

STATE OF OREGON ECONOMIC INDICATORS™



A program of the College of Arts and Sciences and its Department of Economics

APRIL 2012

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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

Economic indicators were generally positive in April, consistent with continued economic growth in Oregon. The Oregon Measure of Economic Activity rebounded to -0.12 from an upwardly revised -0.21 in March (“zero” for this measure indicates the average growth rate over the 1990-to-present period). The three-month moving average continues to hover around -0.5. Both the manufacturing and the construction sectors made net positive contributions to the measure, while the household and the services sectors remained a drag. The construction component was boosted as employers added employees in the sector. Note, however, that employment data can be volatile and subject to revisions. Overall, Oregon is growing near its average growth rate of the last two decades.

The University of Oregon Index of Economic Indicators™ gained 0.6 percent in April, with underlying components largely positive for the month.

Initial unemployment claims fell to their lowest level since last December. Although claims remain elevated relative to their prerecession level, their overall decline over the past year is consistent with improving labor market conditions. Core-manufacturing orders fell again; this indicator has been soft in recent months and bears continued monitoring as it indicates weakness in the demand for industrial goods. Residential building permits gained slightly; in general, permits have been moving sideways since the beginning of the year. Consumer sentiment continued to rebound.

Compared to six months ago, the UO Index rose 4.7 percent (annualized), a rate consistent with continued growth in Oregon in 2012. The Oregon economy should be supported by steady, albeit not robust, national economic growth, which is the baseline forecast. Still, the evolving slowdown in other parts of the world, notably Europe and China, could pass-through to the U.S. in the form of weaker-than-expected growth. Careful monitoring of the global environment is advised.

Contributions to Oregon Measure of Economic Activity – Apr. 2012

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.04			
ISM Manufacturing: Supplier Deliveries Index	-0.04			
Manufacturing Employment, Oregon	0.07			
Hours, Manufacturing Production Workers, Oregon	0.07			
Port of Portland, Ton Equivalent Units	-0.02			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.18		
Construction Employment in Oregon		0.26		
Natural Resources and Mining Employment, Oregon		0.07		
Employment Services Employment, Oregon			0.00	
Initial Unemployment Claims, Oregon			-0.05	
Civilian Labor Force, Oregon			-0.05	
Unemployment Rate, Oregon			-0.11	
Interest Rate Spread			-0.01	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			-0.08	
Educational and Health Services Employment, Oregon				-0.05
Financial Activities Employment, Oregon				-0.03
Government Employment, Oregon				0.00
Leisure and Hospitality Employment, Oregon				0.03
Professional and Business Services Employment, Oregon				0.09
Other Services Employment, Oregon				0.03
Trade, Transportation and Utilities Employment, Oregon				-0.14
Total By Sector	0.13	0.16	-0.31	-0.10
	Feb-12	Mar-12	Apr-12	
Oregon Measure of Economic Activity	-1.09	-0.21	-0.12	
Three-Month Moving Average	-0.53	-0.45	-0.48	



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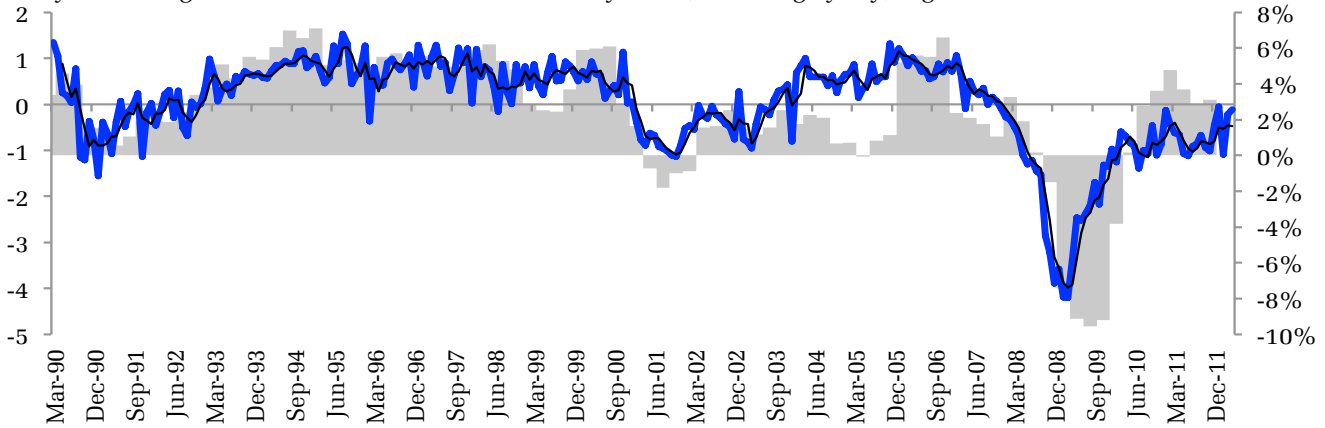
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 Released: June 6, 2012.

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Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis

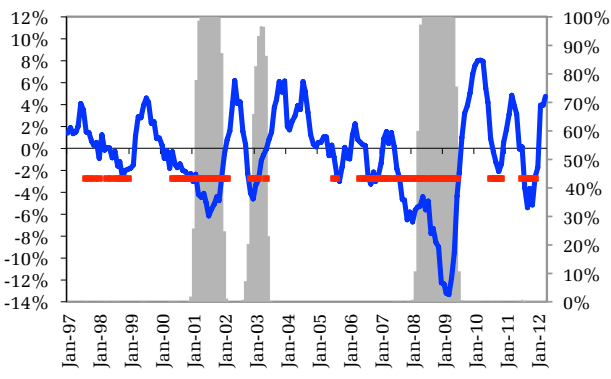


UO Index of Economic Indicators, % Change

Blue: 6-Month Percentage Change, Annualized

Red: 6-Month Diffusion Index Declines More Than 50%

Gray: Probability of Oregon Recession, Right Axis



UO Index of Economic Indicators

Blue: UO Index, 1997=100, Left Axis

Gray: Probability of Oregon Recession, Right Axis

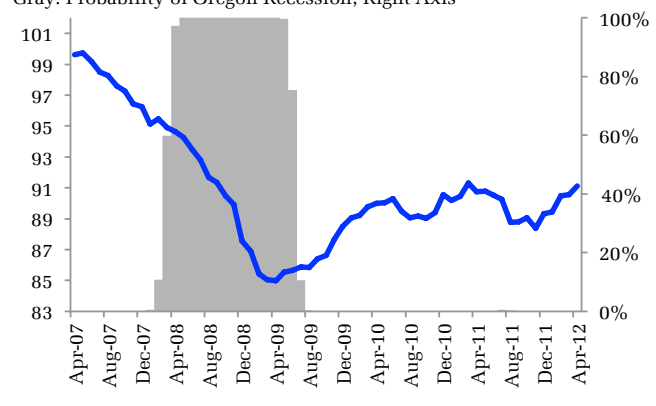


Table 2: UO Index of Economic Indicators – Summary and Components

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
University of Oregon Index of Economic Indicators™, 1997=100	88.4	89.3	89.4	90.5	90.5	91.1
Percentage Change	-0.7	1.1	0.1	1.2	0.1	0.6
Oregon Initial Unemployment Claims, SA*	8,335	7,630	8,750	8,096	8,297	7,704
Oregon Employment Services Payrolls, SA	30,404	31,188	31,095	31,413	31,414	31,527
Oregon Residential Building Permits, SA, 5 MMA*	721	716	762	758	739	751
Oregon Weight Distance Tax, SA,	102.83	104.20	102.88	106.47	102.98	105.01
U.S. Consumer Sentiment, SA, 5 MMA	60.8	62.0	65.9	69.0	72.1	74.6
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	39,010	41,358	39,935	41,057	40,076	39,239
Interest Rate Spread	1.93	1.91	1.89	1.87	2.04	1.91