

State of Oregon Economic Indicators™



October 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 rose to 0.83 in October from an upwardly revised September reading of 0.76. The moving average measure, which smooths out the volatility, stood at 0.74, well above average [“zero” indicates average growth over the 1990-present period]. Both the manufacturing and construction sectors made small positive contributions; hours worked in manufacturing continues to be a drag, but the fall in hours still looks to be more idiosyncratic rather than reflecting a shift in economic activity. The household sector continues to make a positive contribution; weakness in the stock market was a drag on the measure. Mixed results among the employment components left the services sector contribution at neutral for the month.

The University of Oregon Index of Economic Indicators was flat in October. Like in September, most indicators held roughly

steady during the month. Employment services payrolls (mostly temporary help jobs) climbed while initial unemployment claims remained low. Both indicators point toward continued job growth. Building permits gained as multifamily permits staged a modest rebound; single family permits continue to move sideways. Capital goods orders have lost upward momentum and remain largely unchanged over the past six months. The interest rate spread narrowed, reversing the increase of the previous month.

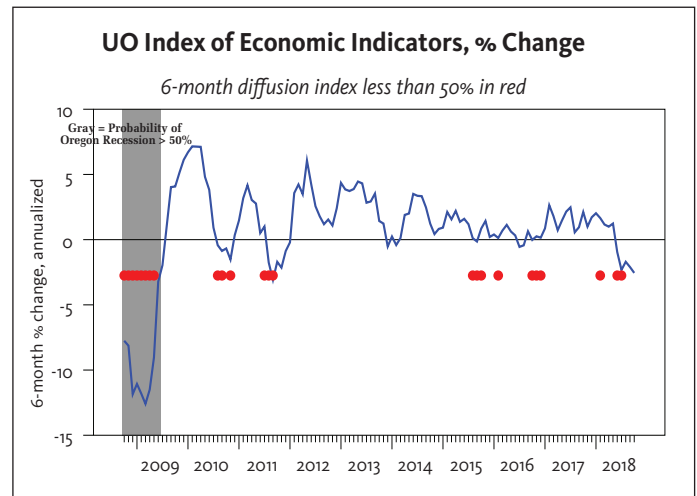
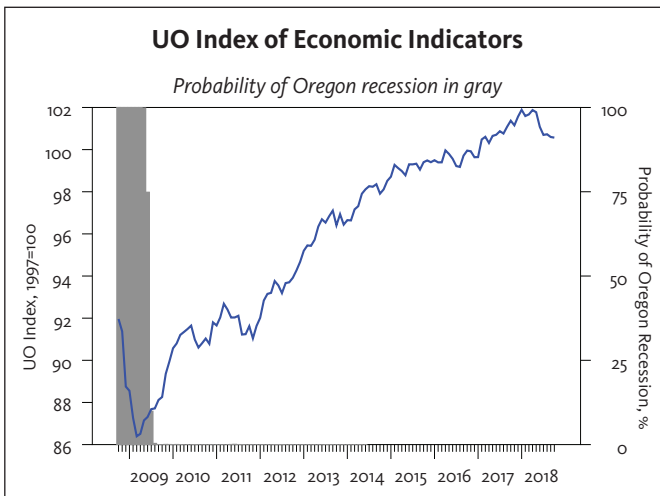
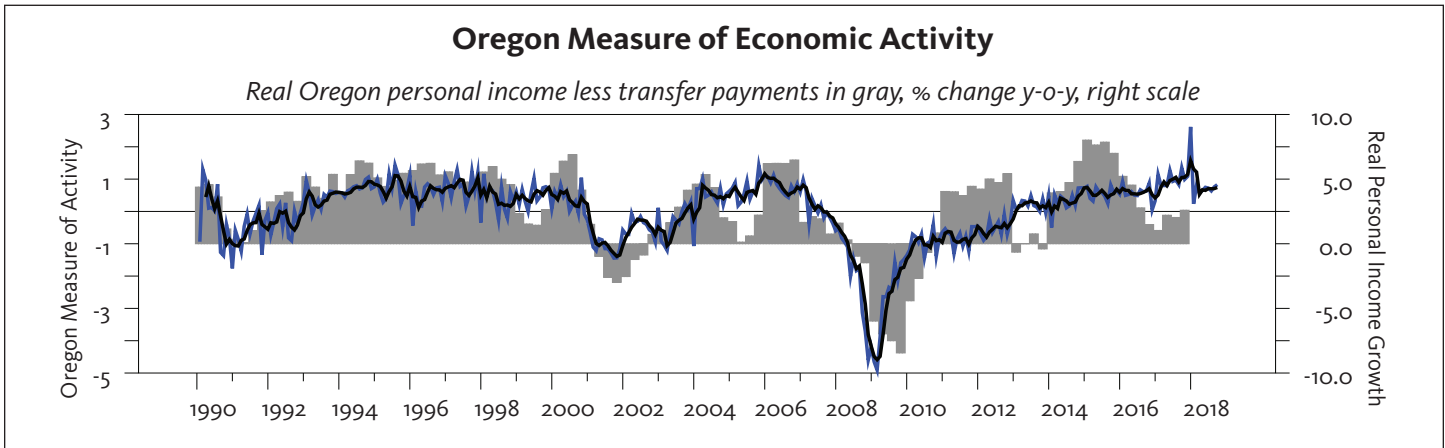
The decline in the UO Index in recent months is not sufficient to raise recession concerns. Together, these indicators still suggest ongoing growth in Oregon at an above average pace of activity.

Contributions to Oregon Measure of Economic Activity–October 2018

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	0.13			
Manufacturing Employment, Oregon	0.07			
Hours, Manufacturing Production Workers, Oregon	-0.15			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized by Building Permit, Oregon		0.04		
Construction Employment in Oregon		0.05		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.04	
Initial Unemployment Claims, Oregon			0.31	
Civilian Labor Force, Oregon			-0.01	
Unemployment Rate, Oregon			0.19	
Interest Rate Spread			0.04	
S & P 500 Stock Index			-0.05	
Consumer Sentiment, University of Michigan–Reuters			0.11	
Educational and Health Services Employment, Oregon				-0.03
Financial Activities Employment, Oregon				-0.19
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.06
Professional and Business Services Employment, Oregon				0.02
Other Services Employment, Oregon				0.14
Trade, Transportation and Utilities Employment, Oregon				0.13
Total by Sector	0.10	0.10	0.63	0.00
	Aug '18	Sep '18	Oct '18	
Oregon Measure of Economic Activity	0.63	0.76	0.83	
Three-Month Moving Average	0.70	0.71	0.74	

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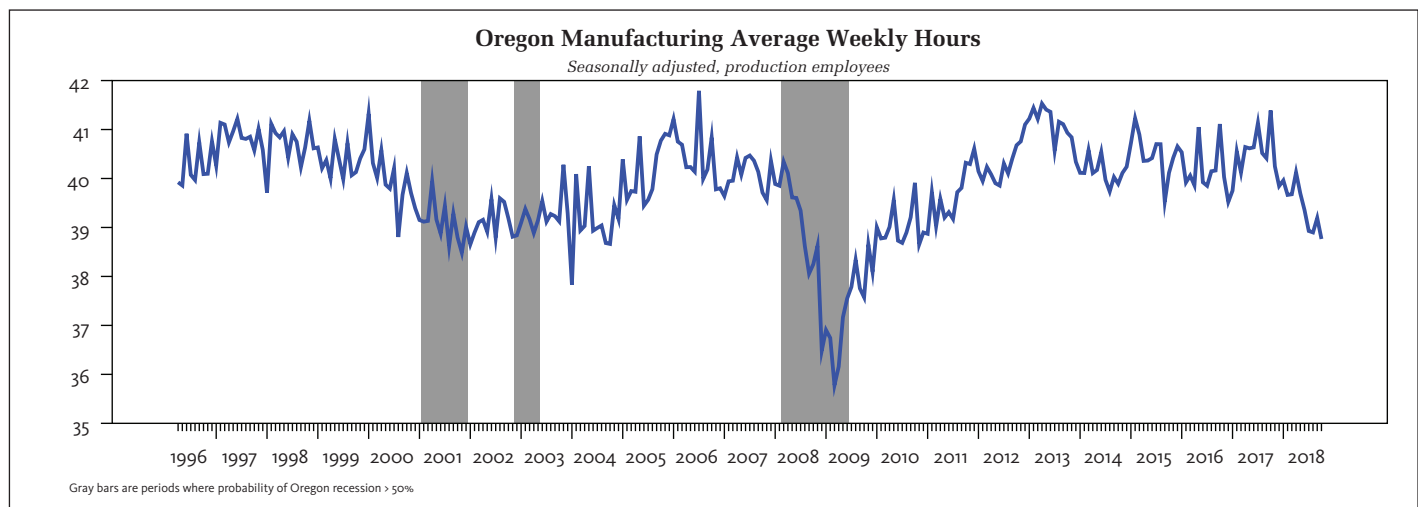
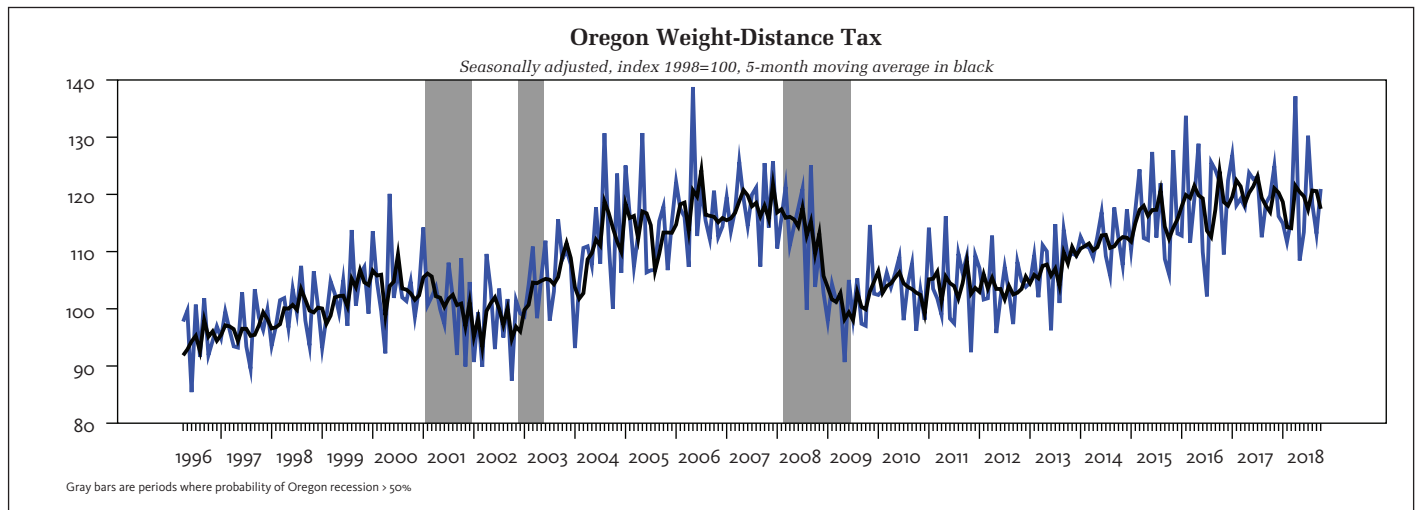


University of Oregon Index of Economic Indicators—Summary and Components

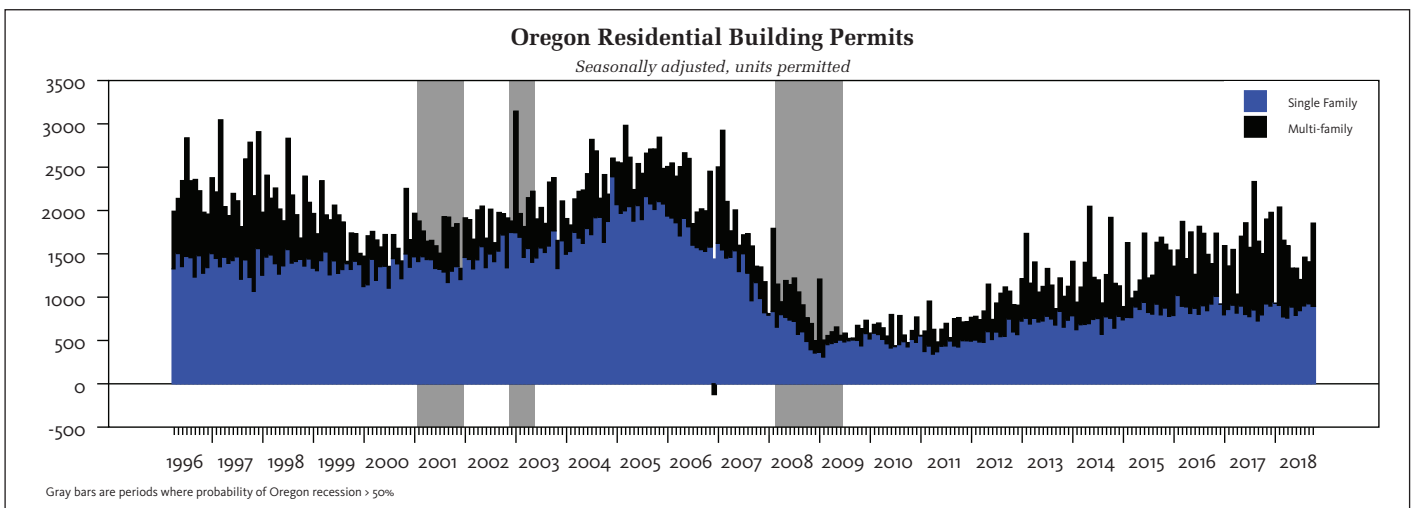
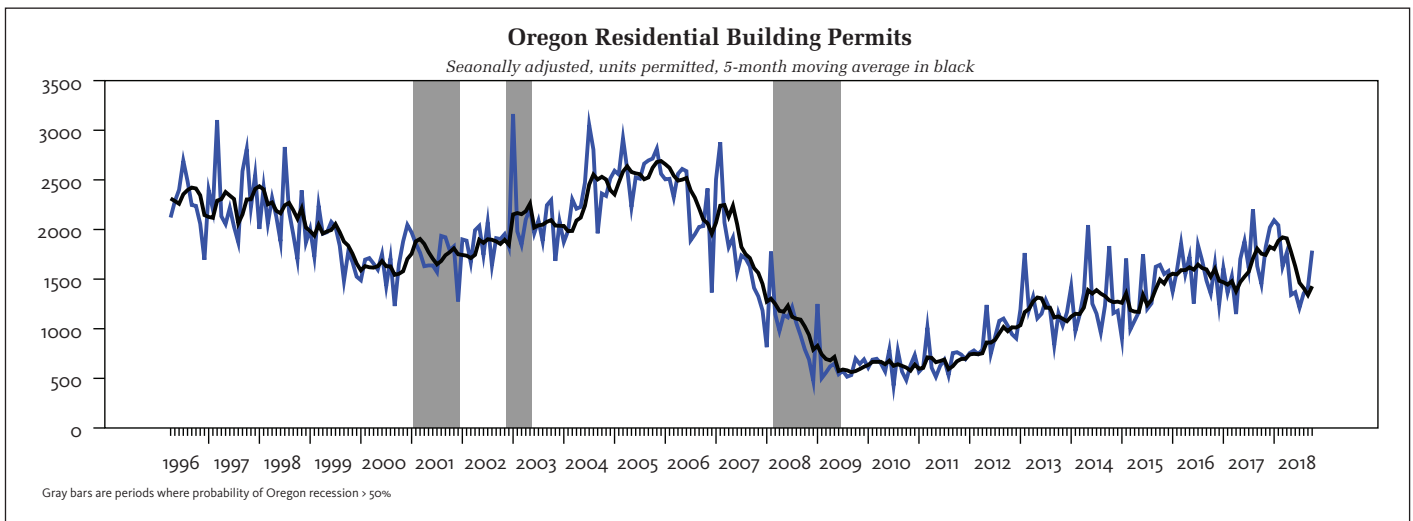
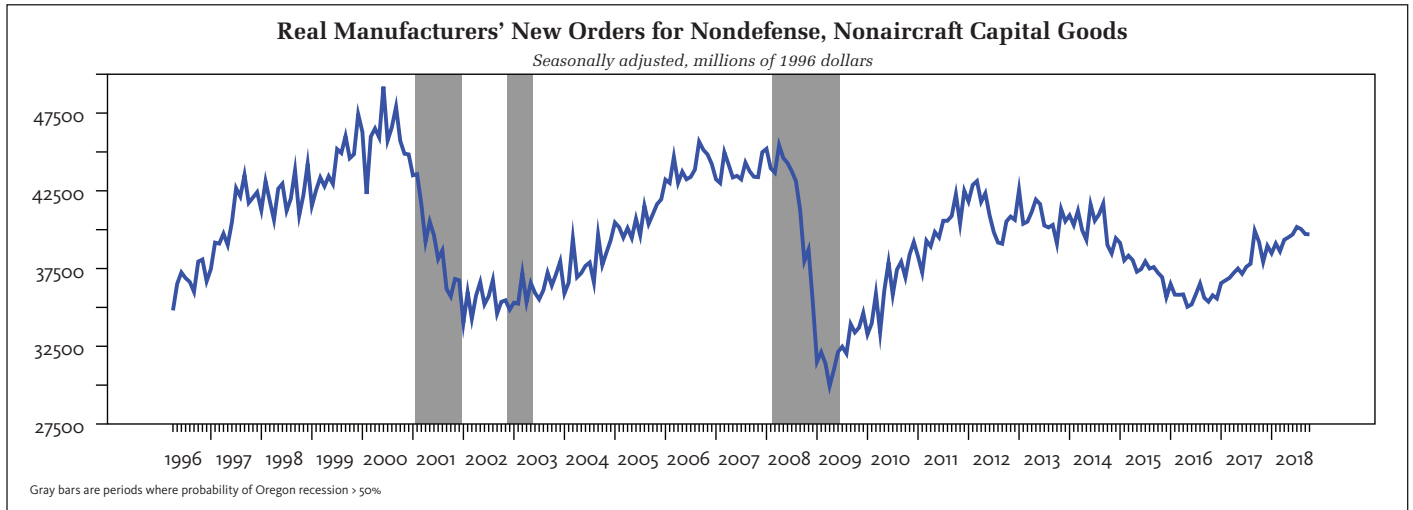
	May '18	Jun '18	Jul '18	Aug '18	Sep '18	Oct '18
UO Index of Economic Indicators™, 1997 = 100	101.8	101.1	100.7	100.7	100.6	100.6
Percentage Change	-0.1	-0.7	-0.4	0.0	-0.1	0.0
Oregon Initial Unemployment Claims, SA*	3,813	3,979	3,736	3,770	3,803	3,871
Oregon Employment Services Payrolls, SA	42,136	41,362	41,507	42,082	41,798	42,479
Oregon Residential Building Permits, SA, 5 MMA*	1,774	1,629	1,463	1,409	1,339	1,428
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	120.43	119.67	117.37	120.67	120.58	117.47
Oregon Manufacturing Average Weekly Hours, SA	39.70	39.36	38.93	38.90	39.19	38.76
US Consumer Sentiment, SA, 5 MMA	98.7	99.2	98.9	97.8	98.1	98.2
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	39,506	39,696	40,174	40,038	39,718	39,700
Interest Rate Spread	1.28	1.09	0.98	0.98	1.05	0.96

SA = Seasonally Adjusted, MMA = Months Moving Average

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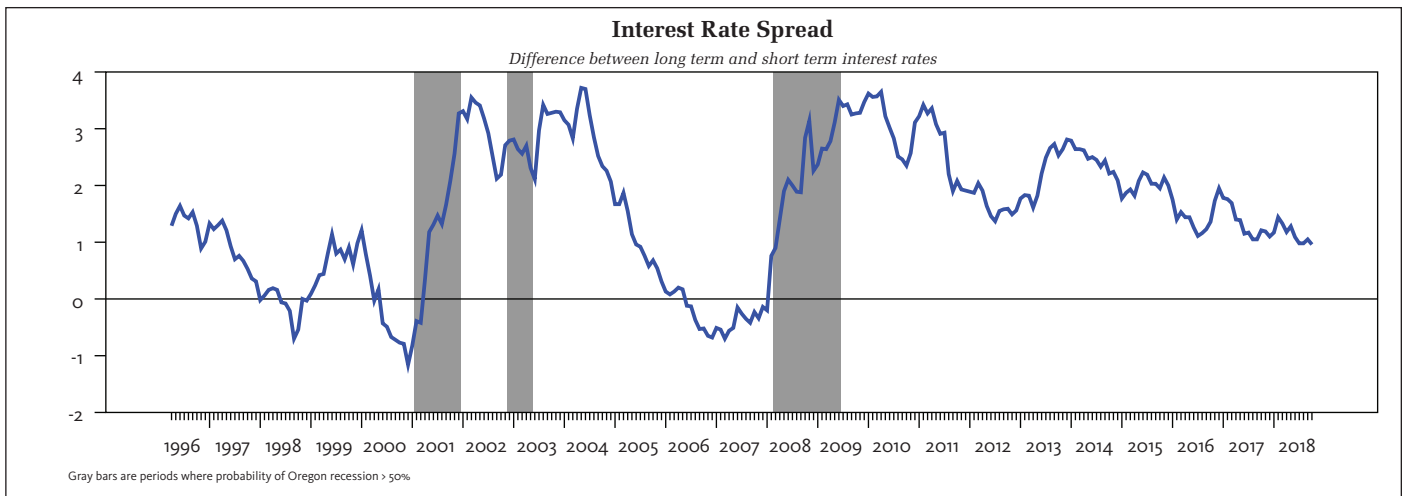
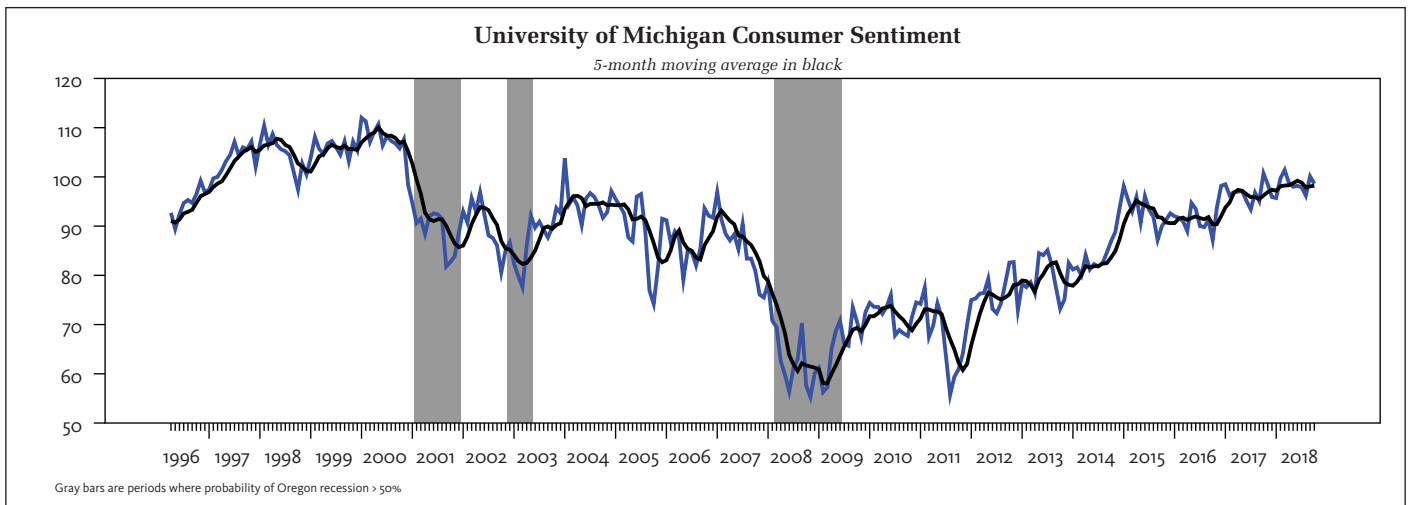
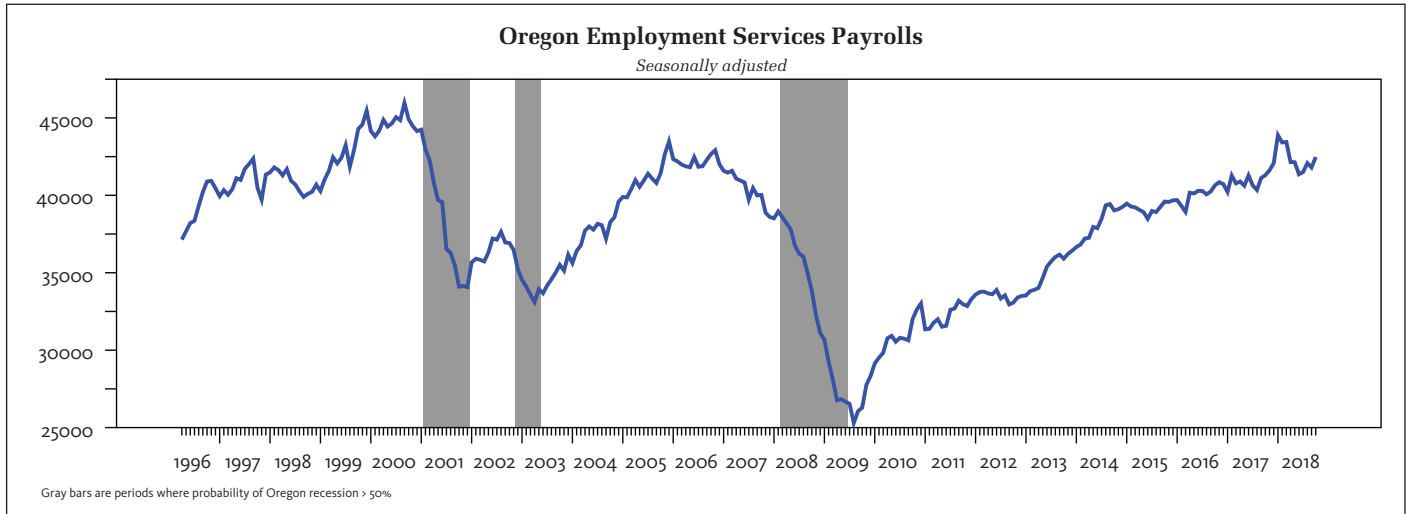


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