

State of Oregon Economic Indicators™



July 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

Oregon’s economy held strong in July. The Oregon Measure of Economic Activity stood at 1.52 in July, up slightly from a downwardly revised 1.49 the previous month. The three-month moving average was a solid 1.31 (“zero” indicates average growth over the 1990–present period). Manufacturing strength continued to fuel the measure; an uptick in average weekly hours worked in the sector made a large positive contribution. Employment supported the construction sector while housing permits made an effectively neutral contribution. Similar to previous months, the household and services sectors made positive contributions overall on the back of particularly strong broad labor market indicators and sector-specific employment components. Ongoing labor force growth helps meet the demand for workers.

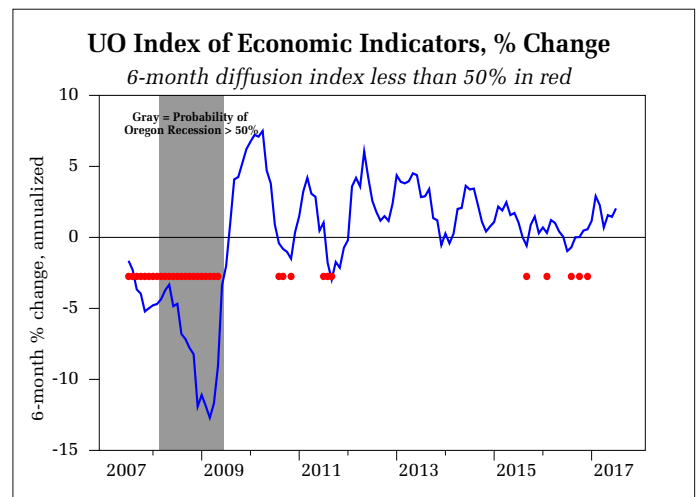
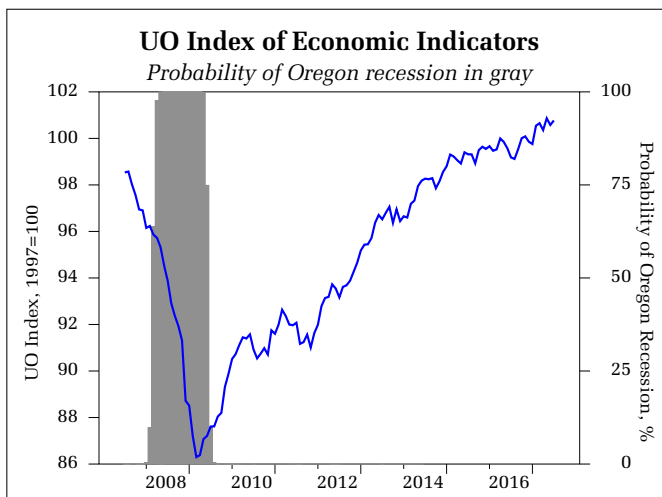
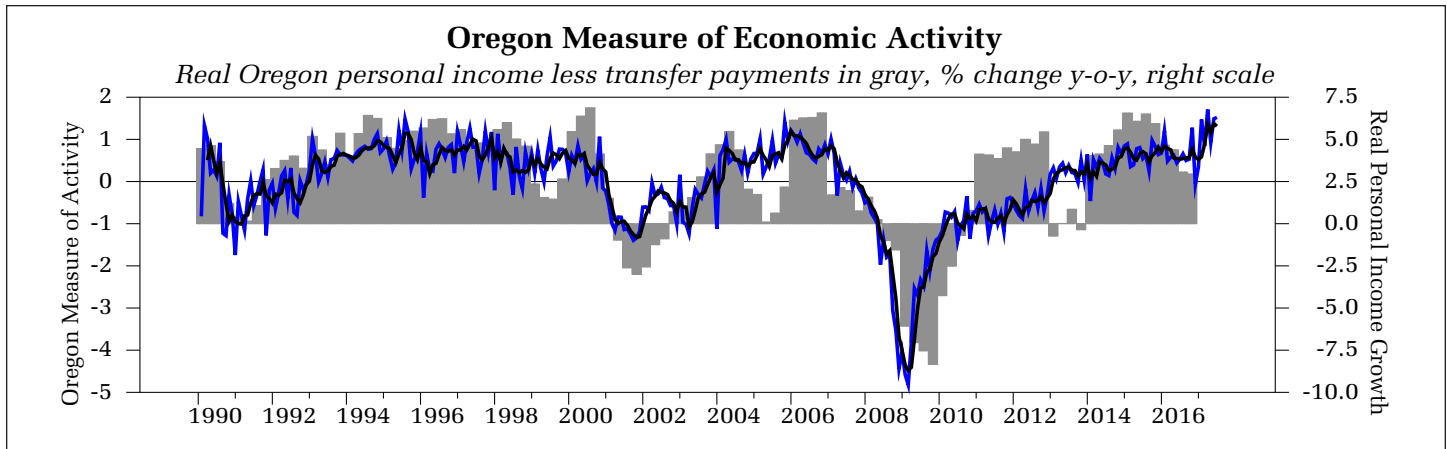
The University of Oregon Index of Economic Indicators edged back up in July, continuing to track sideways consistent with behavior experienced in a mature stage of the business cycle. Like last month, indicators were relatively unchanged. Employment services payrolls (mostly temporary help) dipped somewhat, but overall have been fairly steady over the past six months. Manufacturing indicators—average weekly hours worked and core new orders in the sector—are tracking stronger. This is further evidence that the slowdown that weighed on the sector last year has eased. Similarly, the Oregon weight distance tax, a measure of trucking activity, rose during the month.

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

Contributions to Oregon Measure of Economic Activity – July 2017

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.09			
ISM Manufacturing: Supplier Deliveries Index	0.03			
Manufacturing Employment, Oregon	0.05			
Hours, Manufacturing Production Workers, Oregon	0.22			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.01		
Construction Employment in Oregon		0.13		
Natural Resources and Mining Employment, Oregon		-0.07		
Employment Services Employment, Oregon			-0.06	
Initial Unemployment Claims, Oregon			0.33	
Civilian Labor Force, Oregon			0.12	
Unemployment Rate, Oregon			0.20	
Interest Rate Spread			0.02	
S&P500 Stock Index			0.00	
Consumer Sentiment, University of Michigan - Reuters			0.07	
Educational and Health Services Employment, Oregon				0.07
Financial Activities Employment, Oregon				0.15
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				0.22
Professional and Business Services Employment, Oregon				-0.08
Other Services Employment, Oregon				-0.01
Trade, Transportation and Utilities Employment, Oregon				0.05
Total By Sector	0.40	0.06	0.69	0.38
	May-17	Jun-17	Jul-17	
Oregon Measure of Economic Activity	0.93	1.49	1.52	
Three-Month Moving Average	1.16	1.37	1.31	

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University of Oregon Index of Economic Indicators – Summary and Components

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
UO Index of Economic Indicators™, 1997=100	100.5	100.7	100.4	100.9	100.6	100.8
Percentage Change	0.8	0.1	-0.3	0.5	-0.3	0.2
Oregon Initial Unemployment Claims, SA*	4,485	4,219	4,296	4,012	4,089	4,054
Oregon Employment Services Payrolls, SA	41,603	40,942	41,051	41,185	40,919	40,376
Oregon Residential Building Permits, SA, 5 MMA*	1,502	1,548	1,433	1,503	1,493	1,493
Oregon Weight Distance Tax, SA, Index, 1998=100	120.75	119.74	117.00	119.72	120.60	123.47
Oregon Manufacturing Average Weekly Hours, SA	40.28	39.96	40.72	40.75	40.75	41.42
U.S. Consumer Sentiment, SA, 5 MMA	94.8	96.7	97.4	97.2	96.5	95.9
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	36,956	36,862	36,918	37,257	37,185	37,344
Interest Rate Spread	1.76	1.69	1.40	1.39	1.15	1.17

* SA—seasonally adjusted; MMA—months moving average