

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

The Oregon economy began 2014 on solid footing. The Oregon Measure of Economic Activity was 0.26 in January, compared to an upwardly revised 0.38 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, is 0.38, where “zero” for this measure indicates the average growth rate over the 1990-present period. This month’s report incorporates annual revisions to the Oregon employment data. Only the services sector contributed negatively to the measure in January with the financial services component being a substantial drag. In contrast, employment provided a substantial boost to the construction component. The household sector was supported by the initial claims and labor force components.

The University of Oregon Index of Economic Indicators gained modestly in January, rising 0.1 percent. Initial unemployment claims edged down while employment services payrolls

edged up; both indicators are consistent with ongoing job growth in Oregon. Residential building permits (smoothed) continue to hover in a range around 1,100. Core manufacturing (nondefense, nonaircraft capital goods) new orders and the weight distance tax, a measure of trucking activity, both improved while weekly hours worked in the Oregon manufacturing fell modestly again. The latter series appears to be normalizing after jumping higher in 2013, possibly reflecting the impact of additional hiring in the industry.

The two indicators point to sustained expansion in Oregon at, after accelerating during 2013, a pace of activity somewhat above average. Although weather slowed national growth early in 2014, the negative impacts are expected to be temporary. National growth is expected to be somewhat stronger in 2014, and this improvement will help support further growth in Oregon as well.

Contributions to Oregon Measure of Economic Activity—January 2014

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.03			
ISM Manufacturing: Supplier Deliveries Index	0.02			
Manufacturing Employment, Oregon	0.09			
Hours, Manufacturing Production Workers, Oregon	0.02			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.06			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.03		
Construction Employment in Oregon		0.25		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			0.01	
Initial Unemployment Claims, Oregon			0.09	
Civilian Labor Force, Oregon			0.04	
Unemployment Rate, Oregon			-0.01	
Interest Rate Spread			-0.05	
S&P500 Stock Index			0.00	
Consumer Sentiment, University of Michigan - Reuters			-0.03	
Educational and Health Services Employment, Oregon				-0.04
Financial Activities Employment, Oregon				-0.11
Government Employment, Oregon				-0.03
Leisure and Hospitality Employment, Oregon				0.09
Professional and Business Services Employment, Oregon				-0.06
Other Services Employment, Oregon				0.03
Trade, Transportation and Utilities Employment, Oregon				0.00
Total By Sector	0.08	0.26	0.05	-0.13
	Nov-13	Dec-13	Jan-14	
Oregon Measure of Economic Activity	0.51	0.38	0.26	
Three-Month Moving Average	0.23	0.34	0.38	



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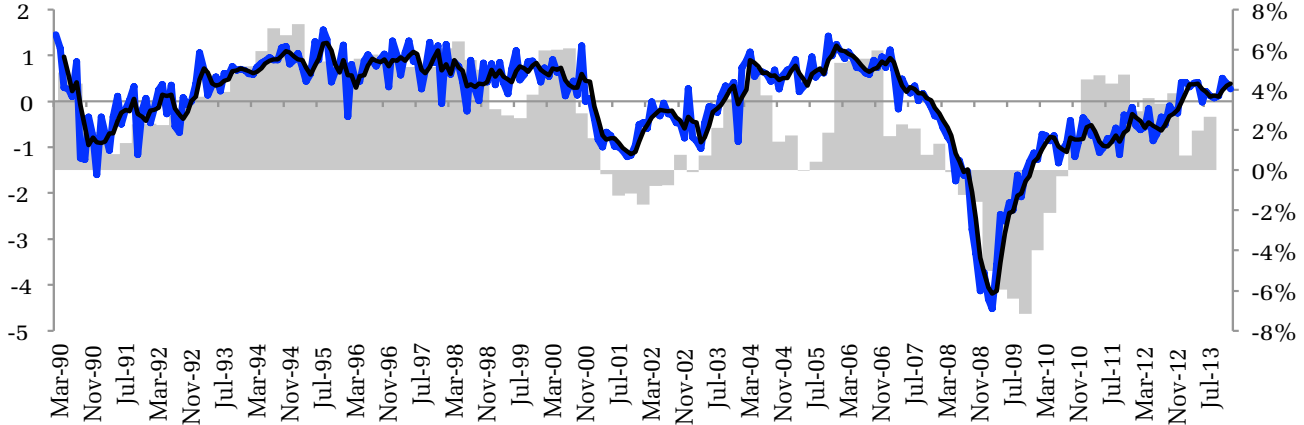
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Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

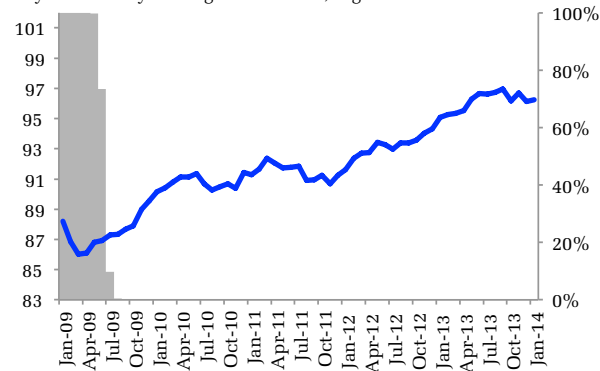
Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis



UO Index of Economic Indicators

Blue: UO Index, 1997=100, Left Axis

Gray: Probability of Oregon Recession, Right Axis

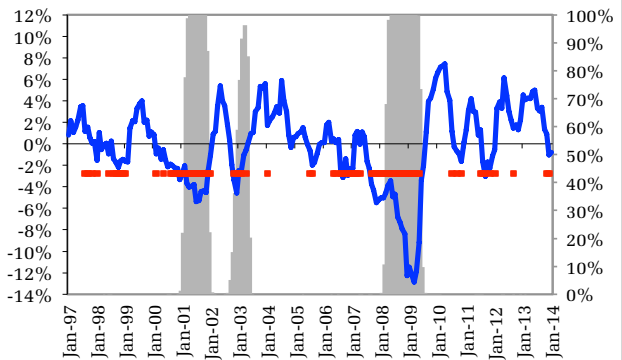


UO Index of Economic Indicators, % Change

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

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
UO Index of Economic Indicators SM 1997=100	96.7	96.9	96.2	96.7	96.1	96.3
Percentage Change	0.1	0.2	-0.8	0.6	-0.6	0.1
Oregon Initial Unemployment Claims, SA*	6,681	6,347	6,326	5,603	6,447	6,338
Oregon Employment Services Payrolls, SA	35,488	35,682	35,031	35,276	35,785	35,850
Oregon Residential Building Permits, SA, 5 MMA*	1,210	1,123	1,123	1,120	1,099	1,139
Oregon Weight Distance Tax, SA,	105.06	109.87	106.53	109.62	108.74	110.11
Oregon Manufacturing Average Weekly Hours, SA	41.15	41.22	40.74	40.81	40.22	39.90
U.S. Consumer Sentiment, SA, 5 MMA	82.4	82.7	80.4	78.6	78.1	77.9
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	41,388	40,807	40,528	41,760	41,060	41,562
Interest Rate Spread	2.66	2.73	2.53	2.64	2.79	2.64

* SA—seasonally adjusted; MMA—months moving average

