

State of Oregon Economic Indicators™



December 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 snapped higher in December of last year, continuing a volatile pattern that has become a characteristic of the measure in recent months. The moving average measure, which smooths out the volatility, rose to 1.61, a record high relative to previous expansions (“zero” indicates average growth over the 1990–present period). All sectors covered contributed positively to the measure, but strength was driven by the employment components. The Oregon Department of Employment estimated job growth of 14,700 for December. Future revisions may smooth the recent job growth numbers, but if the numbers hold they suggest that Oregon’s economy strengthened toward the end of the year.

The University of Oregon Index of Economic Indicators rose in December; a general uptrend in the index continues despite the expansion

reaching a more mature phase in which we would expect more sideways movement. Employment services (mostly temporary help workers) rose while initial unemployment claims fell to a fresh low. Firms are seeing strong demand for their goods and services and consequently the pace of layoffs continues to decline. Building permits (smoothed) rose as construction picks up to a pace more consistent with that of past expansions. Consumer confidence edged higher while manufacturing and traded goods indicators (new orders for core capital goods, hours worked in manufacturing, and the Oregon weight distance tax) remained largely unchanged.

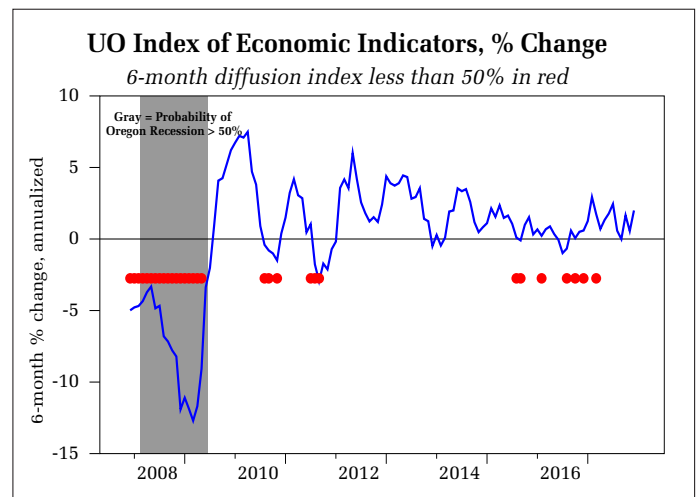
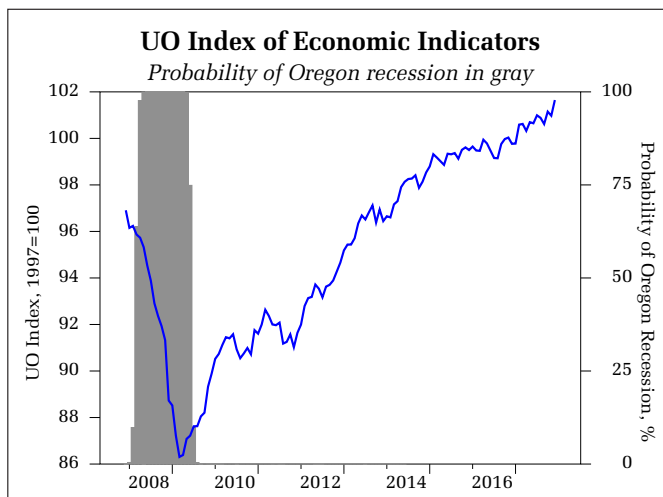
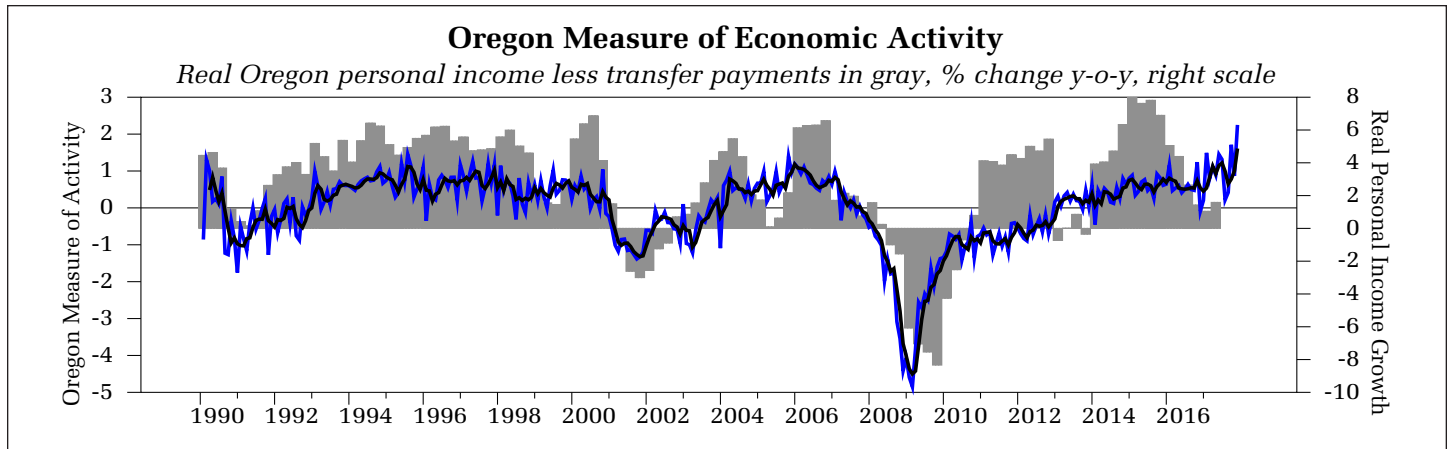
Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity.

Contributions to Oregon Measure of Economic Activity – December 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.12			
ISM Manufacturing: Supplier Deliveries Index	0.06			
Manufacturing Employment, Oregon	0.27			
Hours, Manufacturing Production Workers, Oregon	0.05			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized by Building Permit, Oregon	0.08			
Construction Employment in Oregon		0.18		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon		0.13		
Initial Unemployment Claims, Oregon			0.35	
Civilian Labor Force, Oregon			0.04	
Unemployment Rate, Oregon			0.18	
Interest Rate Spread			0.03	
S&P500 Stock Index			0.02	
Consumer Sentiment, University of Michigan - Reuters			0.09	
Educational and Health Services Employment, Oregon			0.01	
Financial Activities Employment, Oregon				0.08
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.37
Professional and Business Services Employment, Oregon				0.05
Other Services Employment, Oregon				0.12
Trade, Transportation and Utilities Employment, Oregon				0.02
Total by Sector	0.58	0.31	0.72	0.86
	Oct-17	Nov-17	Dec-17	
Oregon Measure of Economic Activity	1.71	0.87	2.25	
Three-Month Moving Average	0.78	1.00	1.61	

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University of Oregon Index of Economic Indicators – Summary and Components

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
UO Index of Economic Indicators™, 1997=100	101.0	100.9	100.6	101.2	101.0	101.6
Percentage Change	0.3	-0.1	-0.3	0.5	-0.2	0.7
Oregon Initial Unemployment Claims, SA*	4,078	4,006	4,168	4,058	4,168	3,851
Oregon Employment Services Payrolls, SA	41,171	40,863	39,654	40,671	39,642	41,315
Oregon Residential Building Permits, SA, 5 MMA*	1,524	1,672	1,764	1,740	1,738	1,841
Oregon Weight Distance Tax, SA, Index, 1998=100	122.84	120.19	119.43	117.89	122.61	122.53
Oregon Manufacturing Average Weekly Hours, SA	41.47	40.59	40.23	40.87	40.28	40.14
U.S. Consumer Sentiment, SA, 5 MMA	95.9	95.9	95.5	96.2	96.9	97.4
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,622	38,089	38,935	39,310	39,244	39,123
Interest Rate Spread	1.17	1.05	1.05	1.21	1.19	1.10

* SA—seasonally adjusted; MMA—months moving average