

State of Oregon Economic Indicators™



November 2016

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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.

Contact

Timothy A. Duy
 Director, Oregon Economic Forum
 Department of Economics, University of Oregon
 541-346-4660 • duy@uoregon.edu
 econforum.uoregon.edu

Review

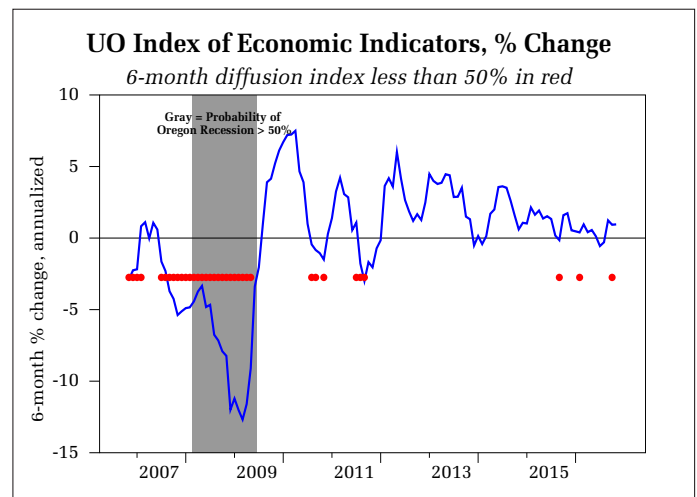
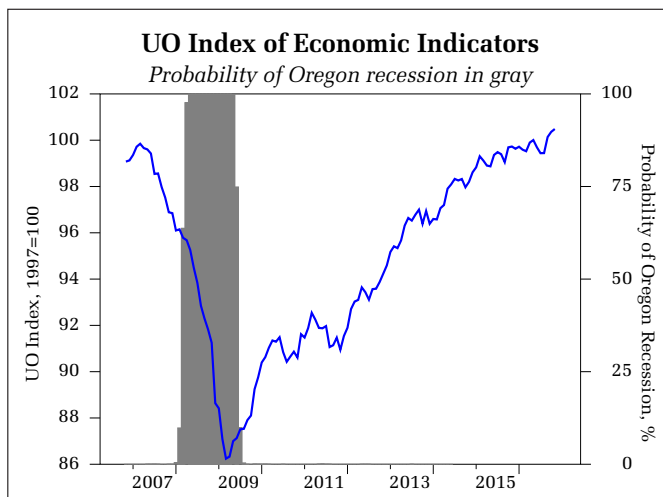
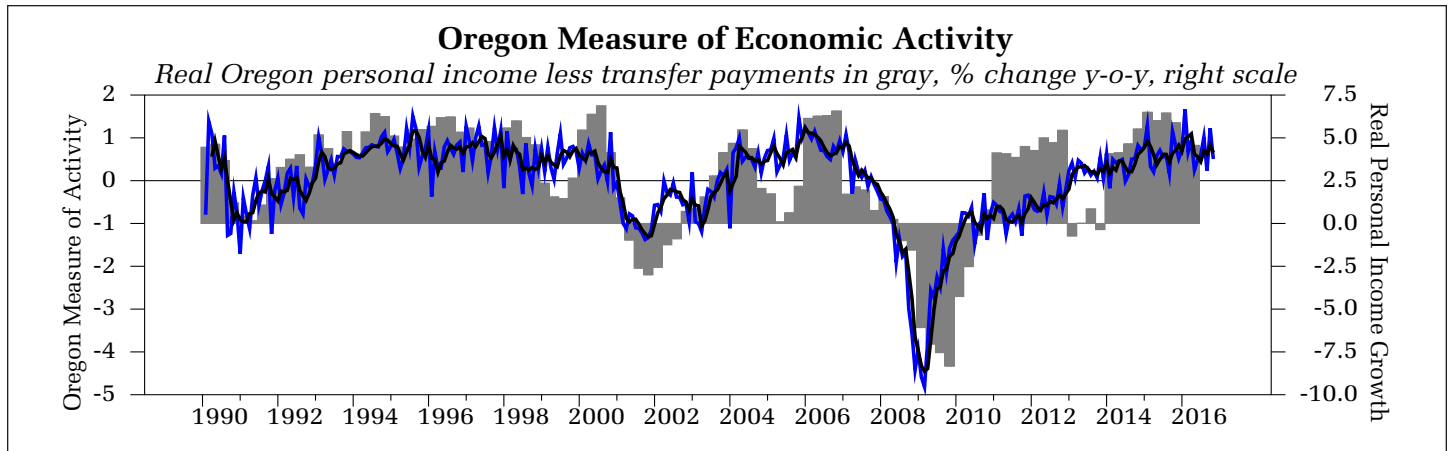
Oregon continues to enjoy economic growth broadly consistent with previous expansions. The Oregon measure of economic activity fell to 0.51 from an upwardly revised October figure of 1.22. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.65 (“zero” indicates average growth over the 1990–present period). Only the construction and household sectors contributed positively to the measure in November. The manufacturing sector made a neutral (zero) contribution. The construction sector was again buoyed by the employment component. The labor force was the only negative component for the household sector. Broad labor market indicators suggest continued job growth. Still, job growth has slowed, as is evident in the service sector. Employment components within that sector were almost all neutral or negative; only the financial services employment component made a significant positive contribution.

The University of Oregon Index of Economic Indicators gained for the fourth consecutive month in November, rising 0.1 percent. Employment services payrolls (largely temporary help workers) rose sharply. This, along with still low levels of initial unemployment claims, points toward ongoing job growth. The Oregon Weight Distance tax, a measure of trucking activity, slipped in November after an October surge. Core manufacturing orders for capital goods again edged higher; overall the series has moved sideways in 2016 after falling throughout the previous year. The interest rate spread widened further as market participants priced in stronger economic growth in 2017 and with it an increased likelihood of additional interest rate hikes on the part of the Federal Reserve.

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

Contributions to Oregon Measure of Economic Activity – Nov. 2016

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.03			
ISM Manufacturing: Supplier Deliveries Index	0.03			
Manufacturing Employment, Oregon	0.01			
Hours, Manufacturing Production Workers, Oregon	0.00			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		0.03		
Construction Employment in Oregon		0.11		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.10	
Initial Unemployment Claims, Oregon			0.32	
Civilian Labor Force, Oregon			-0.09	
Unemployment Rate, Oregon			0.12	
Interest Rate Spread			0.00	
S&P500 Stock Index			0.00	
Consumer Sentiment, University of Michigan - Reuters			0.07	
Educational and Health Services Employment, Oregon				-0.01
Financial Activities Employment, Oregon				0.13
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				-0.08
Professional and Business Services Employment, Oregon				0.04
Other Services Employment, Oregon				0.01
Trade, Transportation and Utilities Employment, Oregon				-0.27
Total By Sector	0.00	0.15	0.53	-0.18
	Sep-16	Oct-16	Nov-16	
Oregon Measure of Economic Activity	0.24	1.22	0.51	
Three-Month Moving Average	0.62	0.82	0.65	



University of Oregon Index of Economic Indicators – Summary and Components

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
UO Index of Economic Indicators,™ 1997=100	99.7	99.4	99.4	100.1	100.4	100.5
Percentage Change	-0.3	-0.3	0.0	0.7	0.2	0.1
Oregon Initial Unemployment Claims, SA*	4,399	4,547	4,659	4,263	4,306	4,343
Oregon Employment Services Payrolls, SA	40,182	40,111	40,453	41,291	41,235	42,489
Oregon Residential Building Permits, SA, 5 MMA*	1,583	1,599	1,593	1,610	1,534	1,609
Oregon Weight Distance Tax, SA, Index, 1998=100	118.55	115.49	113.86	117.90	123.08	120.12
Oregon Manufacturing Average Weekly Hours, SA	39.85	40.03	40.17	40.33	41.16	39.79
U.S. Consumer Sentiment, SA, 5 MMA	92.0	91.6	91.4	91.8	90.3	90.4
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	36,858	37,193	37,637	37,019	37,054	37,381
Interest Rate Spread	1.26	1.11	1.16	1.23	1.36	1.73

* SA—seasonally adjusted; MMA—months moving average