

# STATE OF OREGON ECONOMIC INDICATORS™



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

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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 economic indicators improved in April. The Oregon Measure of Economic Activity rose to 0.33 in April from a revised -0.03 previous month. The three-month moving average, which smooths month-to-month volatility in the measure, was 0.32 (where “zero” for this measure indicates the average growth rate over the 1990-present period). The manufacturing and services sectors contributed positively to the measure, while the construction and household sectors were a drag. Manufacturing average weekly hours worked and employment both strongly supported the measure, while the impact of residential building permits was almost neutral. Labor force growth continues to subtract from the measure. Overall, the Oregon economy is growing near to somewhat above its average rate since 1990.

The University of Oregon Index of Economic Indicators™ rose 0.3 percent in April, while the March number was revised higher. The UO Index has risen in each of the last seven months. Initial unemployment claims fell again, and are now in a region consistent with strong job growth. Initial claims were the lowest since May of 2007, prior to the onset of the last recession. Residential building permits, nondefense, nonaircraft capital orders, and the Oregon weight-distance tax all improved in April, while consumer sentiment and the interest rate spread were somewhat softer. Residential building permits (smoothed) are at their highest level since February 2008. All index components have improved over the past six months.

Together, the two indicators point to sustained expansion in Oregon at an average to somewhat above average pace of activity.

### Contributions to Oregon Measure of Economic Activity – April 2013

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.06			
ISM Manufacturing: Supplier Deliveries Index	-0.02			
Manufacturing Employment, Oregon	0.14			
Hours, Manufacturing Production Workers, Oregon	0.22			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.07			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.03		
Construction Employment in Oregon		-0.21		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.01	
Initial Unemployment Claims, Oregon			0.11	
Civilian Labor Force, Oregon			-0.12	
Unemployment Rate, Oregon			-0.07	
Interest Rate Spread			0.00	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			-0.08	
Educational and Health Services Employment, Oregon				-0.02
Financial Activities Employment, Oregon				-0.01
Government Employment, Oregon				-0.01
Leisure and Hospitality Employment, Oregon				0.25
Professional and Business Services Employment, Oregon				-0.01
Other Services Employment, Oregon				0.23
Trade, Transportation and Utilities Employment, Oregon				0.01
<b>Total By Sector</b>	<b>0.32</b>	<b>-0.26</b>	<b>-0.17</b>	<b>0.43</b>
	Feb-13	Mar-13	Apr-13	
Oregon Measure of Economic Activity	0.67	-0.03	0.33	
Three-Month Moving Average	0.34	0.41	0.32	



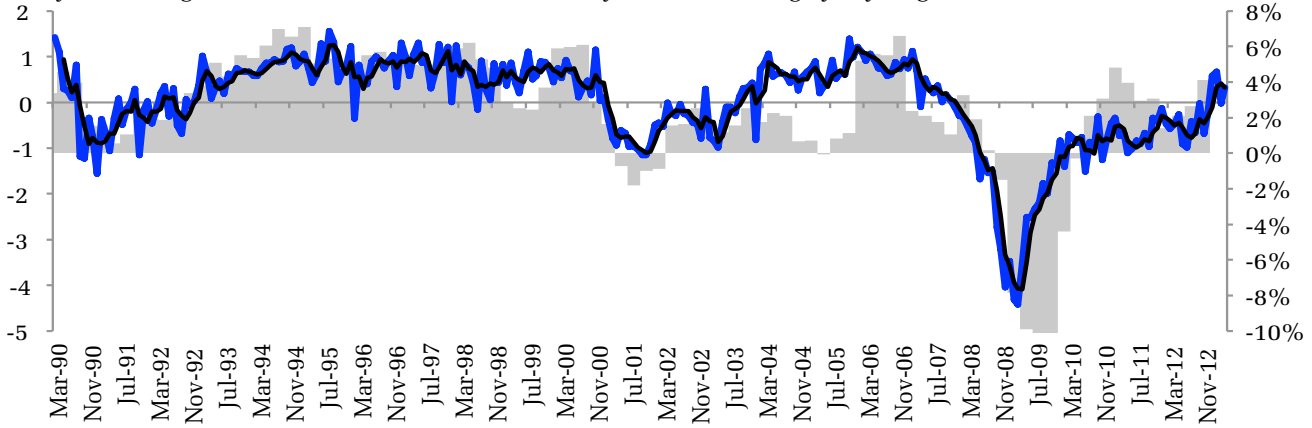
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# UNIVERSITY OF OREGON ECONOMIC INDICATORS™

## Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

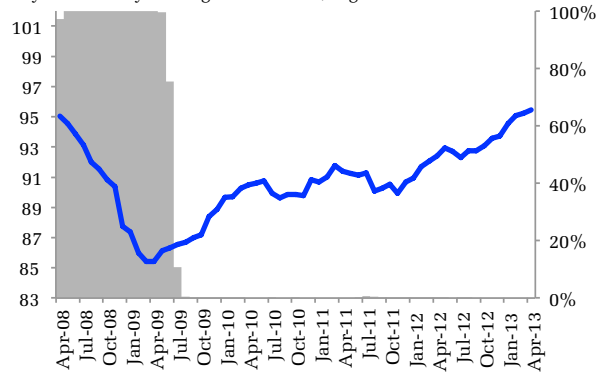
Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis



## UO Index of Economic Indicators

Blue: UO Index, 1997=100, Left Axis

Gray: Probability of Oregon Recession, Right Axis

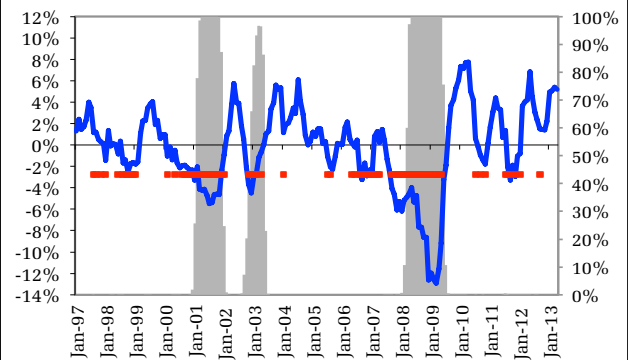


## UO Index of Economic Indicators, % Change

Blue: 6-Month Percentage Change, Annualized

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

Gray: Probability of Oregon Recession, Right Axis



## University of Oregon Index of Economic Indicators – Summary and Components

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
UO Index of Economic Indicators™, 1997=100	93.6	93.7	94.6	95.1	95.2	95.5
Percentage Change	0.5	0.2	0.9	0.5	0.2	0.3
Oregon Initial Unemployment Claims, SA*	7,334	7,247	7,241	7,020	6,810	6,351
Oregon Employment Services Payrolls, SA	32,808	32,920	33,711	34,571	35,004	35,009
Oregon Residential Building Permits, SA, 5 MMA*	1,042	1,026	1,070	1,164	1,188	1,267
Oregon Weight Distance Tax, SA,	103.08	105.24	103.95	105.94	104.70	106.09
Oregon Manufacturing Average Weekly Hours, SA	40.84	41.05	41.19	41.39	41.52	41.41
U.S. Consumer Sentiment, SA, 5 MMA	78.0	78.2	79.0	78.8	78.0	76.8
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	39,652	38,902	42,329	40,281	40,603	41,052
Interest Rate Spread	1.49	1.56	1.77	1.83	1.82	1.61