

STATE OF OREGON ECONOMIC INDICATORS™



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

NOVEMBER 2011

SPONSORED BY



Unlock your possibilities

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

The Oregon economy lost momentum in November. The three-month moving average of the Oregon Measure of Economic Activity was -0.93, largely unchanged from October. The measure indicates Oregon is growing below the trend rate of growth established over the 1990–2011 period. The manufacturing, construction, household, and services sectors all weighed negatively on the measure. Note that inflation-adjusted personal income less transfer payments grew at a slower rate in the third quarter, up 2.3 percent year-over-year. Compared to the first quarter, this measure of income is essentially flat, consistent with slow economic growth.

The University of Oregon Index of Economic Indicators™ slipped 0.3 percent to 88.8 (1997=100) in November. The majority of the underlying components deteriorated during the month, including Or-

egon employment services payrolls (largely temporary help firms), the Oregon weight-distance tax (a measure of trucking activity), consumer sentiment, core manufacturing orders, and the interest rate spread. Although initial unemployment claims continued to decline, suggesting sufficient economic activity to limit the pace of layoffs, hiring gains remained tepid. Consequently, Oregon total nonfarm payrolls have moved sideways since February.

Compared to six months ago, the UO Index has fallen 4.5 percent (annualized), a decline from last month's 3.9 percent decline. This marks the fourth consecutive month the UO Index has declined more than 2.75 percent, a pattern of declines that has been associated with Oregon recession in the past. Together with the ongoing European financial crisis, the UO Index continues to suggest caution with regard to the outlook for 2012.

Contributions to Oregon Measure of Economic Activity – Nov. 2011

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.05			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	-0.24			
Hours, Manufacturing Production Workers, Oregon	0.15			
Port of Portland, Ton Equivalent Units	-0.07			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.20		
Construction Employment in Oregon		0.13		
Natural Resources and Mining Employment, Oregon		0.04		
Employment Services Employment, Oregon				-0.03
Initial Unemployment Claims, Oregon				-0.03
Civilian Labor Force, Oregon				-0.06
Unemployment Rate, Oregon				-0.15
Interest Rate Spread				-0.01
S&P500 Stock Index				0.01
Consumer Sentiment, University of Michigan - Reuters				-0.22
Educational and Health Services Employment, Oregon				0.02
Financial Activities Employment, Oregon				-0.17
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				-0.31
Professional and Business Services Employment, Oregon				-0.02
Other Services Employment, Oregon				0.01
Trade, Transportation and Utilities Employment, Oregon				0.16
Total By Sector	-0.25	-0.04	-0.50	-0.34
	Sep-11	Oct-11	Nov-11	
Oregon Measure of Economic Activity	-0.65	-1.02	-1.13	
Three-Month Moving Average	-0.98	-0.92	-0.93	



UNIVERSITY OF OREGON
 College of Arts and Sciences

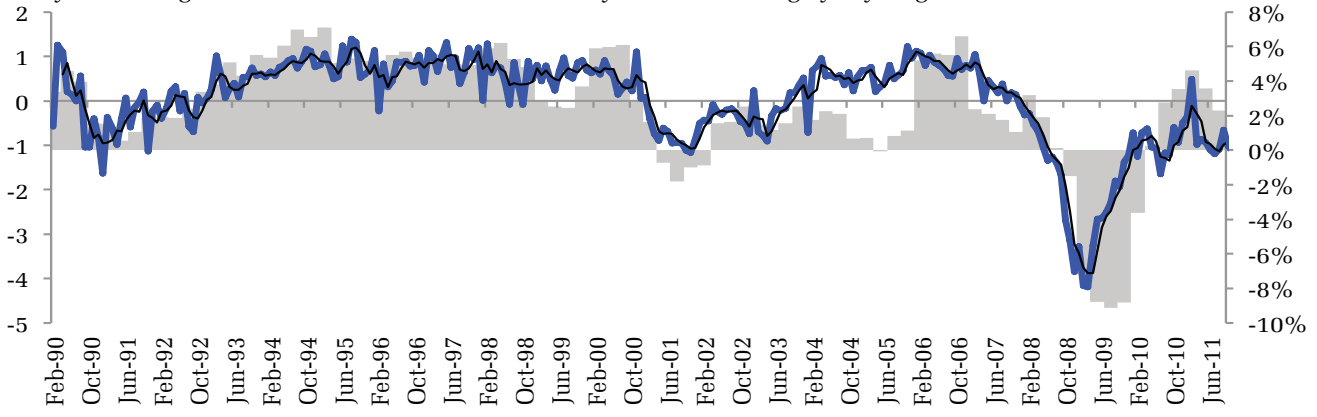
© 2012 University of Oregon. All rights reserved.
 Released: January 10, 2012.

UNIVERSITY OF OREGON ECONOMIC INDICATORS™

Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

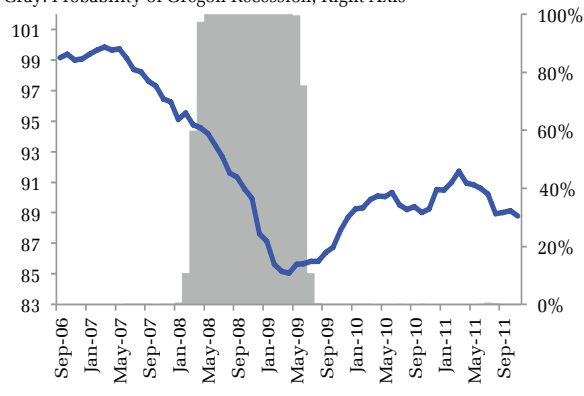
Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis



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

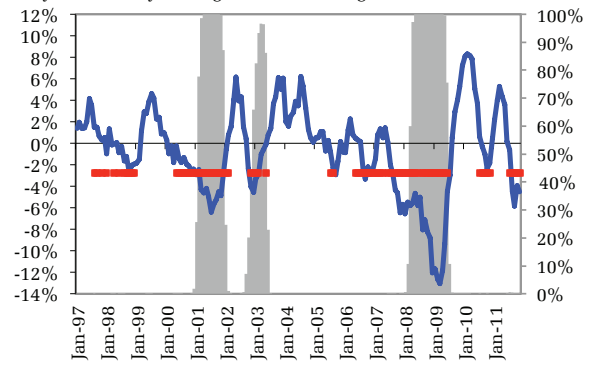


Table 2: UO Index of Economic Indicators – Summary and Components

	Jun-11	Jul-11	Aug-11	Sept-11	Oct-11	Nov-11
University of Oregon Index of Economic Indicators™, 1997=100	90.6	90.2	88.9	89.0	89.1	88.8
Percentage Change	-0.3	-0.4	-1.4	0.1	0.2	-0.4
Oregon Initial Unemployment Claims, SA*	9,296	8,905	8,708	8,612	8,468	8,350
Oregon Employment Services Payrolls, SA	31,566	30,883	31,202	31,380	30,868	30,713
Oregon Residential Building Permits, SA, 5 MMA*	650	664	585	619	688	727
Oregon Weight Distance Tax, SA,	105.46	104.97	99.18	102.87	106.26	102.75
U.S. Consumer Sentiment, SA, 5 MMA	72.1	69.4	67.0	64.9	62.2	60.8
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	41,909	41,629	42,027	42,543	42,220	41,705
Interest Rate Spread	2.91	2.93	2.20	1.90	2.08	1.93