

State of Oregon Economic Indicators™



October 2014

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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 sharply in October on the back of positive contributions from all sectors. The three-month moving average, which smooths month-to-month volatility in the measure, rose in tandem with the monthly number to 0.37. Recall that “zero” for this measure indicates the average growth rate over the 1990–present period. Employment data was stronger almost across the board, with only the natural resources and mining sector making a negative contribution to the index. The manufacturing employment contribution was particularly strong, suggesting that Oregon is seeing growth in the sector consistent with what national indicators suggest. The household sector was bolstered by solid contributions from initial unemployment claims, employment services hiring, and labor force gains. These factors suggest that the Oregon labor market will continue to add jobs at a solid pace in the months ahead.

The University of Oregon Index of Economic Indicators gained 0.2 percent in October.

The level of initial unemployment claims fell while employment services payrolls (mostly temporary help firms) gained sharply. This indicates that not only are firms laying off workers at a very low rate, but hiring activity may be accelerating further. Residential building permits (smoothed) and the Oregon weight distance tax (a measure of trucking activity) were largely unchanged. Average hours worked in manufacturing continues to hover around 40, consistent with normal levels for economic expansions. Consumer confidence continues to press higher. New orders for core manufactured capital goods (an often volatile measure) slipped again, but the general trend over the past year remains positive. Note that it is not uncommon for the UO Index to track sideways during a mature expansion.

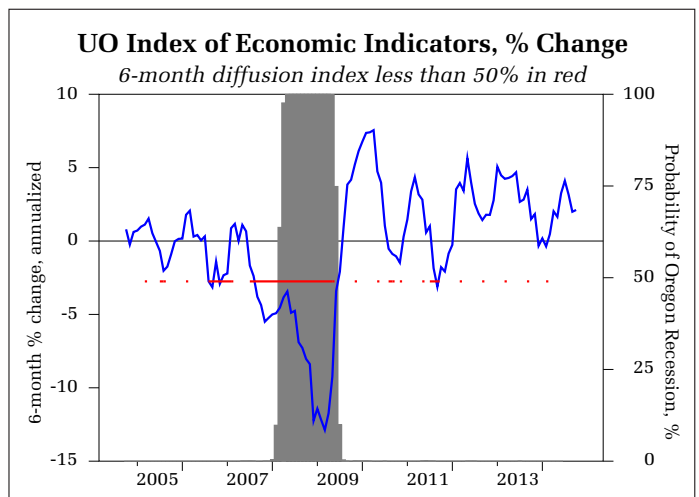
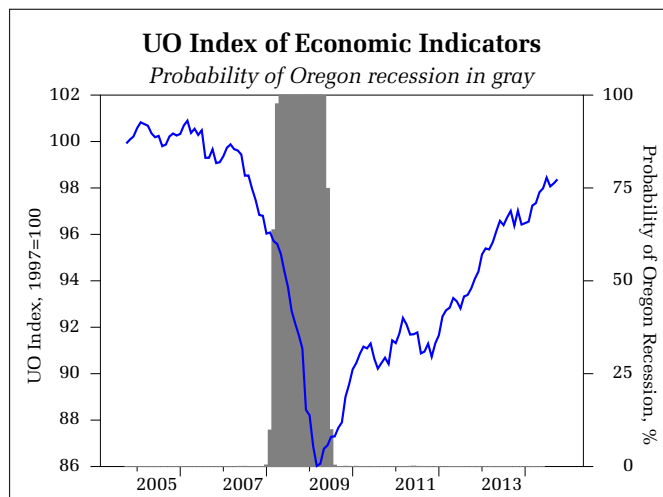
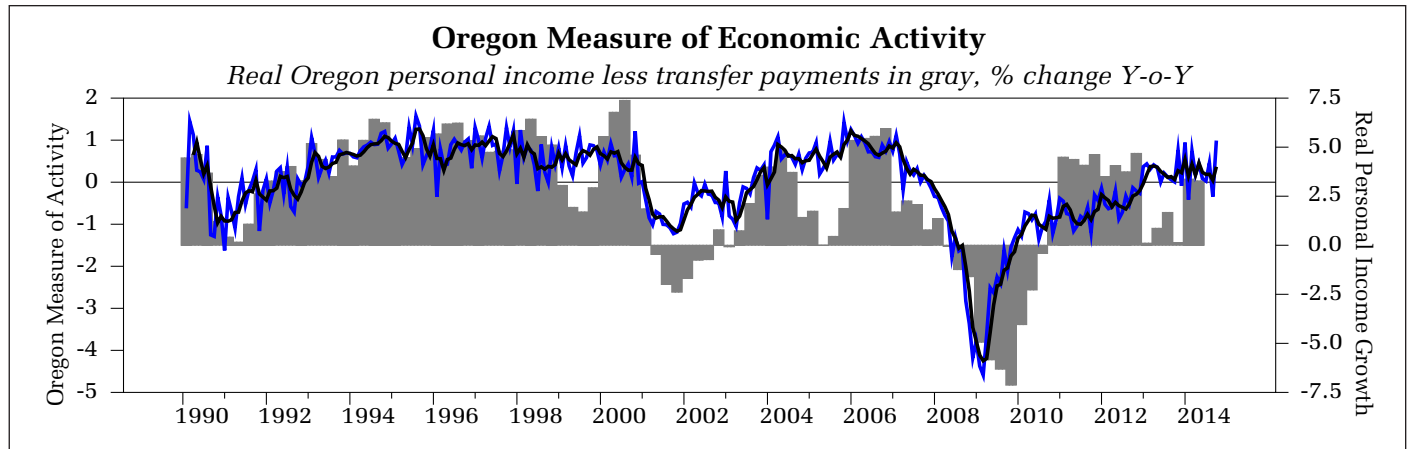
The two indicators suggest continued growth in Oregon at an above average pace of activity. Further gains are likely as the national economy will continue its general upward trajectory for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – Oct. 2014

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	0.04			
Manufacturing Employment, Oregon	0.25			
Hours, Manufacturing Production Workers, Oregon	0.01			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.08			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		0.03		
Construction Employment in Oregon		0.03		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			0.11	
Initial Unemployment Claims, Oregon			0.21	
Civilian Labor Force, Oregon			0.12	
Unemployment Rate, Oregon			-0.01	
Interest Rate Spread			-0.02	
S&P500 Stock Index			-0.03	
Consumer Sentiment, University of Michigan - Reuters			0.02	
Educational and Health Services Employment, Oregon				0.10
Financial Activities Employment, Oregon				0.02
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.03
Professional and Business Services Employment, Oregon				0.05
Other Services Employment, Oregon				0.11
Trade, Transportation and Utilities Employment, Oregon				0.00
Total By Sector	0.26	0.03	0.39	0.31
	Aug-14	Sep-14	Oct-14	
Oregon Measure of Economic Activity	0.45	-0.34	0.99	
Three-Month Moving Average	0.19	0.05	0.37	

University of Oregon Economic Indicators™

October 2014



University of Oregon Index of Economic Indicators – Summary and Components

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
UO Index of Economic Indicators™, 1997=100	97.8	98.0	98.4	98.1	98.2	98.4
Percentage Change	0.5	0.2	0.5	-0.4	0.1	0.2
Oregon Initial Unemployment Claims, SA*	5,641	5,929	5,432	5,645	5,681	5,453
Oregon Employment Services Payrolls, SA	37,406	36,981	37,795	37,962	38,150	39,594
Oregon Residential Building Permits, SA, 5 MMA*	1,331	1,318	1,346	1,322	1,337	1,301
Oregon Weight Distance Tax, SA, Index, 1998=100	111.56	112.76	113.85	111.26	111.41	111.47
Oregon Manufacturing Average Weekly Hours, SA	40.15	40.52	40.36	39.88	40.13	39.81
U.S. Consumer Sentiment, SA, 5 MMA	81.6	81.8	81.9	82.4	82.5	83.6
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	41,634	43,837	43,745	43,911	43,280	42,667
Interest Rate Spread	2.47	2.50	2.45	2.33	2.44	2.21

* SA—seasonally adjusted; MMA—months moving average