

State of Oregon Economic Indicators™



December 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 0.41 in December from a downwardly revised November reading of 0.25. The moving average measure, which smooths out the volatility, was 0.54, well above average (“zero” indicates average growth over the 1990–present period). The service and construction sectors made negative contributions. The household sector made a large positive contribution, again supported by broad labor market indicators of unemployment and initial claims as well as consumer confidence. A turbulent month on Wall Street dragged the contribution for the stock market index component into negative territory. Although aggregate measures of the labor market remain healthy, job growth has slowed, which in turn weighed down the service sector components.

The University of Oregon Index of Economic Indicators rose in December, gaining 0.2 percent over the November reading. Employment services payrolls (mostly temporary help jobs) declined but this indicator

has been volatile this year while the general uptrend has remained positive. Initial unemployment claims remain at historically low levels consistent with ongoing job growth. Building permits continued to firm in December. Capital goods orders declined, consistent with evidence that the manufacturing sector softened toward the end of 2018. In contrast, the weight-distance tax, a measure of trucking activity, climbed higher.

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. That said, it appears that the economy slowed as 2018 drew to a close.

The partial government shutdown delayed the release of data used in this report. This report will be updated as additional data is released.

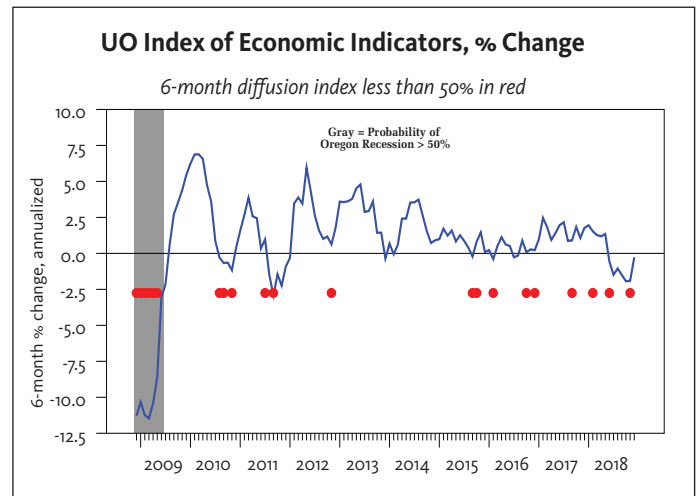
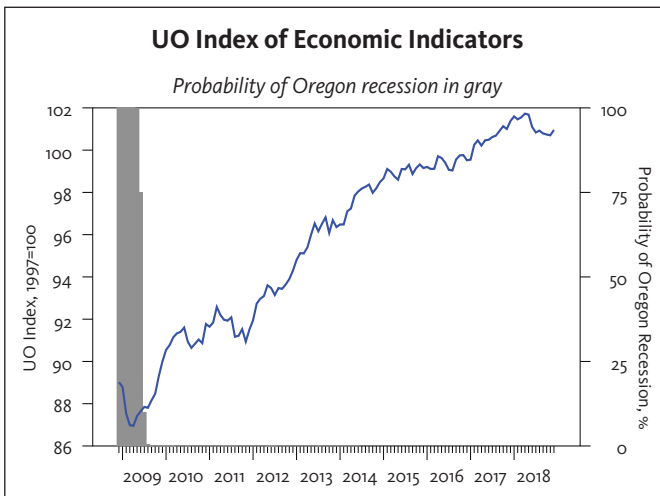
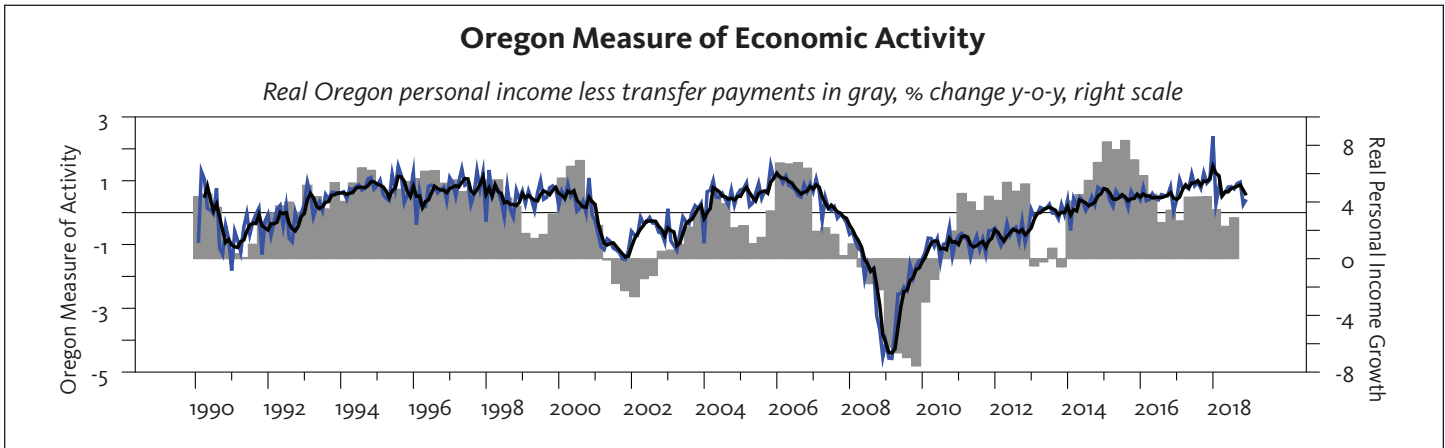
Contributions to Oregon Measure of Economic Activity—December 2018

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.02			
ISM Manufacturing: Supplier Deliveries Index	0.06			
Manufacturing Employment, Oregon	0.03			
Hours, Manufacturing Production Workers, Oregon	0.02			
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		-0.03		
Employment Services Employment, Oregon			-0.12	
Initial Unemployment Claims, Oregon			0.29	
Civilian Labor Force, Oregon			0.01	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.06	
S & P 500 Stock Index			-0.07	
Consumer Sentiment, University of Michigan–Reuters			0.12	
Educational and Health Services Employment, Oregon				0.00
Financial Activities Employment, Oregon				-0.12
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.13
Professional and Business Services Employment, Oregon				-0.06
Other Services Employment, Oregon				0.08
Trade, Transportation and Utilities Employment, Oregon				-0.15
Total by Sector	0.13	-0.05	0.45	-0.12
	Oct '18	Nov '18	Dec '18	
Oregon Measure of Economic Activity	0.96	0.25	0.41	
Three-Month Moving Average	0.87	0.71	0.54	



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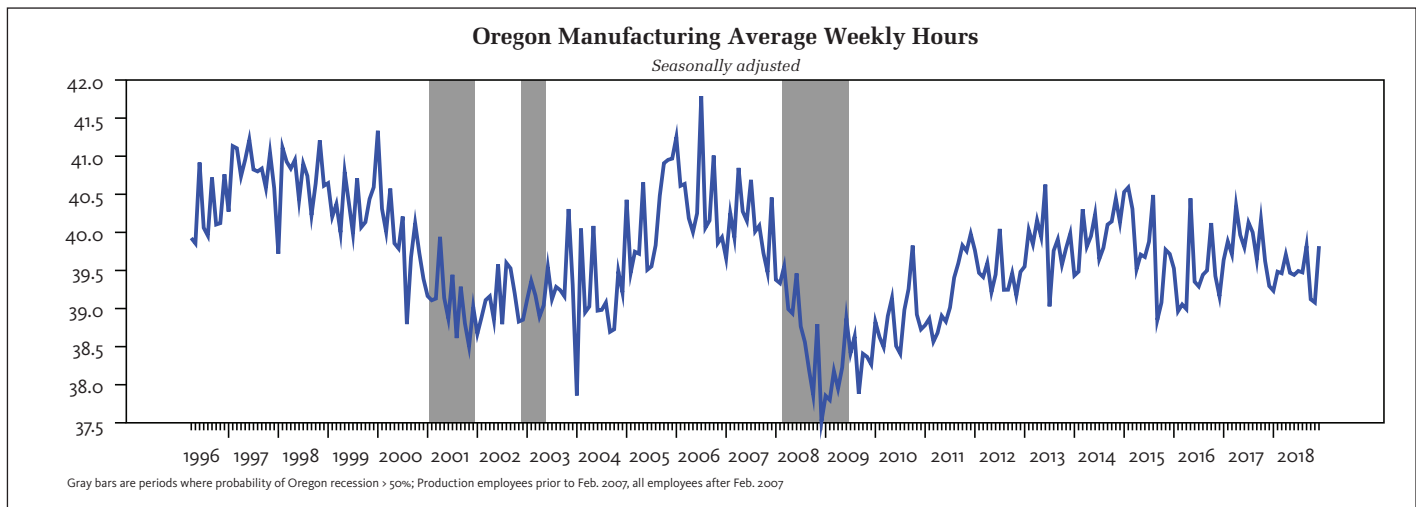
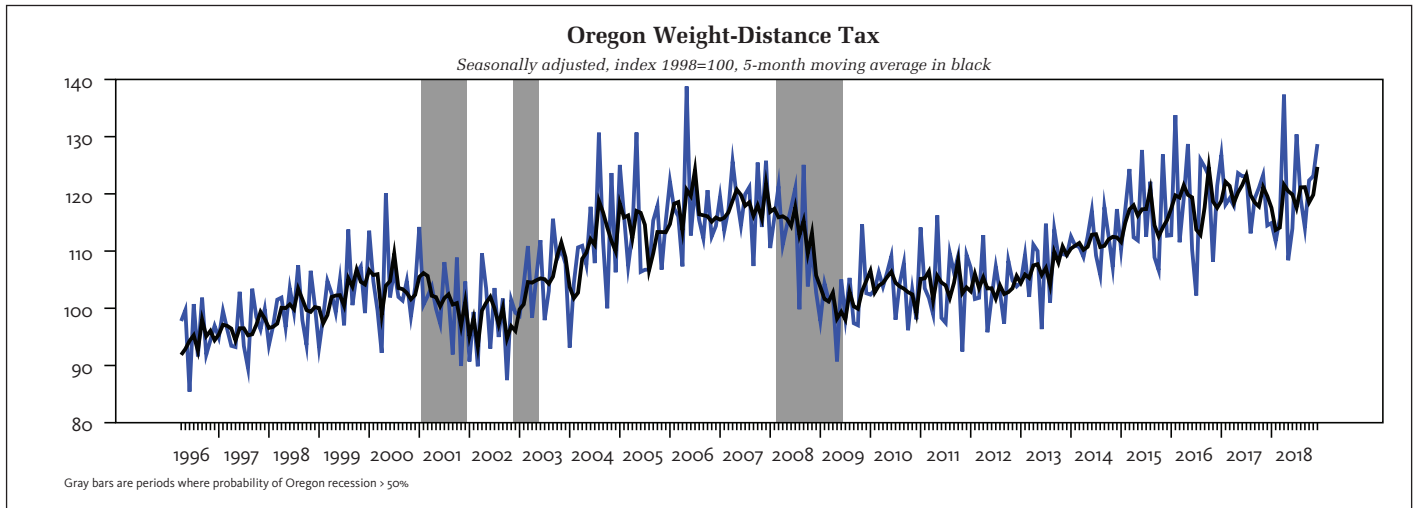
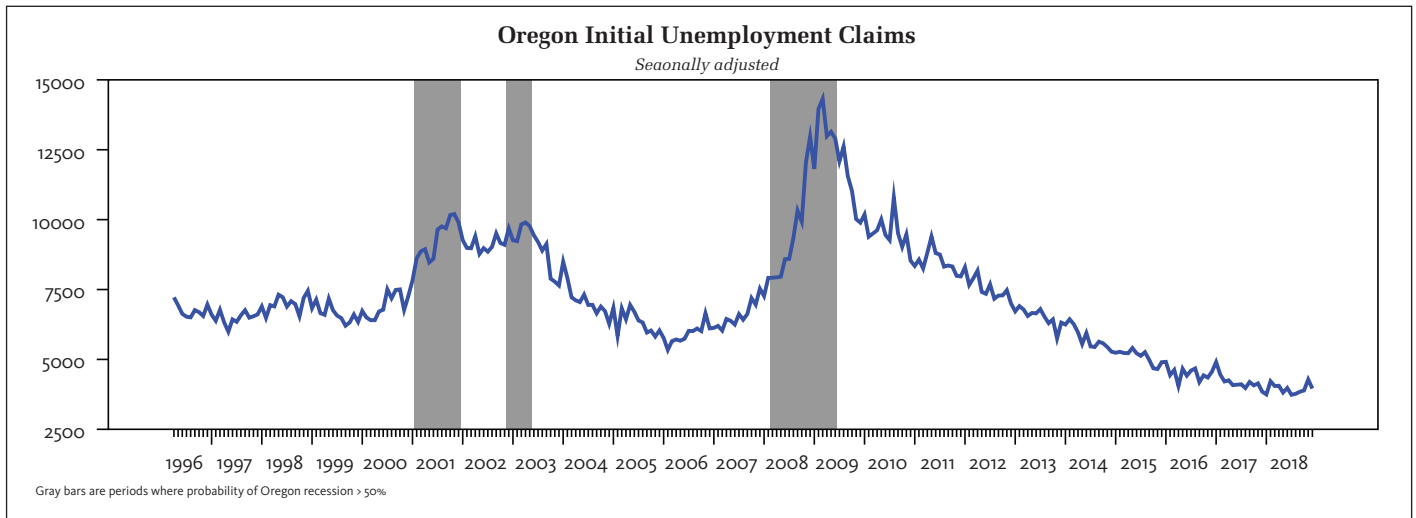


University of Oregon Index of Economic Indicators–Summary and Components

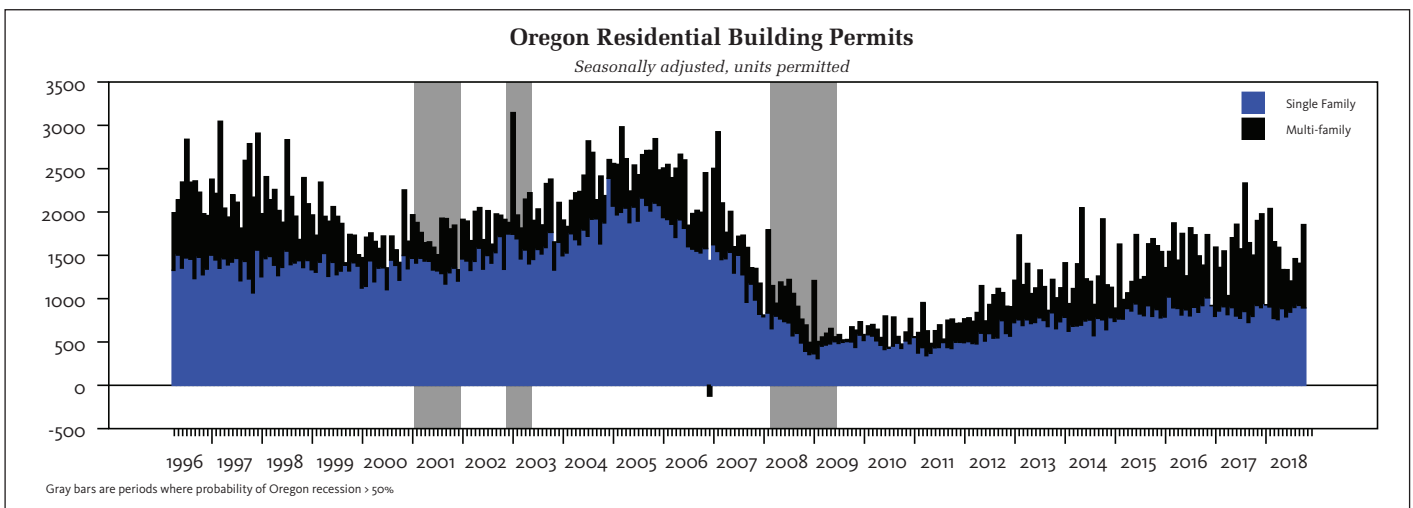
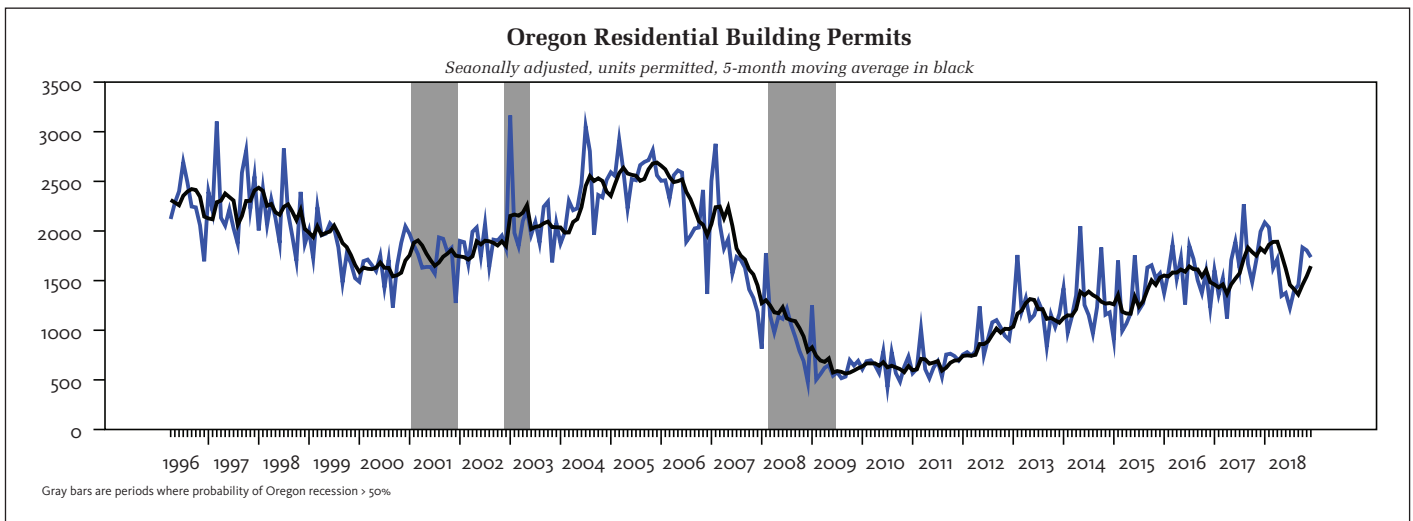
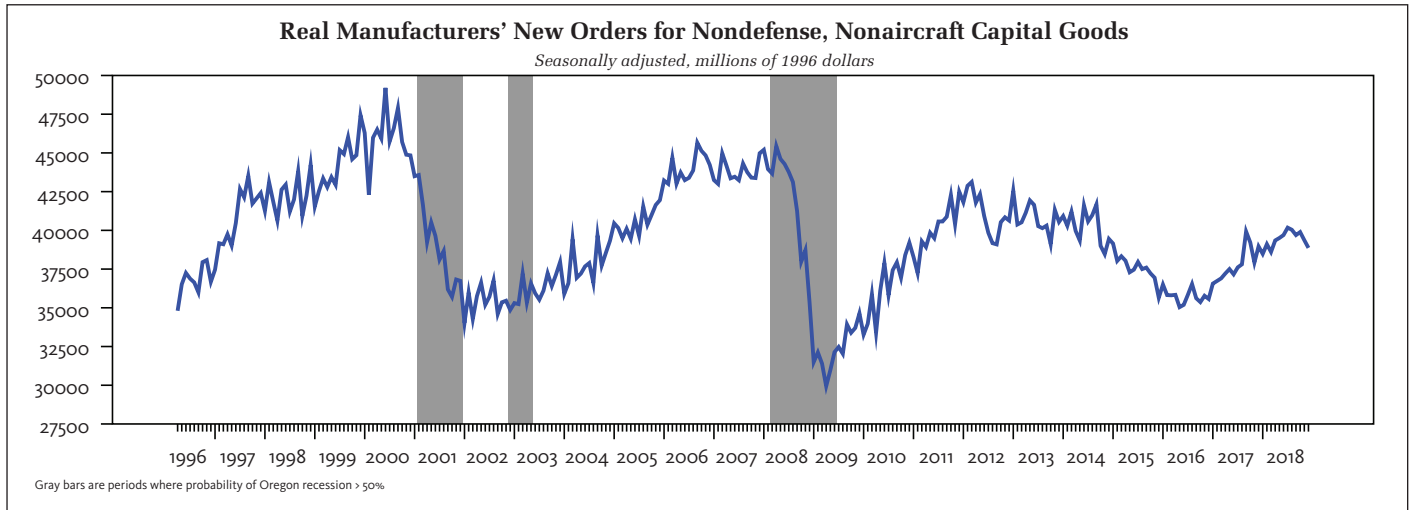
	Jul '18	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18
UO Index of Economic Indicators™, 1997 = 100	100.8	100.9	100.8	100.7	100.7	101.0
Percentage Change	-0.3	0.1	-0.1	-0.1	0.0	0.2
Oregon Initial Unemployment Claims, SA*	3,734	3,769	3,845	3,889	4,282	3,958
Oregon Employment Services Payrolls, SA	41,523	42,218	41,791	42,337	42,824	41,261
Oregon Residential Building Permits, SA, 5 MMA*	1,458	1,413	1,360	1,457	1,543	1,646
Oregon Weight-Distance Tax, SA, Index, 1998 = 100	117.57	121.14	121.17	118.49	119.83	124.71
Oregon Manufacturing Average Weekly Hours, SA	39.49	39.47	39.82	39.12	39.08	39.82
US Consumer Sentiment, SA, 5 MMA	98.9	97.8	98.1	98.2	98.1	98.1
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital Goods, \$ Millions, SA	40,174	40,038	39,694	39,890	39,369	38,869
Interest Rate Spread	0.98	0.98	1.05	0.96	0.92	0.56

SA = Seasonally Adjusted, MMA = Months Moving Average

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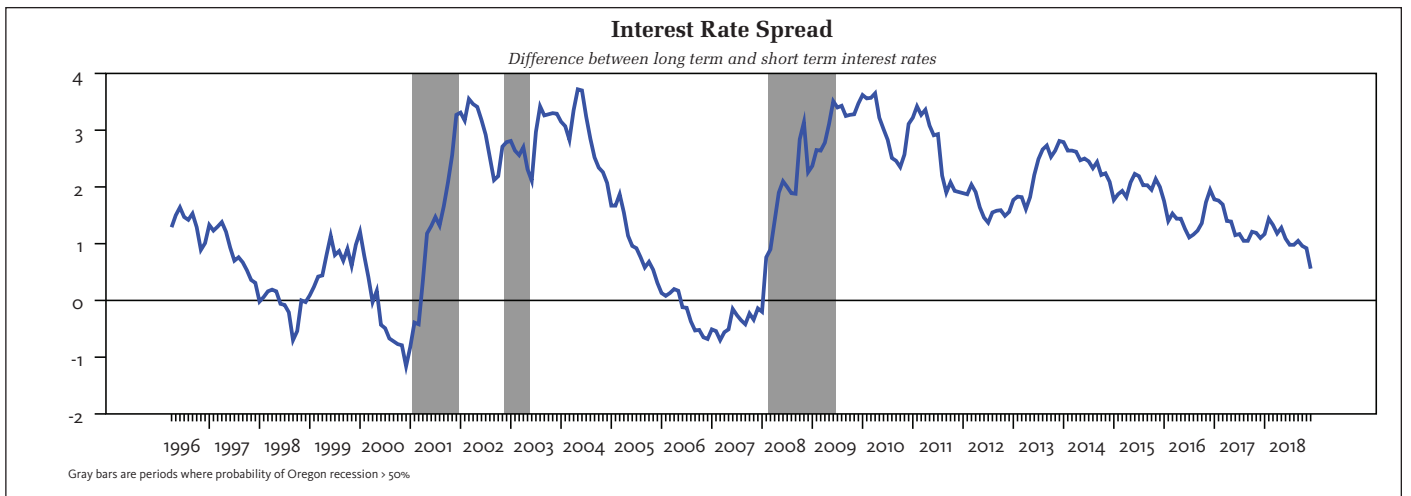
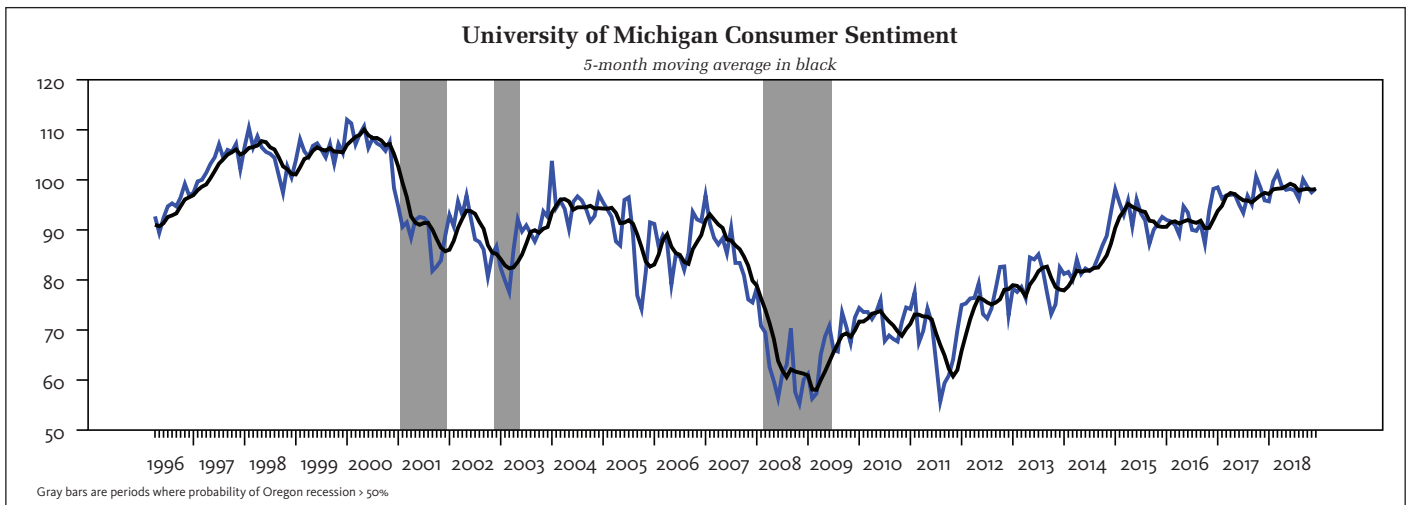
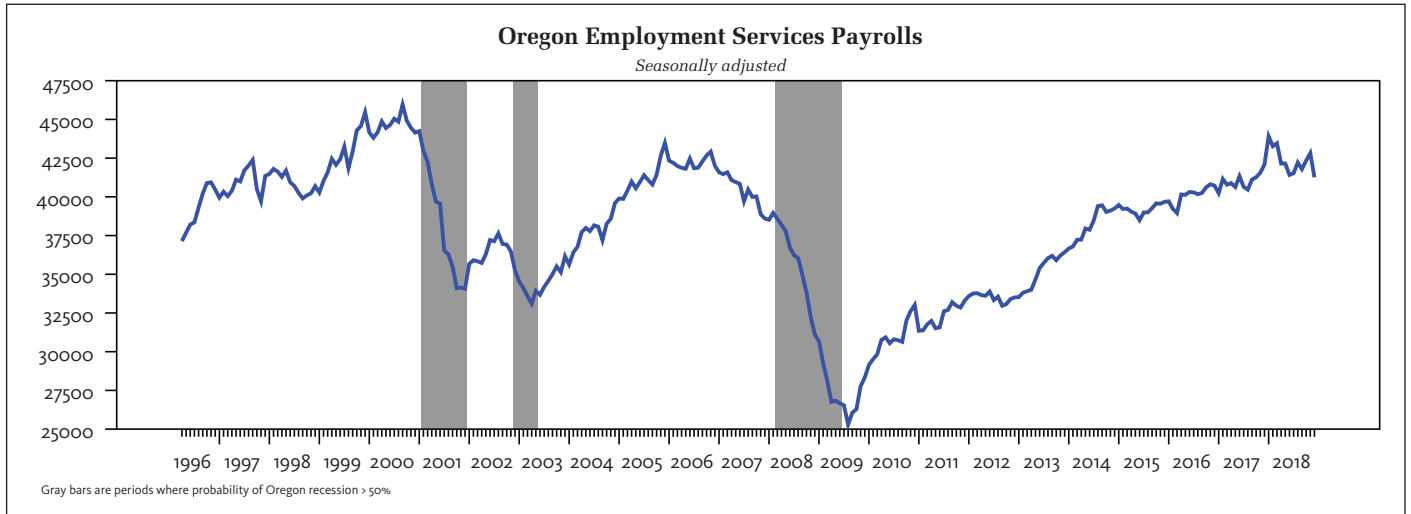


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