

State of Oregon Economic Indicators™



April 2015

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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

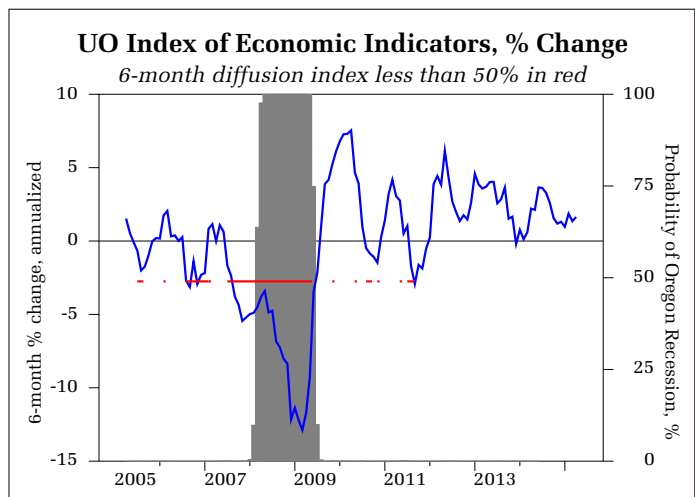
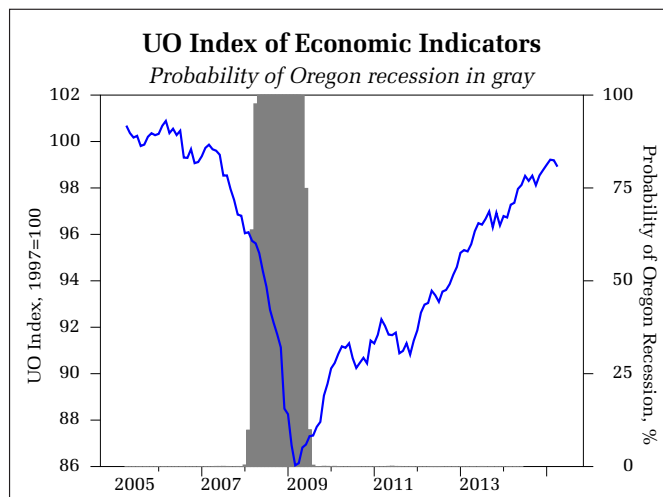
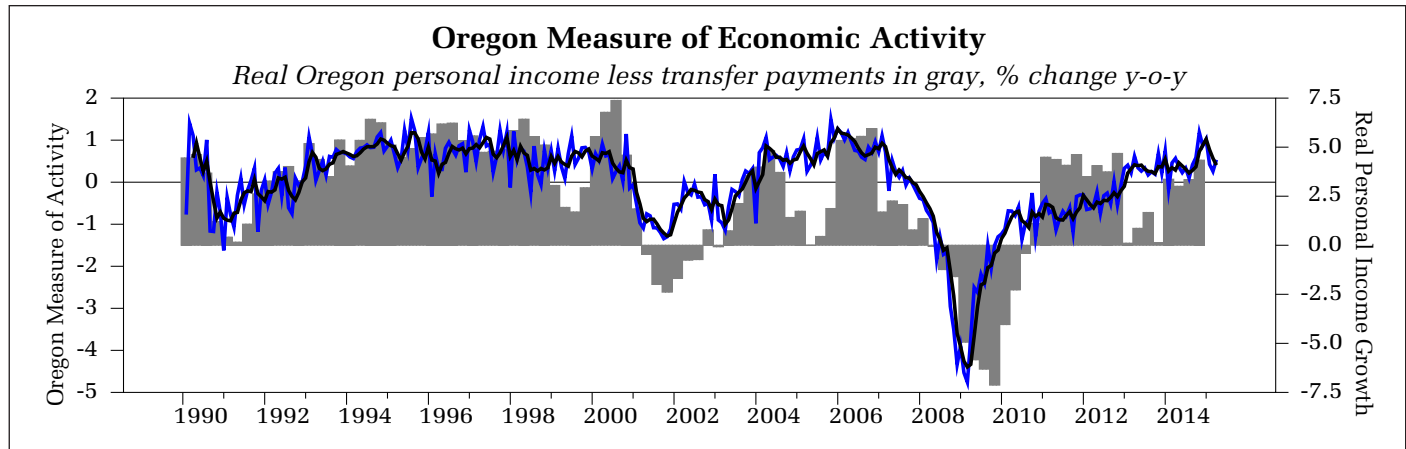
Oregon's economic growth remained above average in April. The Oregon Measure of Economic Activity rose in April from a downwardly revised March number. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.42, where “zero” for this measure indicates average growth over the 1990–present period. The manufacturing, household, and services sectors contributed positively to the measure. Like last month, the construction sector's contribution was negative, held down by below average residential permits and a decline in construction employment. In contrast, solid jobs gains supported the manufacturing sector. Low levels of initial unemployment claims, a low unemployment rate, and above-average consumer sentiment all helped the household sector make a positive contribution to the measure. Still, weak labor force numbers are largely cancelling out the positive impact of declining unemployment on the measure. Service sector components were generally positive for the month, although a drop in financial sector employment adversely impacted the numbers. Overall, the economy continues to grow at a healthy pace.

The University of Oregon Index of Economic Indicators fell 0.3 percent in March; such declines are not unusual during more mature economic expansions. Most indicators were little to effectively unchanged during the month. Initial unemployment claims remain at levels consistent with ongoing job growth. Residential building permits (smoothed) fell again. Although home sales are robust in many parts of the state, this has yet to translate into more normal levels of new construction. The Oregon weight distance tax (a measure of trucking activity) and core manufacturing orders (a national indicator) both gained during the month. Average weekly hours worked in manufacturing fell, but overall continues to track within an above-average range. Consumer sentiment (smoothed) rose.

The two indicators suggest ongoing growth in Oregon at an above average pace of activity. The ongoing U.S. economic expansion provides sufficient support to expect that Oregon's economy will continue to grow for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – Apr. 2015

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.21			
Hours, Manufacturing Production Workers, Oregon	0.05			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.12		
Construction Employment in Oregon		-0.19		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.02	
Initial Unemployment Claims, Oregon			0.24	
Civilian Labor Force, Oregon			-0.14	
Unemployment Rate, Oregon			0.11	
Interest Rate Spread			-0.01	
S&P500 Stock Index			0.00	
Consumer Sentiment, University of Michigan - Reuters			0.09	
Educational and Health Services Employment, Oregon				0.03
Financial Activities Employment, Oregon				-0.36
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				0.28
Professional and Business Services Employment, Oregon				0.12
Other Services Employment, Oregon				0.08
Trade, Transportation and Utilities Employment, Oregon				0.19
Total By Sector	0.27	-0.33	0.27	0.33
	Feb-15	Mar-15	Apr-15	
Oregon Measure of Economic Activity	0.42	0.26	0.53	
Three-Month Moving Average	0.77	0.57	0.41	



University of Oregon Index of Economic Indicators – Summary and Components

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
UO Index of Economic Indicators™, 1997=100	98.5	98.8	99.0	99.2	99.2	98.9
Percentage Change	0.4	0.2	0.2	0.2	0.0	-0.3
Oregon Initial Unemployment Claims, SA*	5,281	5,380	5,321	5,244	5,174	5,225
Oregon Employment Services Payrolls, SA	39,001	39,218	39,173	38,594	38,934	38,927
Oregon Residential Building Permits, SA, 5 MMA*	1,294	1,309	1,290	1,317	1,192	1,118
Oregon Weight Distance Tax, SA, Index, 1998=100	112.13	112.58	112.60	114.42	116.34	116.51
Oregon Manufacturing Average Weekly Hours, SA	40.11	40.12	40.71	41.22	40.79	40.15
U.S. Consumer Sentiment, SA, 5 MMA	84.9	87.3	90.4	92.6	93.8	95.2
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	42,301	42,594	42,462	40,245	40,657	41,079
Interest Rate Spread	2.24	2.09	1.77	1.87	1.93	1.82

* SA—seasonally adjusted; MMA—months moving average