

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

The Oregon economy continued to post moderate gains in November. The Oregon Measure of Economic Activity rose to 0.39 in November, up from a revised -0.02 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, is -0.06 where “zero” for this measure indicates the average growth rate over the 1990-present period. Similar to recent months, manufacturing activity contributed positively to the index, while the impact of construction activity was effectively neutral. Employment measures in the construction sector contributed positively to the measure. The household sector had a neutral effect, while employment in the trade, transportation and utilities employment component supported a positive contribution from the services sector.

The University of Oregon Index of Economic Indicators™ gained 0.6 percent in November; the UO Index has risen in eleven of the past twelve months. Initial unemployment claims dropped sharply and are now in a range consistent with

strong job growth in Oregon, suggesting that the pace of hiring may accelerate in the months ahead. Residential building permits (smoothed) were unchanged from October; permitting activity leveled-out at around 1,100 permits per month after rising to the 1,300 range earlier in the year. Core manufacturing (nondefense, non-aircraft capital goods) new orders rebounded, although have remained roughly unchanged since January 2013. Weekly hours worked in the Oregon manufacturing sector continue to hover near recent highs. The weight distance tax, a measure of trucking activity, rose to its highest level since January 2008. The improvement in the measure during 2013 is consistent with moderate gains in activity.

Overall, the two indicators point to sustained expansion in Oregon at an average pace of activity. The recovery will likely continue in 2014 as lessening fiscal drag and supportive monetary policy contribute to moderately stronger growth next year.

Contributions to Oregon Measure of Economic Activity—November 2013

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.06			
ISM Manufacturing: Supplier Deliveries Index	0.01			
Manufacturing Employment, Oregon	0.03			
Hours, Manufacturing Production Workers, Oregon	0.14			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.06			
Manufacturing Exports, Oregon	-0.01			
New Private Housing Units Authorized By Building Permit, Oregon		-0.09		
Construction Employment in Oregon		0.06		
Natural Resources and Mining Employment, Oregon		0.07		
Employment Services Employment, Oregon			0.01	
Initial Unemployment Claims, Oregon			0.16	
Civilian Labor Force, Oregon			-0.04	
Unemployment Rate, Oregon			-0.03	
Interest Rate Spread			-0.05	
S&P500 Stock Index			0.03	
Consumer Sentiment, University of Michigan - Reuters			-0.09	
Educational and Health Services Employment, Oregon				-0.01
Financial Activities Employment, Oregon				-0.01
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				-0.07
Professional and Business Services Employment, Oregon				0.04
Other Services Employment, Oregon				0.06
Trade, Transportation and Utilities Employment, Oregon				0.16
Total By Sector	0.17	0.04	0.00	0.18
	Sep-13	Oct-13		Nov-13
Oregon Measure of Economic Activity	-0.19	-0.02		0.39
Three-Month Moving Average	-0.02	-0.01		0.06



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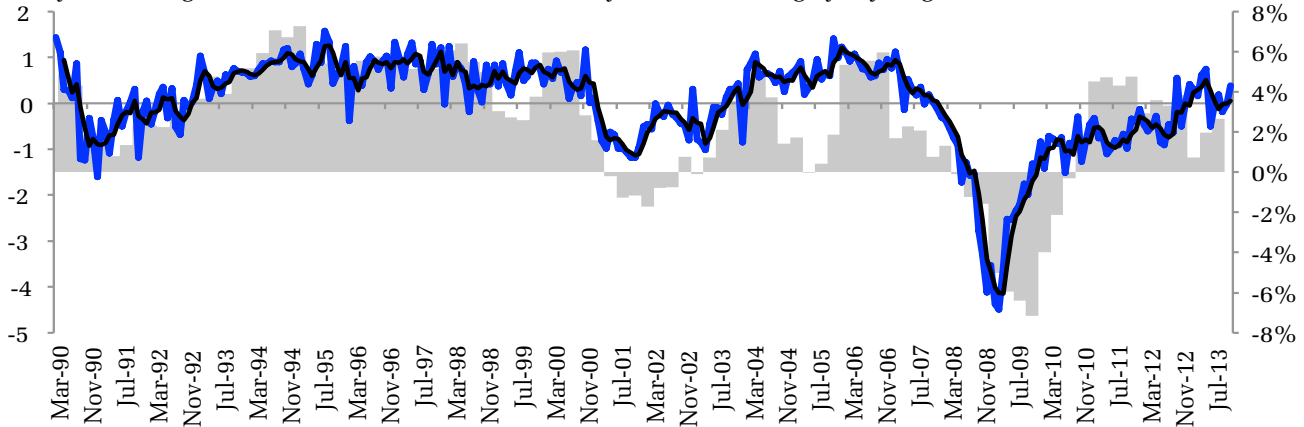
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Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

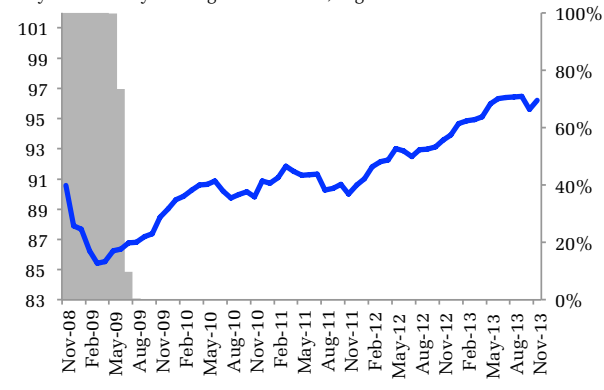
Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis



UO Index of Economic Indicators

Blue: UO Index, 1997=100, Left Axis

Gray: Probability of Oregon Recession, Right Axis

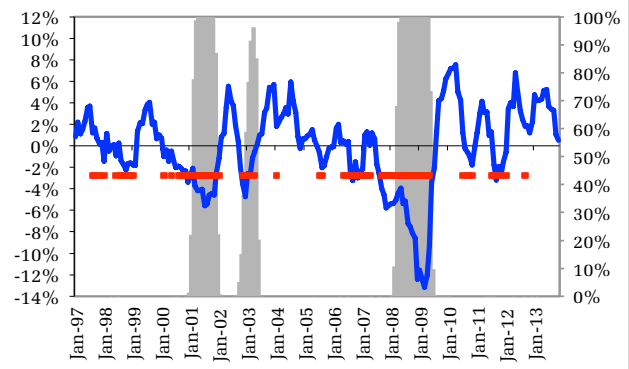


UO Index of Economic Indicators, % Change

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-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13
UO Index of Economic Indicators [®] 1997=100	96.3	96.4	96.4	96.5	95.6	96.2
Percentage Change	0.4	0.0	0.1	0.0	-0.9	0.6
Oregon Initial Unemployment Claims, SA*	6,734	6,767	6,685	6,332	6,286	5,627
Oregon Employment Services Payrolls, SA	35,251	35,693	35,713	35,084	34,105	34,490
Oregon Residential Building Permits, SA, 5 MMA*	1,293	1,214	1,217	1,131	1,126	1,120
Oregon Weight Distance Tax, SA,	107.03	109.50	104.75	109.45	106.64	109.69
Oregon Manufacturing Average Weekly Hours, SA	41.44	40.89	41.13	41.22	40.77	40.88
U.S. Consumer Sentiment, SA, 5 MMA	80.2	81.7	82.4	82.7	80.4	78.6
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	42,394	40,898	41,363	40,758	40,422	42,197
Interest Rate Spread	2.21	2.49	2.66	2.73	2.53	2.64

