

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 further in February 2013. The Oregon Measure of Economic Activity rose to 0.79, compared to 0.49 in January. A solid gain in construction employment helped drive the improvement. It is often the case, however, that such unusual gains are revised downward in subsequent reports. The three-month moving average, which smoothes such month-to-month volatility, gained to 0.35 where “zero” for this measure indicates the average growth rate over the 1990–present period. Manufacturing, construction, and services sectors all contributed positively to the reports while the household sector remained a net drag on the overall number. The declining labor force and the still high unemployment rate continued to weigh on the household sector. Overall, the Oregon economy is growing near to somewhat above its average rate since 1990.

The University of Oregon Index of Economic Indicators™ gained 0.6 percent in February. Initial unemployment claims fell while employment services payrolls edged upward; both suggest ongoing improvement in the labor market. The housing market continued to improve as residential building permits (smoothed with a five-month moving average) exceeded 1,100 for the first time since July 2008. Nondefense, nonaircraft capital orders slipped while the Oregon weight-distance tax, a measure of trucking activity, improved. Hours worked in manufacturing posted another gain while the interest rate spread widened as market participants bid up long interest rates in response to an improved economic outlook.

The two indexes point toward continued growth in Oregon, although the pace of activity may ease in response to tighter fiscal policy (higher taxes and spending cuts) initiated in the first quarter of this year.

Contributions to Oregon Measure of Economic Activity – February 2013

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	-0.01			
Manufacturing Employment, Oregon	-0.07			
Hours, Manufacturing Production Workers, Oregon	0.20			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.02			
Manufacturing Exports, Oregon	0.01			
New Private Housing Units Authorized By Building Permit, Oregon		0.00		
Construction Employment in Oregon		0.44		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			0.06	
Initial Unemployment Claims, Oregon			0.00	
Civilian Labor Force, Oregon			-0.07	
Unemployment Rate, Oregon			-0.10	
Interest Rate Spread			-0.01	
S&P500 Stock Index			0.01	
Consumer Sentiment, University of Michigan - Reuters			-0.07	
Educational and Health Services Employment, Oregon				-0.04
Financial Activities Employment, Oregon				-0.03
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.16
Professional and Business Services Employment, Oregon				-0.03
Other Services Employment, Oregon				0.03
Trade, Transportation and Utilities Employment, Oregon				0.27
Total By Sector	0.14	0.45	-0.17	0.36
	Dec-12	Jan-13	Feb-13	
Oregon Measure of Economic Activity	-0.23	0.49	0.79	
Three-Month Moving Average	-0.31	-0.15	0.35	



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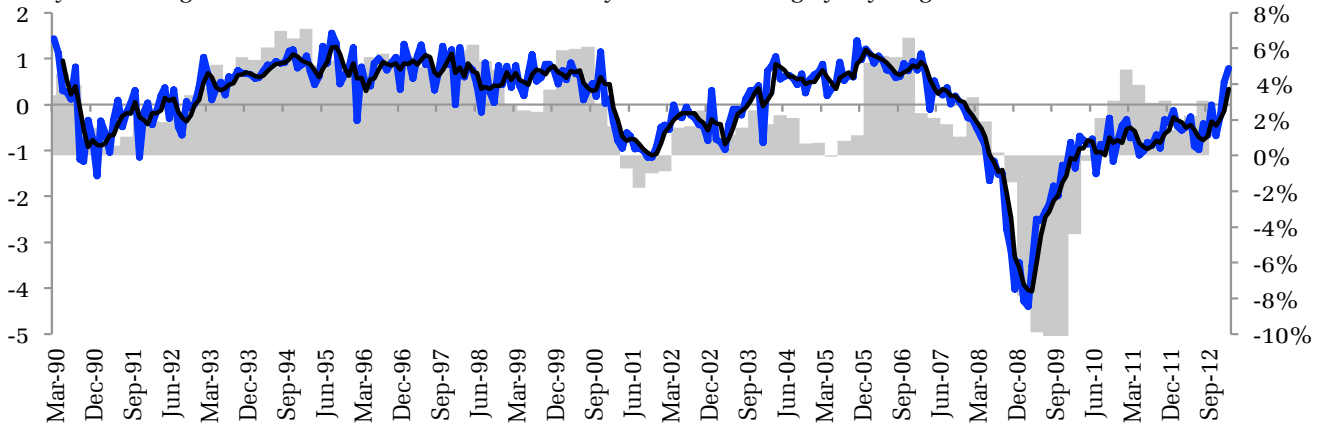
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Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

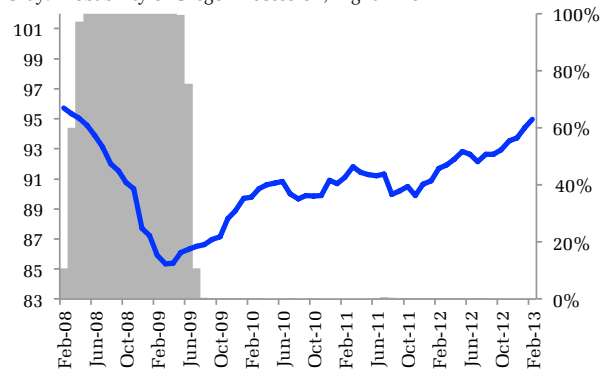
Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis



UO Index of Economic Indicators

Blue: UO Index, 1997=100, Left Axis

Gray: Probability of Oregon Recession, Right Axis

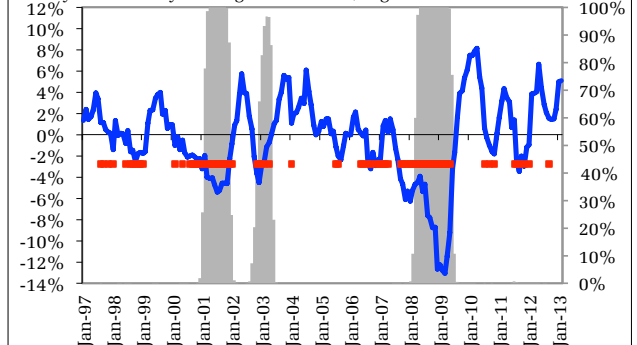


UO Index of Economic Indicators, % Change

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

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
UO Index of Economic Indicators, 1997=100	92.6	93.0	93.5	93.7	94.4	94.9
Percentage Change	0.0	0.3	0.6	0.2	0.7	0.6
Oregon Initial Unemployment Claims, SA*	7,678	7,339	7,335	7,258	7,299	7,073
Oregon Employment Services Payrolls, SA	32,766	32,867	32,763	32,896	33,644	34,362
Oregon Residential Building Permits, SA, 5 MMA*	994	994	1,049	1,029	1,073	1,166
Oregon Weight Distance Tax, SA,	102.44	101.57	103.35	105.56	104.28	106.12
Oregon Manufacturing Average Weekly Hours, SA	40.53	40.58	40.83	41.02	41.15	41.20
U.S. Consumer Sentiment, SA, 5 MMA	75.5	76.1	78.0	78.2	79.0	78.8
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	36,728	37,863	39,026	38,720	41,302	40,161
Interest Rate Spread	1.58	1.59	1.49	1.56	1.77	1.83