely temporary help workers) looks to be over; the sector added jobs again this month. The Oregon Weight Distance tax, a measure of trucking activity, jumped again, indicating a pick up in economic activity. Core manufacturing orders edged higher as capital investment activity continues the period of softness that followed the collapse of oil drilling activity last year. Consumer sentiment is generally tracking sideways at levels consistent with continued economic growth. The interest rate spread widened as investor confidence in the economy rose.

Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity.

Contributions to Oregon Measure of Economic Activity – Oct. 2016

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.00			
ISM Manufacturing: Supplier Deliveries Index	0.00			
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		0.22		
Natural Resources and Mining Employment, Oregon		0.08		
Employment Services Employment, Oregon			0.00	
Initial Unemployment Claims, Oregon			0.34	
Civilian Labor Force, Oregon			0.07	
Unemployment Rate, Oregon			0.10	
Interest Rate Spread			0.02	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			0.02	
Educational and Health Services Employment, Oregon				0.06
Financial Activities Employment, Oregon				0.06
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.07
Professional and Business Services Employment, Oregon				-0.11
Other Services Employment, Oregon				0.01
Trade, Transportation and Utilities Employment, Oregon				0.02
Total By Sector	0.17	0.26	0.54	0.12
	Aug-16	Sep-16	Oct-16	
Oregon Measure of Economic Activity	1.02	0.25	1.08	
Three-Month Moving Average	0.70	0.63	0.78	



University of Oregon Index of Economic Indicators – Summary and Components

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
UO Index of Economic Indicators,™ 1997=100	100.0	99.7	99.4	99.5	100.2	100.4
Percentage Change	0.1	-0.3	-0.2	0.0	0.7	0.2
Oregon Initial Unemployment Claims, SA*	4,571	4,405	4,551	4,661	4,264	4,317
Oregon Employment Services Payrolls, SA	39,875	40,166	40,117	40,517	41,340	41,597
Oregon Residential Building Permits, SA, 5 MMA*	1,609	1,581	1,592	1,584	1,599	1,520
Oregon Weight Distance Tax, SA, Index, 1998=100	119.32	118.55	115.51	114.15	118.56	124.15
Oregon Manufacturing Average Weekly Hours, SA	41.05	39.84	40.07	40.24	40.38	40.78
U.S. Consumer Sentiment, SA, 5 MMA	91.7	92.0	91.6	91.4	91.8	90.3
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	36,712	36,858	37,193	37,637	37,083	37,199
Interest Rate Spread	1.44	1.26	1.11	1.16	1.23	1.36

* SA—seasonally adjusted; MMA—months moving average