

# 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.

### Contact

Timothy A. Duy  
 Director, Oregon Economic Forum  
 Department of Economics, University of Oregon  
 541-346-4660 • duy@uoregon.edu  
 econforum.uoregon.edu

## Review

While economic indicators softened in March, they still point toward continued growth in the Oregon economy. Following two months of strong gains, the Oregon Measure of Economic Activity fell to -0.04 in March from 0.66 the previous month. Note, however, that this measure can be volatile. The three-month moving average, which smooths such month-to-month volatility, rose to 0.40 where “zero” for this measure indicates the average growth rate over the 1990–present period. The manufacturing and construction sectors contributed positively to the reports while the household and services sector were a net drag on the overall number. It continues to be the case that a declining labor force and the still high unemployment rate weigh on the household sector. The services sector softened as the pace of growth in many of the underlying employment indicators slowed compared to the previous month. Overall, the Oregon economy is growing near to somewhat above its average rate since 1990.

The University of Oregon Index of Economic Indicators™ edged down 0.1 percent in March, the first decline since last July. Initial unemployment claims fell again, reaching their lowest level since September 2007. This suggests that conditions in labor markets will continue to improve. Residential building permits, nondefense, nonaircraft capital orders, hours worked in the Oregon manufacturing sector, and the interest rate spread all remained largely unchanged in March. In contrast, consumer sentiment and the Oregon weight-distance tax, a measure of trucking activity, both fell slightly.

It is normal to experience occasional declines in the measures of economic activity during recessions. Both measures suggest continued growth in Oregon, although the pace of activity may ease in response to tighter fiscal policy (higher taxes and spending cuts, including the sequester) initiated in the first part of this year.

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

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.05			
ISM Manufacturing: Supplier Deliveries Index	-0.04			
Manufacturing Employment, Oregon	0.11			
Hours, Manufacturing Production Workers, Oregon	0.21			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.02			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.06		
Construction Employment in Oregon		0.25		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon			-0.02	
Initial Unemployment Claims, Oregon			0.05	
Civilian Labor Force, Oregon			-0.15	
Unemployment Rate, Oregon			-0.09	
Interest Rate Spread			-0.01	
S&P500 Stock Index			0.02	
Consumer Sentiment, University of Michigan - Reuters			-0.06	
Educational and Health Services Employment, Oregon				0.02
Financial Activities Employment, Oregon				-0.09
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				0.11
Professional and Business Services Employment, Oregon				0.01
Other Services Employment, Oregon				-0.06
Trade, Transportation and Utilities Employment, Oregon				-0.28
<b>Total By Sector</b>	<b>0.30</b>	<b>0.22</b>	<b>-0.26</b>	<b>-0.30</b>
	Jan-13	Feb-13	Mar-13	
Oregon Measure of Economic Activity	0.59	0.66	-0.04	
Three-Month Moving Average	-0.11	0.34	0.40	



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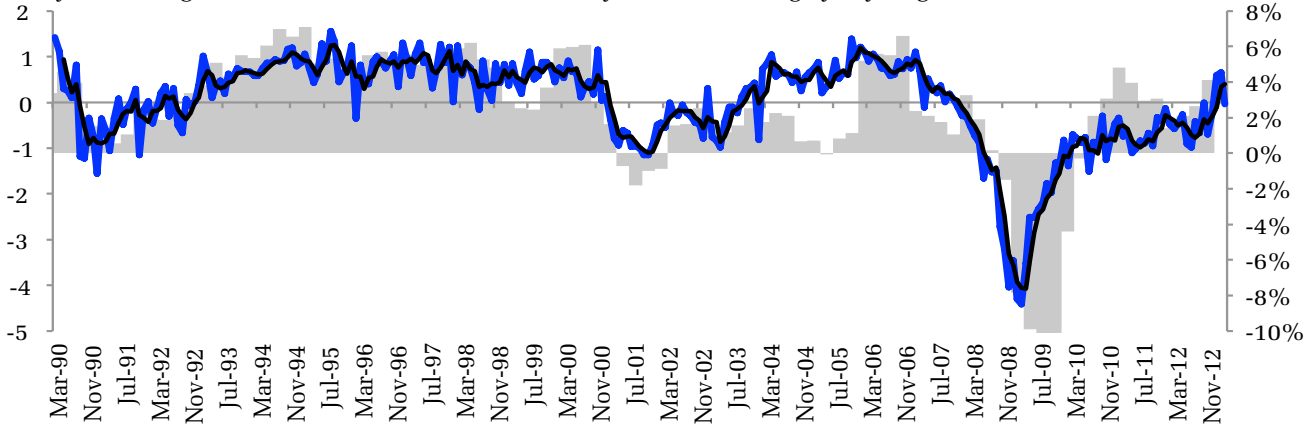
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## Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

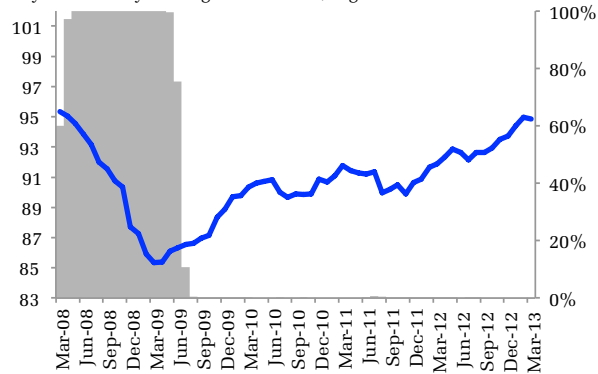
Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis



## UO Index of Economic Indicators

Blue: UO Index, 1997=100, Left Axis

Gray: Probability of Oregon Recession, Right Axis

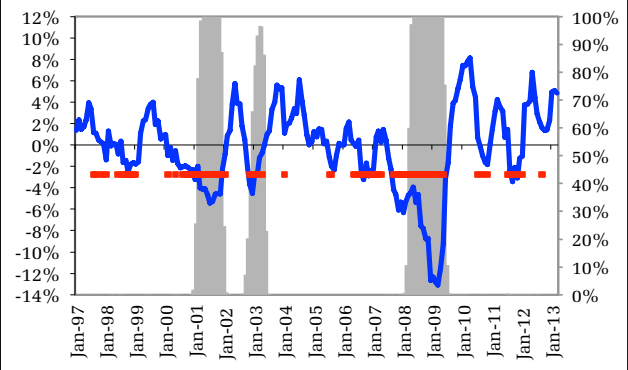


## UO Index of Economic Indicators, % Change

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

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
UO Index of Economic Indicators™, 1997=100	92.9	93.5	93.7	94.4	95.0	94.8
Percentage Change	0.3	0.6	0.2	0.7	0.6	-0.1
Oregon Initial Unemployment Claims, SA*	7,325	7,324	7,236	7,266	7,047	6,887
Oregon Employment Services Payrolls, SA	32,886	32,781	32,893	33,655	34,678	34,369
Oregon Residential Building Permits, SA, 5 MMA*	990	1,044	1,027	1,070	1,163	1,185
Oregon Weight Distance Tax, SA,	101.58	103.18	105.30	103.87	105.72	104.38
Oregon Manufacturing Average Weekly Hours, SA	40.58	40.84	41.04	41.17	41.36	41.35
U.S. Consumer Sentiment, SA, 5 MMA	76.1	78.0	78.2	79.0	78.8	78.0
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	37,863	39,026	38,720	41,291	39,294	39,335
Interest Rate Spread	1.59	1.49	1.56	1.77	1.83	1.82