

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 were consistent with ongoing near-average growth in November. The Oregon Measure of Economic Activity fell to -0.58 from an upwardly revised -0.37 in October. The three-month moving average stands at -0.59, where “zero” for this measure indicates the average growth rate over the 1990–present period. The manufacturing sector contributed positively to the measure, with both hours worked and employment showing strength. Construction remains a drag. Even as residential housing continued to improve (see below), the level of activity in the sector remains below normal. Overall, the Oregon economy is growing near its average rate since 1990.

The University of Oregon Index of Economic Indicators™ rose 0.6 percent in November, a second consecutive increase. Initial unemployment claims and employment services payrolls were largely unchanged. Residential building permits (smoothed with a five-month moving average)

continued to increase, rising to 1,058—a third consecutive month greater than 1,000. Nondefense, nonaircraft capital orders rose again to their highest level since June 2012, rebounding after several months of disappointing weakness. Also, improving in November were the Oregon weight distance tax, a measure of trucking activity; Oregon weekly hours worked in manufacturing; and U.S. consumer sentiment.

The two indexes suggest the economic expansion in Oregon continues to remain intact. The same holds for the U.S. economy in the final months of 2012. Notably, the housing market continues to improve; it would be highly unusual for the economy to slip into recession during an upturn in residential construction. Economic growth, however, is expected to remain muted, in part a consequence of tighter fiscal policy. Fiscal policy remains a downside risk. Although the so-called fiscal cliff was averted, further tax increases and spending cuts remain likely outcomes of the upcoming debt-ceiling debate.

Contributions to Oregon Measure of Economic Activity – Nov. 2012

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	-0.07			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.18			
Hours, Manufacturing Production Workers, Oregon	0.16			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.05			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.13		
Construction Employment in Oregon		-0.09		
Natural Resources and Mining Employment, Oregon		0.01		
Employment Services Employment, Oregon			-0.02	
Initial Unemployment Claims, Oregon			0.00	
Civilian Labor Force, Oregon			-0.09	
Unemployment Rate, Oregon			-0.10	
Interest Rate Spread			0.01	
S&P500 Stock Index			-0.03	
Consumer Sentiment, University of Michigan - Reuters			-0.02	
Educational and Health Services Employment, Oregon				0.01
Financial Activities Employment, Oregon				0.00
Government Employment, Oregon				-0.02
Leisure and Hospitality Employment, Oregon				-0.30
Professional and Business Services Employment, Oregon				0.13
Other Services Employment, Oregon				0.04
Trade, Transportation and Utilities Employment, Oregon				-0.16
Total By Sector	0.19	-0.21	-0.26	-0.30
	Sep-12	Oct-12	Nov-12	
Oregon Measure of Economic Activity	-0.80	-0.37	-0.58	
Three-Month Moving Average	-0.61	-0.37	-0.59	



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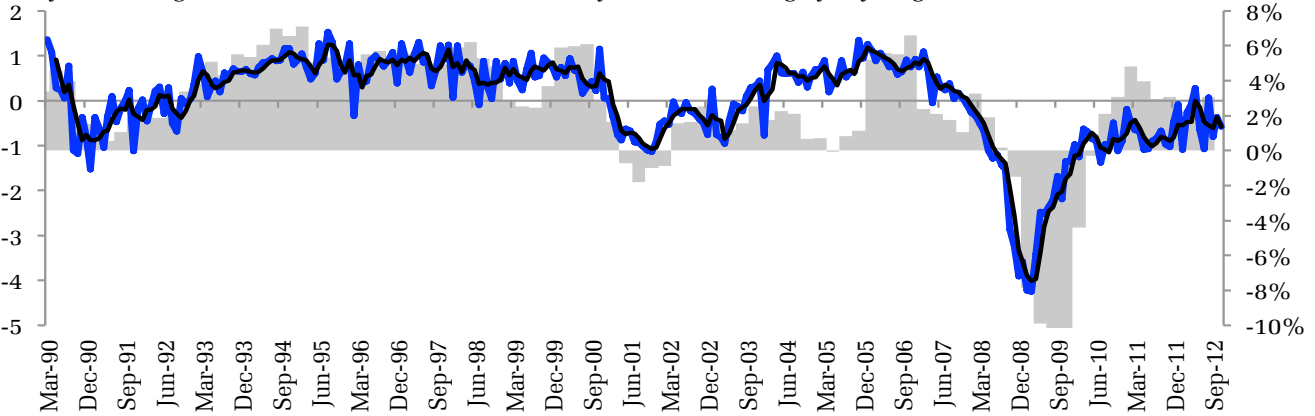
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Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

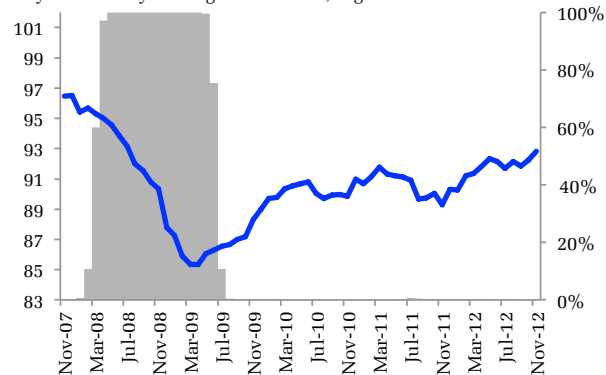
Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis



UO Index of Economic Indicators

Blue: UO Index, 1997=100, Left Axis

Gray: Probability of Oregon Recession, Right Axis

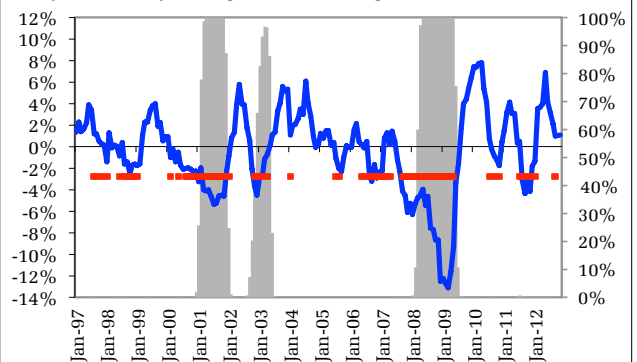


UO Index of Economic Indicators, % Change

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

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
UO Index of Economic Indicators, 1997=100	92.2	91.7	92.2	91.8	92.3	92.8
Percentage Change	-0.2	-0.5	0.5	-0.4	0.5	0.6
Oregon Initial Unemployment Claims, SA *	7,494	8,130	7,318	7,714	7,370	7,398
Oregon Employment Services Payrolls, SA	31,977	31,540	31,587	29,426	29,903	29,848
Oregon Residential Building Permits, SA, 5 MMA *	828	860	943	1,003	1,006	1,058
Oregon Weight Distance Tax, SA,	104.59	104.15	102.63	102.16	101.22	102.89
Oregon Manufacturing Average Weekly Hours, SA	39.86	40.29	39.93	40.49	40.62	40.88
U.S. Consumer Sentiment, SA, 5 MMA	76.1	75.5	75.1	75.5	76.1	78.0
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	39,036	36,766	36,816	36,660	37,886	38,812
Interest Rate Spread	1.46	1.37	1.55	1.58	1.59	1.49