

State of Oregon Economic Indicators™



October 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

The Oregon Measure of Economic Activity bounced higher in October on the back of surging job gains. Note, however, that the jobs numbers have been very volatile in recent months and not likely reflective of the underlying pace of activity in Oregon. Consequently, it is important to follow the three-month moving average, which smooths monthly volatility. The moving average measure has been tracking at a more subdued value of roughly 1.0, consistent with previous expansions but somewhat below the pace of earlier this year (“zero” indicates average growth over the 1990–present period). Aside from the employment components, a number of factors contributed positively to the measure. In particular, manufacturing rebounded solidly this year while broad labor market indicators such as the unemployment rate, labor force growth, and initial unemployment claims remain

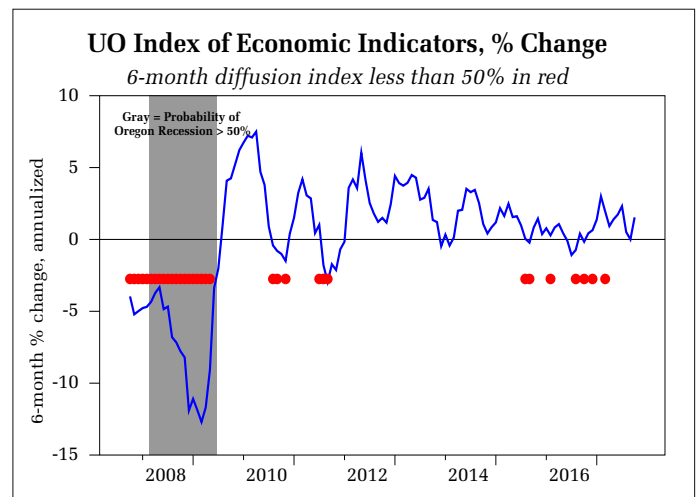
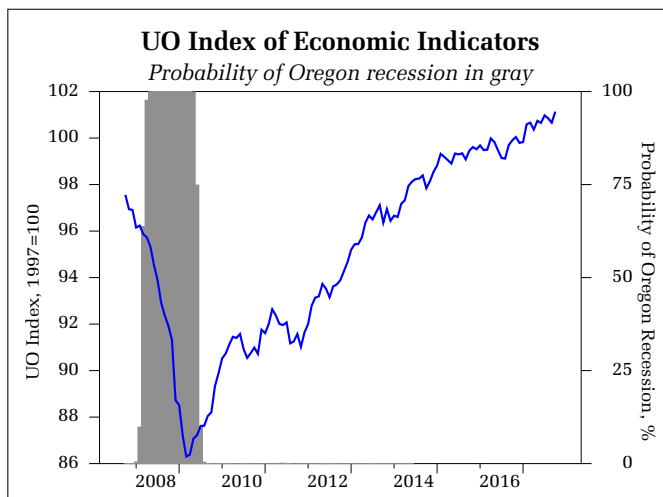
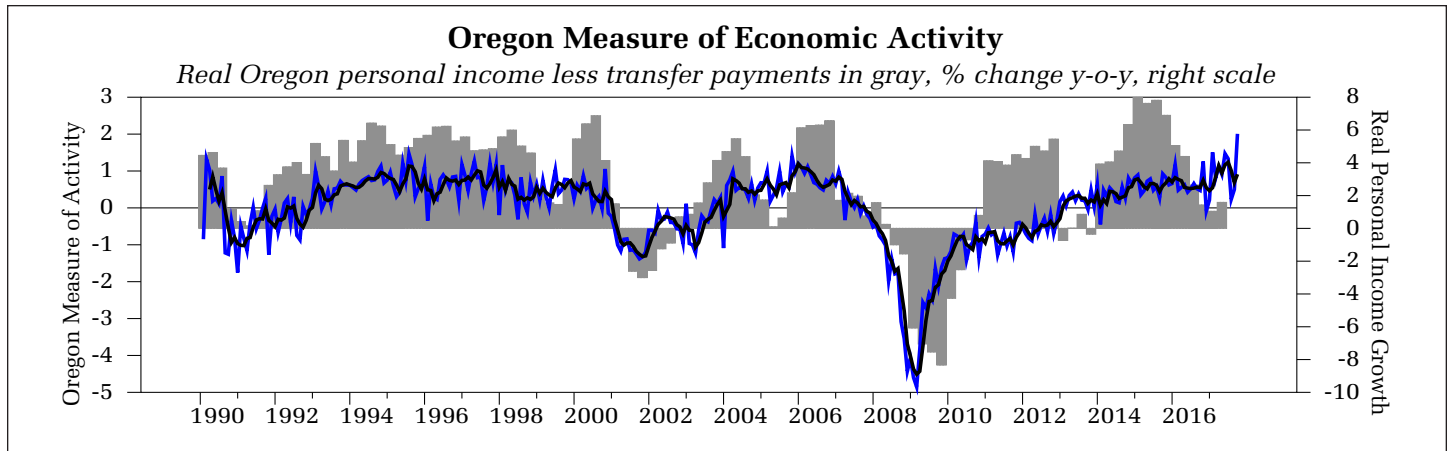
indicative of underlying economic stress. Consumer sentiment reached a new post-recession high in October, adding further support to the measure.

The University of Oregon Index of Economic Indicators rose in October, offsetting the weakness of the past two months. Employment services (mostly temporary help workers), average weekly hours worked in manufacturing, consumer sentiment (smoothed), and the interest rate spread all contributed to the rise in the Index. Initial unemployment claims hover near historic lows and suggests ongoing job growth. Remaining components were little changed.

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

Contributions to Oregon Measure of Economic Activity – October 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	0.10			
Manufacturing Employment, Oregon	0.12			
Hours, Manufacturing Production Workers, Oregon	0.25			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.01		
Construction Employment in Oregon		-0.09		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			0.07	
Initial Unemployment Claims, Oregon			0.31	
Civilian Labor Force, Oregon			0.02	
Unemployment Rate, Oregon			0.16	
Interest Rate Spread			0.02	
S&P500 Stock Index			0.02	
Consumer Sentiment, University of Michigan - Reuters			0.13	
Educational and Health Services Employment, Oregon				-0.02
Financial Activities Employment, Oregon				0.06
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.33
Professional and Business Services Employment, Oregon				0.22
Other Services Employment, Oregon				0.26
Trade, Transportation and Utilities Employment, Oregon				-0.05
Total By Sector	0.52	-0.05	0.74	0.80
	Aug-17	Sep-17	Oct-17	
Oregon Measure of Economic Activity	0.23	0.50	2.01	
Three-Month Moving Average	1.01	0.69	0.91	



University of Oregon Index of Economic Indicators – Summary and Components

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
UO Index of Economic Indicators™, 1997=100	100.7	100.7	101.0	100.9	100.7	101.1
Percentage Change	0.4	-0.1	0.3	-0.1	-0.2	0.5
Oregon Initial Unemployment Claims, SA*	4,016	4,095	4,071	4,000	4,180	4,119
Oregon Employment Services Payrolls, SA	40,711	41,513	41,211	40,863	39,624	40,573
Oregon Residential Building Permits, SA, 5 MMA*	1,502	1,521	1,524	1,665	1,754	1,722
Oregon Weight Distance Tax, SA, Index, 1998=100	119.65	119.40	122.18	119.04	118.58	116.90
Oregon Manufacturing Average Weekly Hours, SA	40.71	40.64	41.48	40.72	40.72	41.64
U.S. Consumer Sentiment, SA, 5 MMA	97.2	96.5	95.9	95.9	95.5	96.2
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,257	37,157	37,622	38,089	38,859	38,697
Interest Rate Spread	1.39	1.15	1.17	1.05	1.05	1.21

* SA—seasonally adjusted; MMA—months moving average