

State of Oregon Economic Indicators™



November 2014

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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

Strong contributions from employment components drove the Oregon Measure of Economic Activity sharply higher in November. The three-month moving average, which smooths month-to-month volatility in the measure, rose to 0.60, where “zero” for this measure indicates average growth over the 1990–present period. All four major sectors contributed positively to the overall measure. Manufacturing components were generally neutral to positive. Employment numbers and a near-neutral contribution from permits supported the construction sector. The household sector gained on strong performances from initial unemployment claims, the labor force, and gains in the stock market and consumer confidence. Employment improved broadly within the services sector, with a particularly solid contribution from the trade, transportation, and utilities component.

The University of Oregon Index of Economic Indicators gained 0.3 percent in November.

The level of initial unemployment claims fell to a record low (since 1993), indicative of strong economic activity underpinning employment. Employment services payrolls retreated from a large gain the previous month, but the general uptrend remains intact. Residential building permits (smoothed) and the Oregon weight distance tax (a measure of trucking activity) were largely unchanged while consumer confidence rose. Average hours worked in manufacturing continues to hover around 40, consistent with normal levels for economic expansions. New orders for core manufactured capital goods (an often volatile measure) were unchanged. In general, the UO Index has tracked sideways in recent months; this is typical behavior during a more mature expansion.

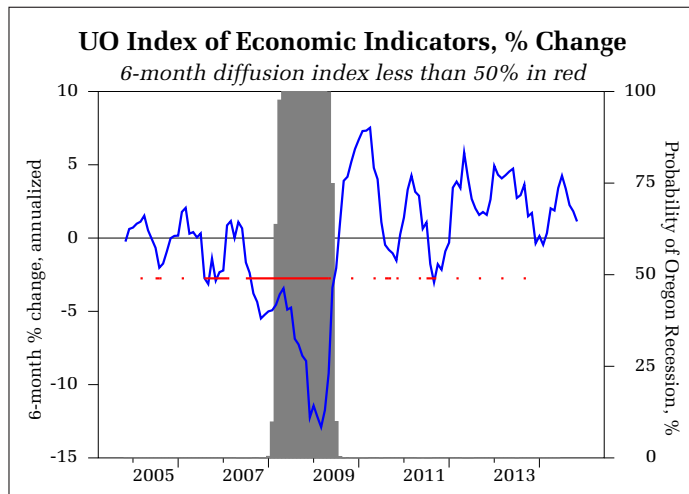
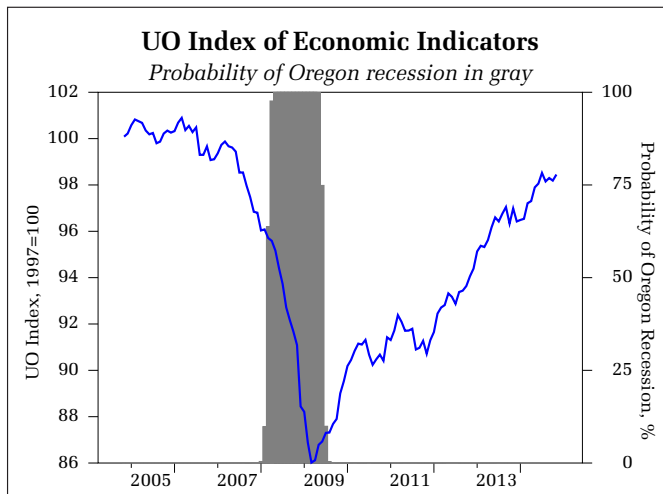
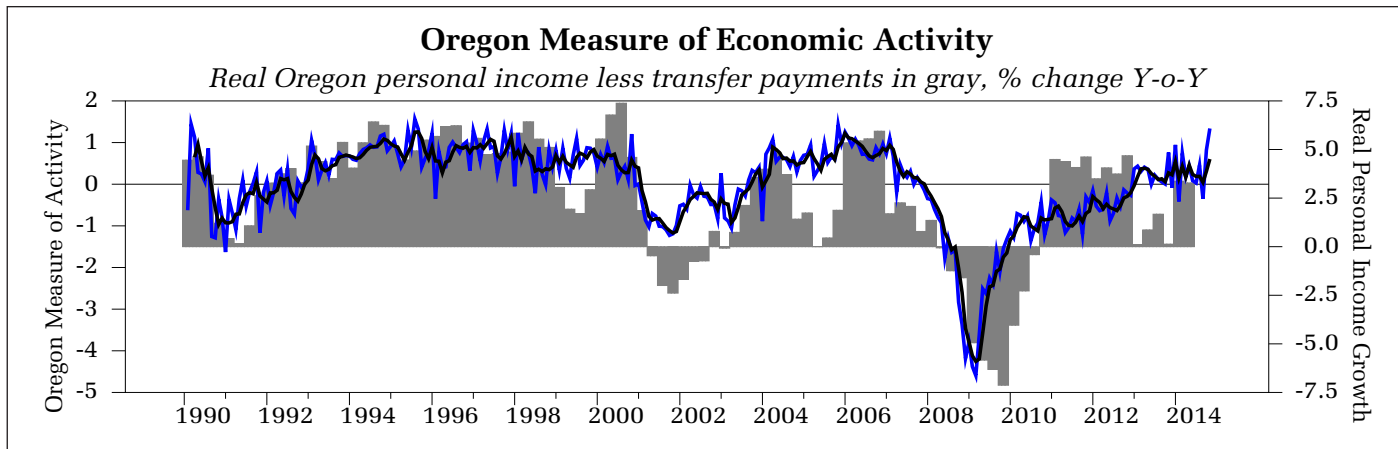
The two indicators suggest continued growth in Oregon at an above average pace of activity. Further gains are likely as the national economy will continue its general upward trajectory for the foreseeable future.

Contributions to Oregon Measure of Economic Activity – Nov. 2014

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.08			
ISM Manufacturing: Supplier Deliveries Index	0.05			
Manufacturing Employment, Oregon	0.02			
Hours, Manufacturing Production Workers, Oregon	0.03			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.10			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.03		
Construction Employment in Oregon		0.19		
Natural Resources and Mining Employment, Oregon		0.07		
Employment Services Employment, Oregon			-0.03	
Initial Unemployment Claims, Oregon			0.20	
Civilian Labor Force, Oregon			0.06	
Unemployment Rate, Oregon			-0.01	
Interest Rate Spread			-0.03	
S&P500 Stock Index			0.04	
Consumer Sentiment, University of Michigan - Reuters			0.03	
Educational and Health Services Employment, Oregon				0.00
Financial Activities Employment, Oregon				0.04
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.15
Professional and Business Services Employment, Oregon				0.11
Other Services Employment, Oregon				0.11
Trade, Transportation and Utilities Employment, Oregon				0.33
Total By Sector	0.08	0.23	0.27	0.75
	Sep-14	Oct-14	Nov-14	
Oregon Measure of Economic Activity	-0.35	0.82	1.34	
Three-Month Moving Average	0.05	0.31	0.60	

University of Oregon Economic Indicators™

November 2014



University of Oregon Index of Economic Indicators – Summary and Components

	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
UO Index of Economic Indicators,™ 1997=100	98.1	98.5	98.2	98.3	98.2	98.5
Percentage Change	0.2	0.5	-0.4	0.2	-0.1	0.3
Oregon Initial Unemployment Claims, SA*	5,940	5,435	5,639	5,662	5,420	5,275
Oregon Employment Services Payrolls, SA	36,965	37,790	37,971	38,160	38,987	38,574
Oregon Residential Building Permits, SA, 5 MMA*	1,355	1,383	1,359	1,372	1,285	1,304
Oregon Weight Distance Tax, SA, Index, 1998=100	112.64	113.69	111.13	111.26	111.31	111.58
Oregon Manufacturing Average Weekly Hours, SA	40.53	40.37	39.88	40.14	39.74	40.01
U.S. Consumer Sentiment, SA, 5 MMA	81.8	81.9	82.4	82.5	83.6	84.9
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	43,837	43,719	43,911	43,392	42,525	42,531
Interest Rate Spread	2.50	2.45	2.33	2.44	2.21	2.24

* SA—seasonally adjusted; MMA—months moving average

