

State of Oregon Economic Indicators™



December 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.

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Review

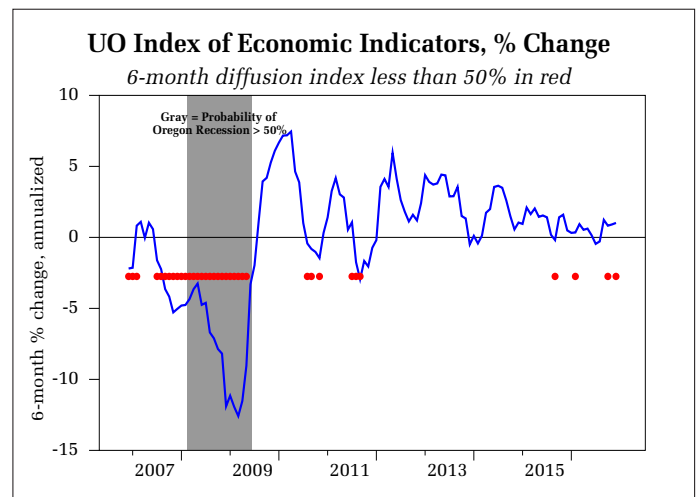
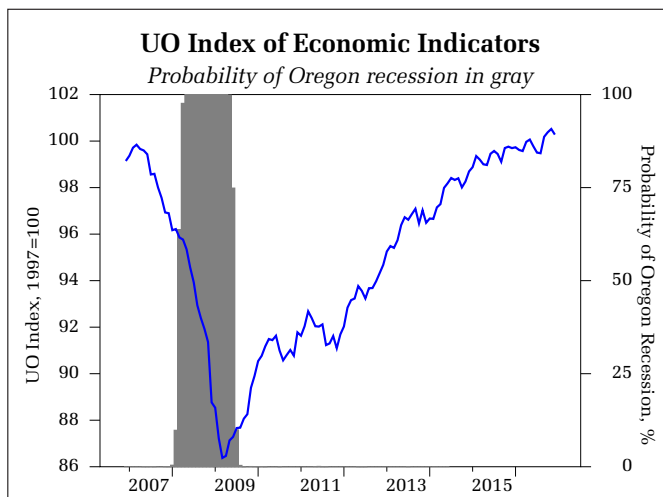
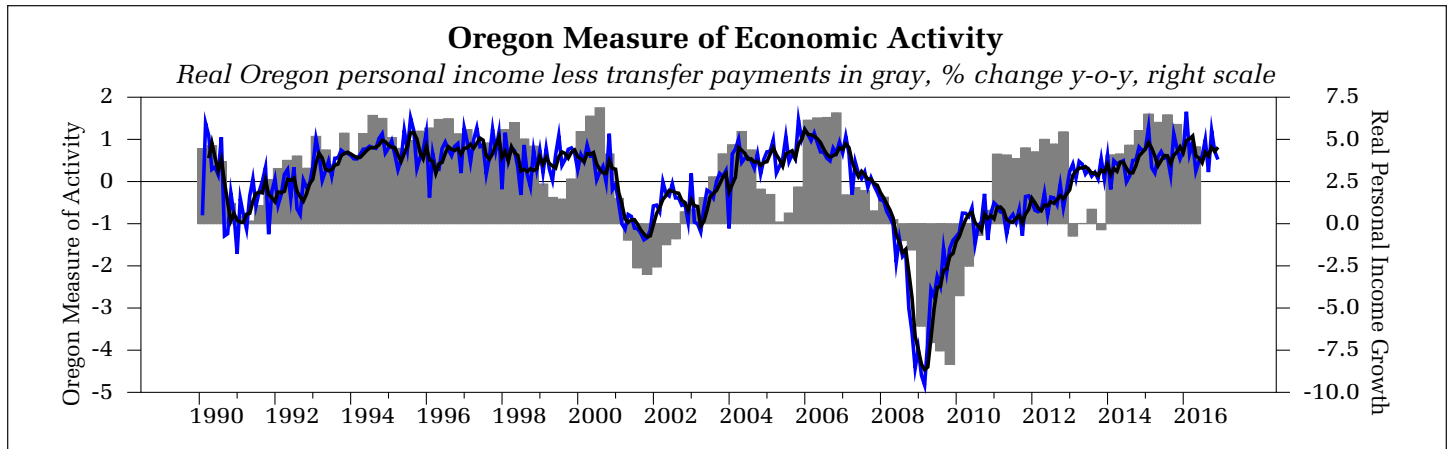
Oregon finished out 2016 on a solid note. The Oregon measure of economic activity fell to 0.52 from an upwardly revised November figure of 0.71. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.81 (“zero” indicates average growth over the 1990–present period), up from the previous month. Only the manufacturing sector contributed negative in December. Employment measures boosted the construction sector; housing permits were modestly below normal and hence made a negative contribution. The labor force and employment services payrolls components were a drag on the household sector. Note, however, that initial unemployment claims continue to hover near very low levels consistent with a strong labor market. Employment components generally supported the services sector.

The University of Oregon Index of Economic Indicators experienced the first decline since last summer, slipping 0.2 percent. Employment services payrolls (largely temporary help workers) fell after a series of solid gains in recent months. The Oregon Weight Distance tax, a measure of trucking activity, edged up. Core manufacturing orders for capital goods rose for the third consecutive month; the recent gains are consistent with survey-based measures that indicate the manufacturing sector is finally rebounding from the impacts of a stronger dollar and weaker oil price experienced in late 2014. The interest rate spread again widened as market participants anticipated stronger economic growth in 2017. Consumer sentiment rose.

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

Contributions to Oregon Measure of Economic Activity – Dec. 2016

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.03			
ISM Manufacturing: Supplier Deliveries Index	0.00			
Manufacturing Employment, Oregon	0.02			
Hours, Manufacturing Production Workers, Oregon	-0.05			
Manufacturing Exports, Oregon	-0.02			
New Private Housing Units Authorized By Building Permit, Oregon		-0.05		
Construction Employment in Oregon		0.06		
Natural Resources and Mining Employment, Oregon		0.08		
Employment Services Employment, Oregon			-0.07	
Initial Unemployment Claims, Oregon			0.27	
Civilian Labor Force, Oregon			-0.09	
Unemployment Rate, Oregon			0.15	
Interest Rate Spread			-0.01	
S&P500 Stock Index			0.03	
Consumer Sentiment, University of Michigan - Reuters			0.11	
Educational and Health Services Employment, Oregon				0.01
Financial Activities Employment, Oregon				0.13
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				-0.06
Professional and Business Services Employment, Oregon				0.07
Other Services Employment, Oregon				0.03
Trade, Transportation and Utilities Employment, Oregon				-0.04
Total By Sector	-0.08	0.08	0.38	0.14
	Sep-16	Oct-16	Nov-16	
Oregon Measure of Economic Activity	1.21	0.71	0.52	
Three-Month Moving Average	0.81	0.71	0.81	



University of Oregon Index of Economic Indicators – Summary and Components

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
UO Index of Economic Indicators™, 1997=100	99.5	99.5	100.2	100.4	100.5	100.3
Percentage Change	-0.3	0.0	0.7	0.2	0.1	-0.2
Oregon Initial Unemployment Claims, SA*	4,551	4,670	4,268	4,331	4,364	4,520
Oregon Employment Services Payrolls, SA	40,107	40,364	41,382	41,145	42,178	41,331
Oregon Residential Building Permits, SA, 5 MMA*	1,605	1,598	1,612	1,531	1,599	1,509
Oregon Weight Distance Tax, SA, Index, 1998=100	115.70	114.03	117.87	123.08	120.06	120.67
Oregon Manufacturing Average Weekly Hours, SA	40.05	40.16	40.28	41.14	39.95	39.45
U.S. Consumer Sentiment, SA, 5 MMA	91.6	91.4	91.8	90.3	90.4	92.0
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,193	37,637	37,019	37,194	37,742	37,915
Interest Rate Spread	1.11	1.16	1.23	1.36	1.73	1.95

* SA—seasonally adjusted; MMA—months moving average