

State of Oregon Economic Indicators™



January 2018

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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 declined modestly to a still strong 1.43, down from a revised 1.69 the previous month. The moving average measure, which smooths out the volatility, is 1.34, well above average. (“zero” indicates average growth over the 1990–present period). All sectors covered contributed positively to the measure with particularly strong numbers in the household sector. The Oregon Department of Employment revised employment estimates for last year, the impact of which smoothed the pattern of activity in this measure while retaining the qualitative story that the Oregon economy gained steam in the latter half of last year.

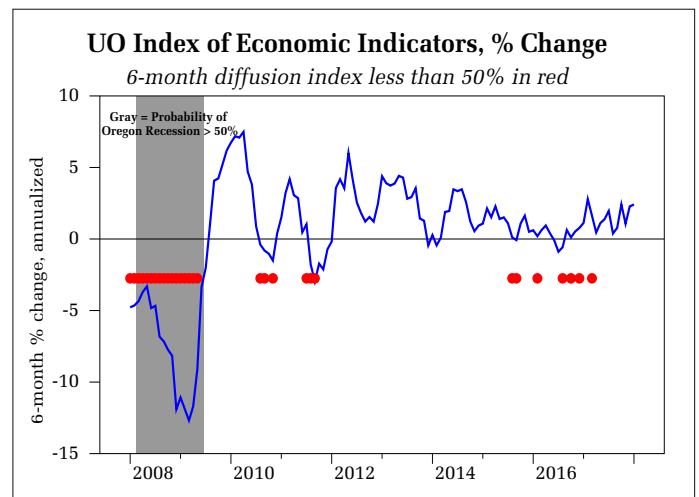
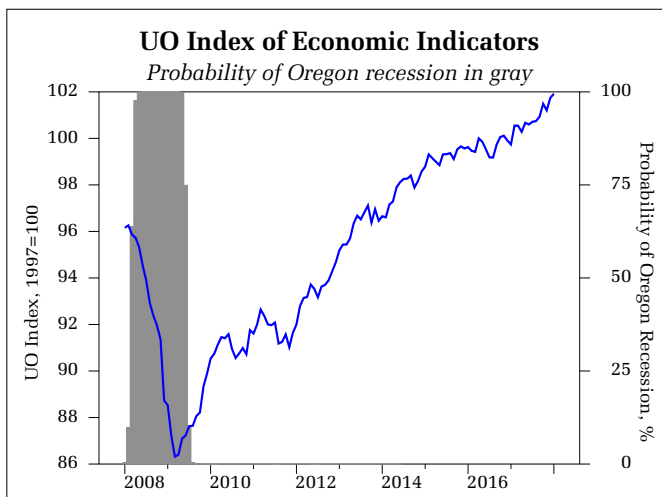
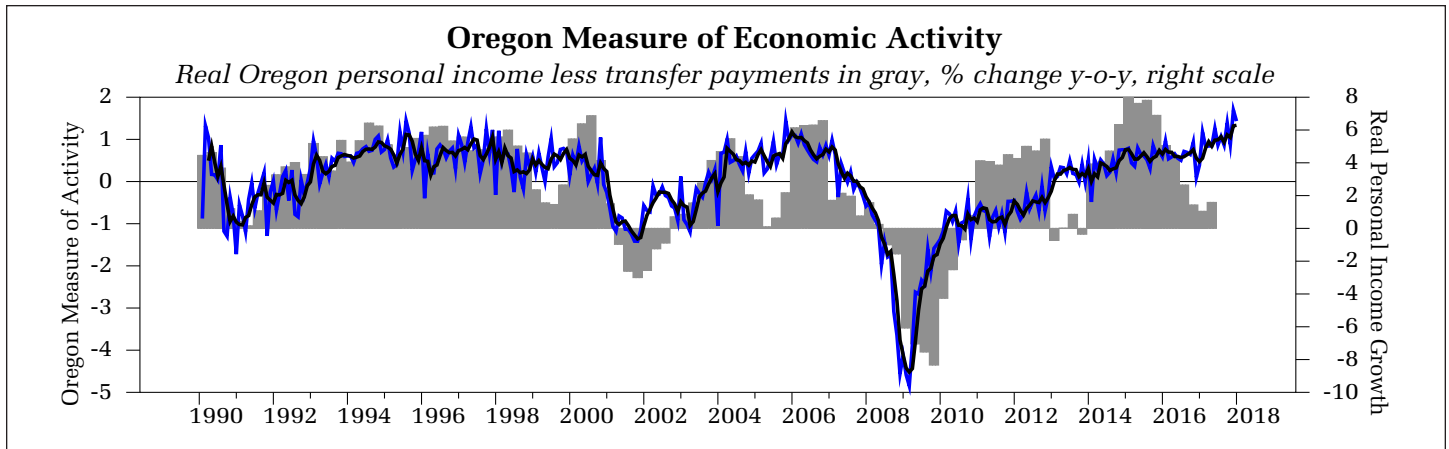
The University of Oregon Index of Economic Indicators also rose in January, gaining 0.2 percent. Similar to December, initial

unemployment claims again fell to a fresh low while employment services (mostly temporary help workers) rose. These indicators suggest that labor markets remain strong even as the economy approaches the ninth anniversary of this expansion. Building permits (smoothed) were effectively unchanged for the month at a level consistent with previous expansions. Consumer confidence also held nearly steady at a high level. Hours worked in manufacturing and new orders for core capital goods fell slightly, but the Oregon weight distance tax rose to a new high for the cycle, indicating continued growth in Oregon’s traded-goods sectors.

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

Contributions to Oregon Measure of Economic Activity – January 2018

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.14			
ISM Manufacturing: Supplier Deliveries Index	0.08			
Manufacturing Employment, Oregon	0.09			
Hours, Manufacturing Production Workers, Oregon	-0.04			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized by Building Permit, Oregon		0.10		
Construction Employment in Oregon		0.11		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.05	
Initial Unemployment Claims, Oregon			0.37	
Civilian Labor Force, Oregon			0.03	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.03	
S&P500 Stock Index			0.04	
Consumer Sentiment, University of Michigan - Reuters			0.09	
Educational and Health Services Employment, Oregon				0.43
Financial Activities Employment, Oregon				0.06
Government Employment, Oregon				-0.12
Leisure and Hospitality Employment, Oregon				-0.12
Professional and Business Services Employment, Oregon				-0.09
Other Services Employment, Oregon				0.05
Trade, Transportation and Utilities Employment, Oregon				-0.04
Total by Sector	0.26	0.21	0.78	0.18
	Nov-17	Dec-17	Jan-18	
Oregon Measure of Economic Activity	0.88	1.69	1.43	
Three-Month Moving Average	1.05	1.32	1.34	



University of Oregon Index of Economic Indicators – Summary and Components

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-17
UO Index of Economic Indicators™, 1997=100	100.7	100.9	101.5	101.2	101.7	101.9
Percentage Change	0.0	0.2	0.5	-0.3	0.5	0.2
Oregon Initial Unemployment Claims, SA*	4,036	4,173	4,048	4,151	3,827	3,760
Oregon Employment Services Payrolls, SA	40,280	40,690	41,471	40,489	41,786	42,099
Oregon Residential Building Permits, SA, 5 MMA*	1,674	1,766	1,744	1,749	1,858	1,828
Oregon Weight Distance Tax, SA, Index, 1998=100	120.27	119.71	118.25	123.43	123.67	127.75
Oregon Manufacturing Average Weekly Hours, SA	40.58	40.57	41.43	40.23	39.82	39.51
U.S. Consumer Sentiment, SA, 5 MMA	95.9	95.5	96.2	96.9	97.4	97.2
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	38,089	38,935	39,310	39,193	38,956	38,844
Interest Rate Spread	1.05	1.05	1.21	1.19	1.10	1.17

* SA—seasonally adjusted; MMA—months moving average