

State of Oregon Economic Indicators™



April 2017

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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

Solid employment data helped propel the Oregon measure of economic activity higher from 0.48 in March to 1.67 in April. Recall, however, when analyzing these numbers that, due to volatility of index components, it is important to follow the underlying trends. The three-month moving average was 1.0 (“zero” indicates average growth over the 1990–present period), consistent with readings from past economic expansions in Oregon. The manufacturing sector made a positive contribution as the impacts of the 2015–16 slowdown wane. New housing permits made a negative contribution; new housing construction remains anemic relative to past expansions. Solid employment indications—both broad measures of labor market activity and components by sector—helped support the household and services sectors of the economy.

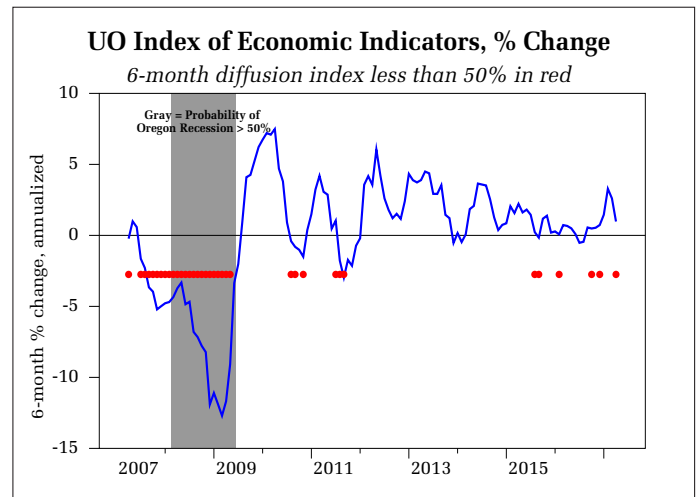
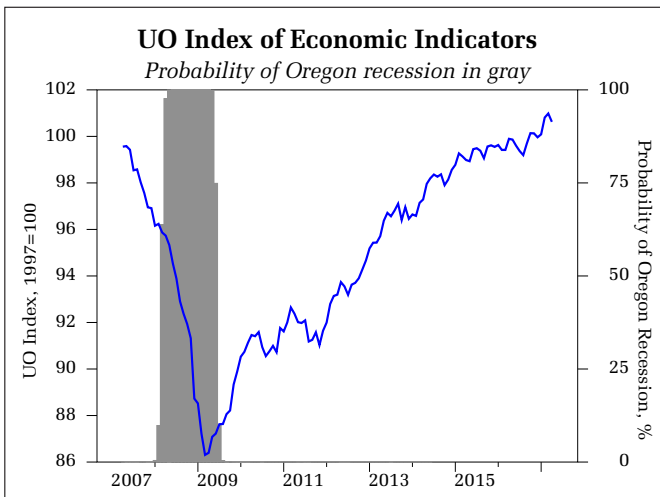
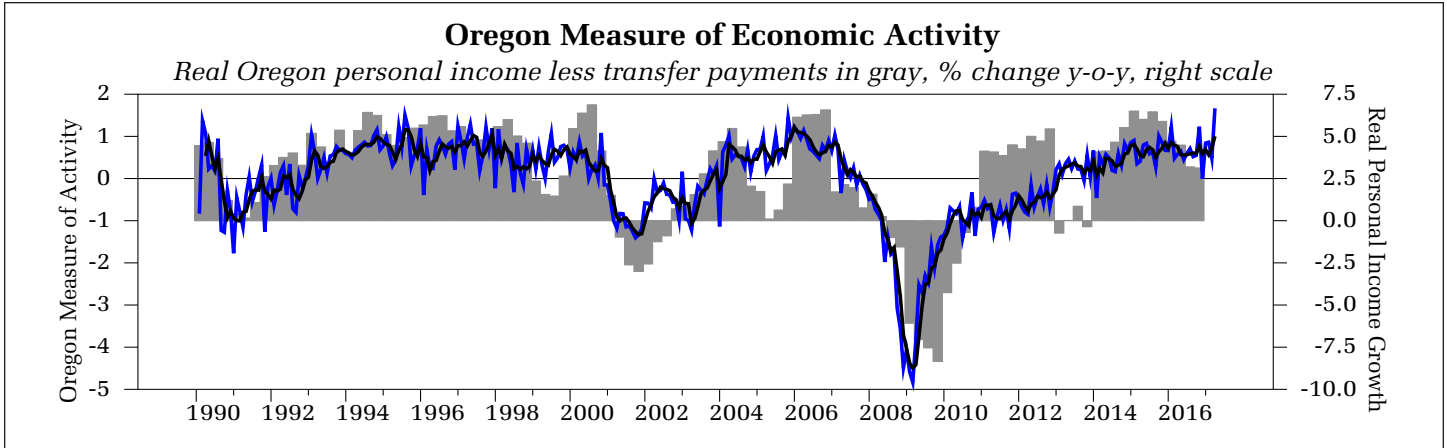
The University of Oregon Index of Economic

Indicators fell 0.4 percent in April, the first decline since last December. Initial unemployment claims edged up but remain near historical lows. Employment services payrolls (mostly temporary help jobs) rose again and are 7.9 percent higher than a year ago. In the past, such gains foreshadowed further gains in overall employment. Residential building permits (smoothed) and the Oregon Weight Distance tax, a measure of trucking activity both dipped. Core manufacturing orders for capital goods was virtually unchanged while average weekly hours worked by employees in Oregon manufacturing rose. The yield curve flattened as market participants reassessed earlier convictions that growth would be sufficiently strong to push up inflation.

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

Contributions to Oregon Measure of Economic Activity – April 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.08			
ISM Manufacturing: Supplier Deliveries Index	0.03			
Manufacturing Employment, Oregon	0.12			
Hours, Manufacturing Production Workers, Oregon	0.11			
Manufacturing Exports, Oregon	0.04			
New Private Housing Units Authorized By Building Permit, Oregon		-0.08		
Construction Employment in Oregon		0.00		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			0.00	
Initial Unemployment Claims, Oregon			0.29	
Civilian Labor Force, Oregon			0.14	
Unemployment Rate, Oregon			0.20	
Interest Rate Spread			0.01	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			0.10	
Educational and Health Services Employment, Oregon				0.01
Financial Activities Employment, Oregon				0.18
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				0.05
Professional and Business Services Employment, Oregon				0.02
Other Services Employment, Oregon				0.22
Trade, Transportation and Utilities Employment, Oregon				0.13
Total By Sector	0.37	-0.04	0.75	0.59
	Feb-17	Mar-17	Apr-17	
Oregon Measure of Economic Activity	0.86	0.48	1.67	
Three-Month Moving Average	0.57	0.73	1.00	



University of Oregon Index of Economic Indicators – Summary and Components

	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
UO Index of Economic Indicators™, 1997=100	100.1	100.0	100.1	100.8	101.0	100.6
Percentage Change	0.0	-0.2	0.1	0.7	0.2	-0.4
Oregon Initial Unemployment Claims, SA*	4,395	4,553	4,883	4,507	4,201	4,364
Oregon Employment Services Payrolls, SA	41,169	41,218	41,862	43,225	42,998	43,238
Oregon Residential Building Permits, SA, 5 MMA*	1,589	1,503	1,475	1,480	1,519	1,402
Oregon Weight Distance Tax, SA, Index, 1998=100	120.03	120.39	120.98	120.45	119.09	116.18
Oregon Manufacturing Average Weekly Hours, SA	40.02	39.30	39.67	40.28	39.89	40.64
U.S. Consumer Sentiment, SA, 5 MMA	90.4	92.0	93.8	94.8	96.7	97.4
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	36,654	36,401	36,863	36,956	36,862	36,822
Interest Rate Spread	1.73	1.95	1.78	1.76	1.69	1.40

* SA–seasonally adjusted; MMA–months moving average