

# State of Oregon Economic Indicators™



November 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

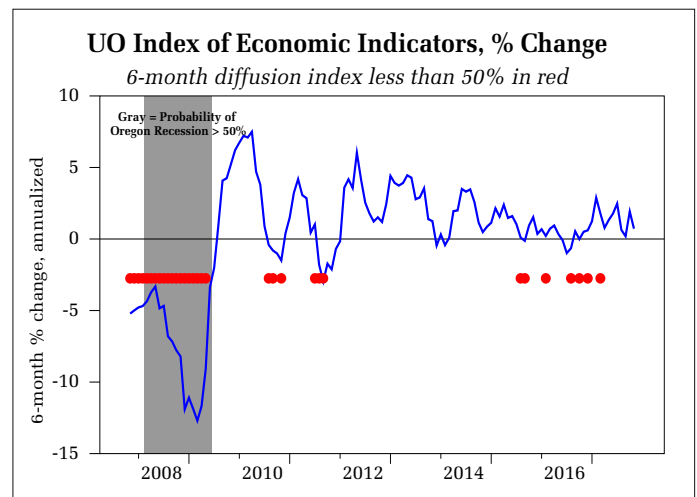
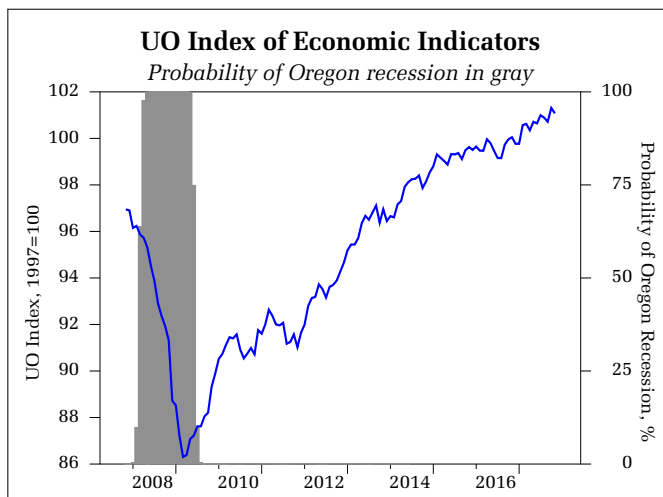
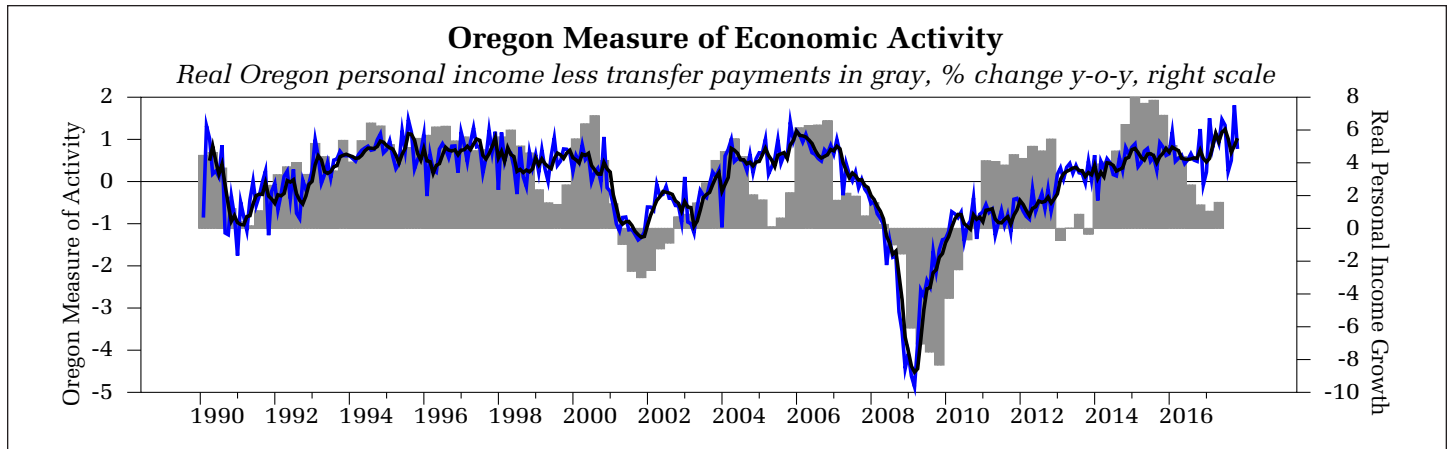
The Oregon Measure of Economic Activity fell back in November after jumping higher the previous month. The decline was largely anticipated; fairly volatile employment data created large movements in the measure in recent months that overstates the volatility of the economy. The moving average measure, which smooths out the volatility, continues to track near a 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). All sectors covered contributed positively to the measure. Weakness was largely contained to the employment indicators. Housing permits, while supporting the measure, remain soft compared to previous economic expansions. Broad labor market indicators—the unemployment rate, civilian labor force, and initial unemployment claims—remain solid.

The University of Oregon Index of Economic Indicators edged down in November after a solid gain the previous month. Employment services (mostly temporary help workers) declined modestly, while initial unemployment claims edged higher. The latter remains at a very low level consistent with solid job growth. The Oregon weight-distance tax, a measure of trucking activity, rose but overall has been range-bound for the past two years. Core manufacturing capital goods orders slipped but the upward trend still holds as capital investment activity expands. For the most part, changes in individual index components were modest.

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

## Contributions to Oregon Measure of Economic Activity – November 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.06			
ISM Manufacturing: Supplier Deliveries Index	0.05			
Manufacturing Employment, Oregon	-0.19			
Hours, Manufacturing Production Workers, Oregon	0.14			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized by Building Permit, Oregon		0.04		
Construction Employment in Oregon		-0.08		
Natural Resources and Mining Employment, Oregon		0.08		
Employment Services Employment, Oregon			-0.10	
Initial Unemployment Claims, Oregon			0.32	
Civilian Labor Force, Oregon			0.02	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.02	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			0.11	
Educational and Health Services Employment, Oregon				-0.02
Financial Activities Employment, Oregon				-0.04
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.08
Professional and Business Services Employment, Oregon				-0.08
Other Services Employment, Oregon				0.23
Trade, Transportation and Utilities Employment, Oregon				-0.05
<b>Total by Sector</b>	<b>0.05</b>	<b>0.05</b>	<b>0.56</b>	<b>0.11</b>
	Sep-17	Oct-17	Nov-17	
Oregon Measure of Economic Activity	0.50	1.81	0.77	
Three-Month Moving Average	0.69	0.85	1.03	



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

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
UO Index of Economic Indicators™ 1997=100	100.6	101.0	100.9	100.7	101.3	101.1
Percentage Change	-0.1	0.3	-0.1	-0.2	0.6	-0.2
Oregon Initial Unemployment Claims, SA*	4,096	4,069	4,000	4,171	4,089	4,202
Oregon Employment Services Payrolls, SA	41,509	41,217	40,845	39,598	40,690	39,605
Oregon Residential Building Permits, SA, 5 MMA*	1,524	1,528	1,674	1,764	1,735	1,726
Oregon Weight Distance Tax, SA, Index, 1998=100	119.25	122.41	119.76	119.46	118.14	123.32
Oregon Manufacturing Average Weekly Hours, SA	40.64	41.48	40.69	40.68	41.54	40.81
U.S. Consumer Sentiment, SA, 5 MMA	96.5	95.9	95.9	95.5	96.2	96.9
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,135	37,622	38,089	38,935	39,310	39,083
Interest Rate Spread	1.15	1.17	1.05	1.05	1.21	1.19

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