

State of Oregon Economic Indicators™



January 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 Oregon economy maintained solid momentum as it entered 2017. The Oregon measure of economic activity rose to 0.86 from a downwardly revised December figure of 0.36. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.72 (“zero” indicates average growth over the 1990–present period), roughly unchanged over the previous three months. Only the manufacturing sector contributed negatively in January while solid gains in the employment component boosted the construction sector. Components of the household sector were solid across the board. Consumer sentiment, which rose in the wake of the election, made a substantial positive contribution. Employment components in the service sector were mixed but in aggregate added positively to the measure.

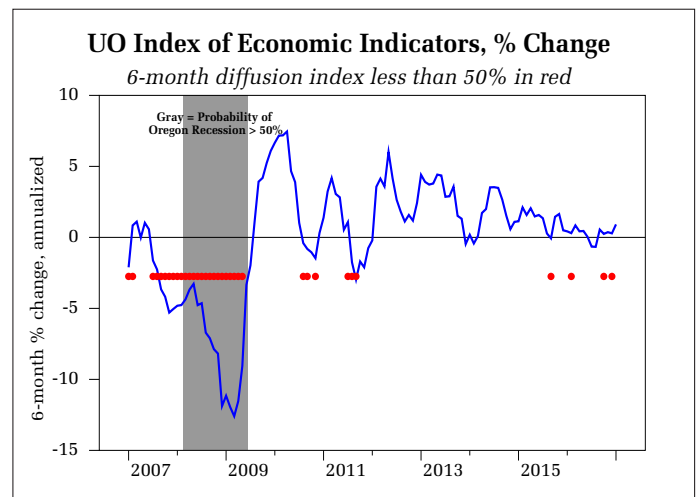
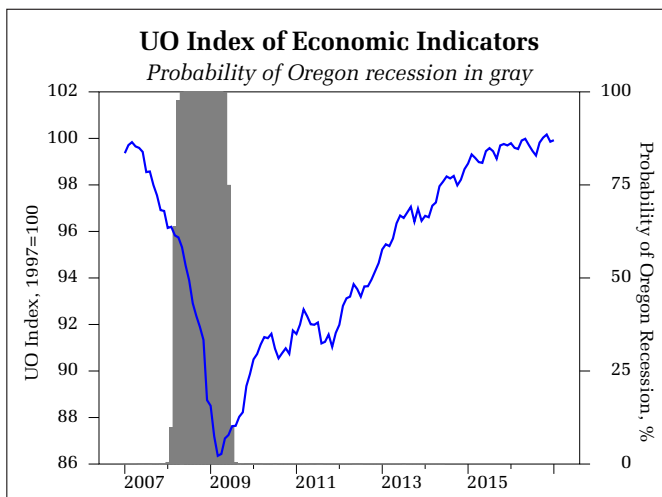
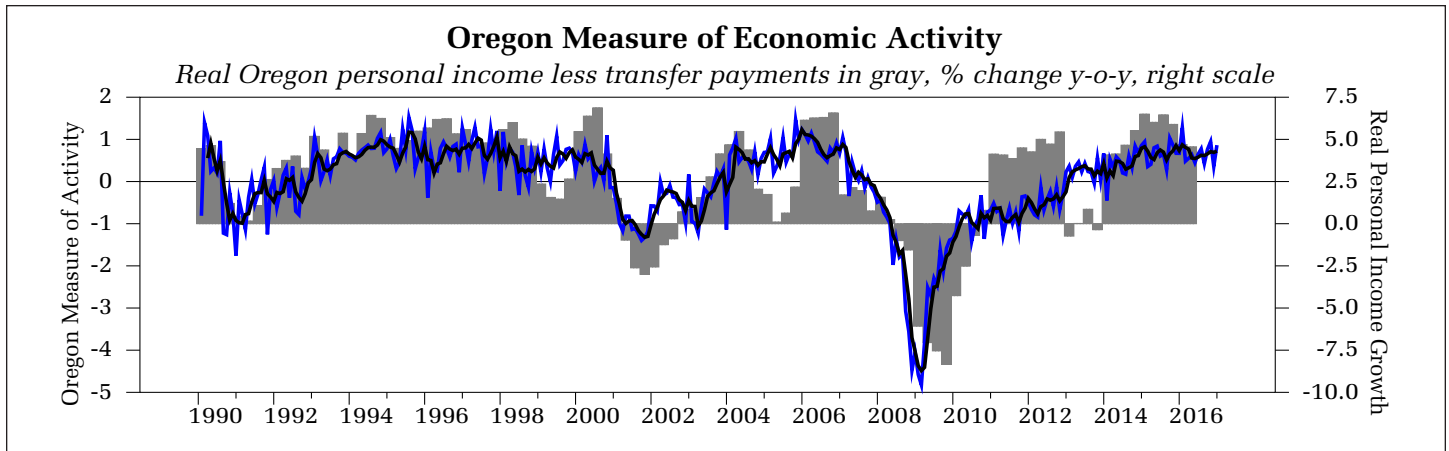
The University of Oregon Index of Economic Indicators was effectively unchanged during

the month. Initial unemployment claims rose from the historically low levels seen in recent months. The series may have fallen as low as it is likely to fall. Employment services payrolls (largely temporary help workers) edged upward. On net, both measures suggest continued job growth. The Oregon Weight Distance tax, a measure of trucking activity, edged up. Core manufacturing orders for capital goods and average weekly hours for manufacturing workers were largely unchanged. Consumer sentiment rose again; sentiment has been strong since the election but this strength has yet to translate into a faster pace of consumer spending.

Together, these indicators suggest ongoing growth in Oregon at an above average pace of activity. Indicators were updated to incorporate revised employment data. The revisions did not affect the qualitative assessment of the data.

Contributions to Oregon Measure of Economic Activity – January 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.04			
ISM Manufacturing: Supplier Deliveries Index	0.01			
Manufacturing Employment, Oregon	-0.01			
Hours, Manufacturing Production Workers, Oregon	-0.03			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized By Building Permit, Oregon		0.03		
Construction Employment in Oregon		0.25		
Natural Resources and Mining Employment, Oregon		-0.07		
Employment Services Employment, Oregon			0.04	
Initial Unemployment Claims, Oregon			0.24	
Civilian Labor Force, Oregon			0.02	
Unemployment Rate, Oregon			0.17	
Interest Rate Spread			0.00	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			0.11	
Educational and Health Services Employment, Oregon				-0.07
Financial Activities Employment, Oregon				0.16
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				-0.05
Professional and Business Services Employment, Oregon				-0.07
Other Services Employment, Oregon				-0.04
Trade, Transportation and Utilities Employment, Oregon				0.22
Total By Sector	-0.06	0.22	0.57	0.12
	Nov-16	Dec-16	Jan-17	
Oregon Measure of Economic Activity	0.95	0.36	0.86	
Three-Month Moving Average	0.71	0.69	0.72	



University of Oregon Index of Economic Indicators – Summary and Components

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
UO Index of Economic Indicators,™ 1997=100	99.3	99.8	100.0	100.2	99.9	99.9
Percentage Change	-0.2	0.6	0.2	0.1	-0.3	0.1
Oregon Initial Unemployment Claims, SA*	4,752	4,266	4,359	4,405	4,584	4,836
Oregon Employment Services Payrolls, SA	39,700	39,747	39,596	40,491	39,590	40,034
Oregon Residential Building Permits, SA, 5 MMA*	1,596	1,610	1,532	1,604	1,518	1,490
Oregon Weight Distance Tax, SA, Index, 1998=100	114.04	117.94	123.33	120.38	121.00	122.02
Oregon Manufacturing Average Weekly Hours, SA	40.18	40.30	41.23	39.99	39.26	39.57
U.S. Consumer Sentiment, SA, 5 MMA	91.4	91.8	90.3	90.4	92.0	93.8
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,637	37,019	37,194	37,837	38,101	37,939
Interest Rate Spread	1.16	1.23	1.36	1.73	1.95	1.78

* SA—seasonally adjusted; MMA—months moving average