

State of Oregon Economic Indicators™



June 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 pace of Oregon’s economy picked up in recent months. The Oregon Measure of Economic Activity jumped back up to 1.63 in June. Recall that when analyzing these numbers it is important to follow the underlying trends due to volatility of index components. Still, the three-month moving average was 1.42, the highest reading over the period covered by the measure (“zero” indicates average growth over the 1990–present period). One important factor in the recent strength is the rebound of manufacturing data. Also, solid construction employment made a positive contribution; the number of construction sector jobs is approaching the previous peak experienced during the housing bubble. Near record low unemployment rates, rapid labor force growth, and low levels of initial unemployment claims continue to contribute to the household sector.

The University of Oregon Index of Economic

Indicators edged down in June, losing 0.3 percent; the measure has been tracking sideways in recent months, consistent with behavior experienced in a mature stage of the business cycle. Most indicators were relatively unchanged. Initial jobless claims and employment services payrolls (mostly temporary help) suggest ongoing job growth. Housing permits have been relatively stable in recent months; single-family permits remain low in comparison to past expansions, contributing to rising home prices. The interest rate spread narrowed as the Federal Reserve continued to raise short-term interest rates to prevent the national economy from overheating. More interest rate hikes are expected.

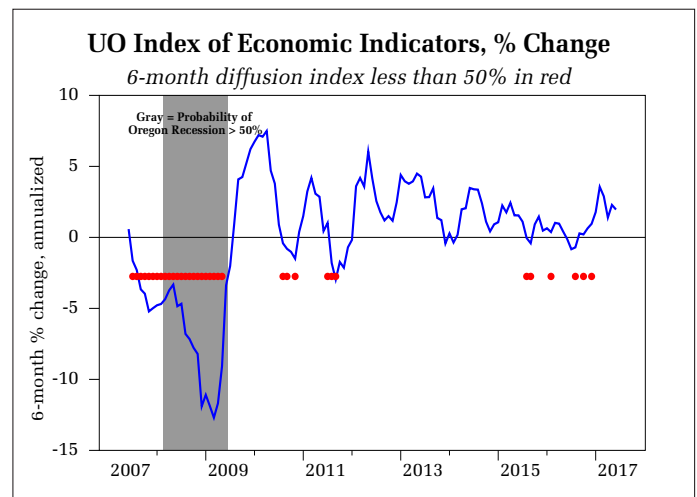
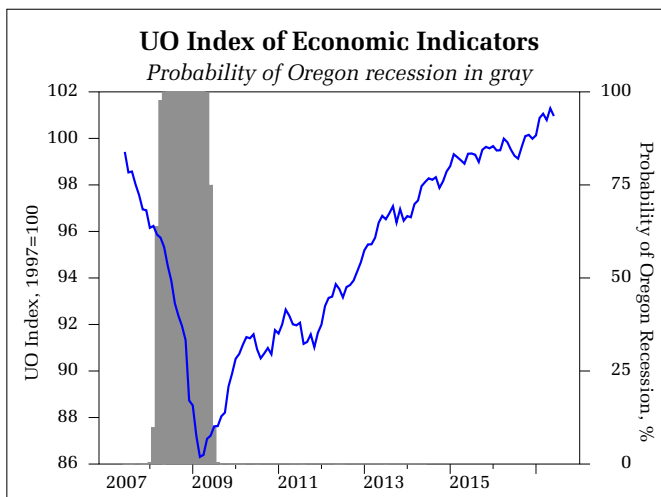
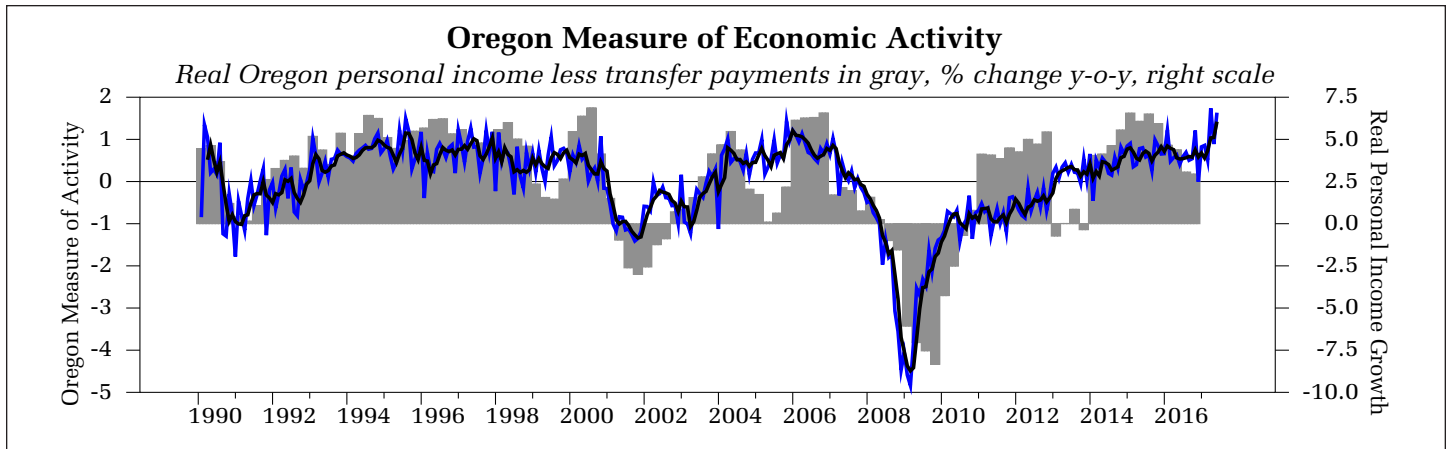
Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity.

Contributions to Oregon Measure of Economic Activity – June 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	0.05			
Manufacturing Employment, Oregon	0.16			
Hours, Manufacturing Production Workers, Oregon	0.13			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		0.04		
Construction Employment in Oregon		0.18		
Natural Resources and Mining Employment, Oregon		-0.07		
Employment Services Employment, Oregon			-0.05	
Initial Unemployment Claims, Oregon			0.36	
Civilian Labor Force, Oregon			0.13	
Unemployment Rate, Oregon			0.20	
Interest Rate Spread			0.03	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			0.08	
Educational and Health Services Employment, Oregon				0.04
Financial Activities Employment, Oregon				-0.17
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.19
Professional and Business Services Employment, Oregon				0.02
Other Services Employment, Oregon				0.16
Trade, Transportation and Utilities Employment, Oregon				0.09
Total By Sector	0.38	0.16	0.76	0.34
	Apr-17	May-17	Jun-17	
Oregon Measure of Economic Activity	1.74	0.89	1.63	
Three-Month Moving Average	1.04	1.05	1.42	

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University of Oregon Index of Economic Indicators – Summary and Components

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
UO Index of Economic Indicators™, 1997=100	100.1	100.9	101.1	100.8	101.3	101.0
Percentage Change	0.1	0.7	0.2	-0.3	0.5	-0.3
Oregon Initial Unemployment Claims, SA*	4,882	4,488	4,219	4,291	4,005	4,073
Oregon Employment Services Payrolls, SA	41,864	43,204	42,967	43,247	43,456	43,113
Oregon Residential Building Permits, SA, 5 MMA*	1,491	1,503	1,550	1,434	1,505	1,506
Oregon Weight Distance Tax, SA, Index, 1998=100	121.51	121.02	119.90	116.99	119.41	119.02
Oregon Manufacturing Average Weekly Hours, SA	39.65	40.29	39.92	40.69	40.68	40.73
U.S. Consumer Sentiment, SA, 5 MMA	93.8	94.8	96.7	97.4	97.2	96.5
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	36,863	36,956	36,862	36,918	37,226	37,129
Interest Rate Spread	1.78	1.76	1.69	1.40	1.39	1.15

* SA—seasonally adjusted; MMA—months moving average