

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’s economy continued to grow at an above average rate in April. The Oregon Measure of Economic Activity fell to 0.30 in April, compared to a revised 0.92 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, is 0.32 where “zero” for this measure indicates the average growth rate over the 1990-present period. Only the construction sector contributed negatively to the measure. Employment in the construction sector fell during April, while the level of residential permits remains below average. Manufacturing employment made a solid positive contribution to that sector. The low level of initial jobless claims bolstered the household measure, while a decline in the civilian labor force was a negative factor. Employment measures in the services sector were generally positive with the exception of a sharp negative contribution from the financial services sector.

The University of Oregon Index of Economic Indicators was unchanged for the month. Initial unemployment claims fell and remains in a range consistent with ongoing solid job growth. Employment services payrolls (largely temporary help firms), however, slipped after several months of steady gains; the general upward trend remains in tact. Residential building permits (smoothed) gained slightly but overall continue to hover in a range between 1,100 and 1,200, somewhat below the 1,300 level of last spring. The Oregon weight distance tax, new orders for core manufacturing goods, and average weekly hours worked in manufacturing all edged down during April. Consumer sentiment improved for a third consecutive month.

The two indicators point toward 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.

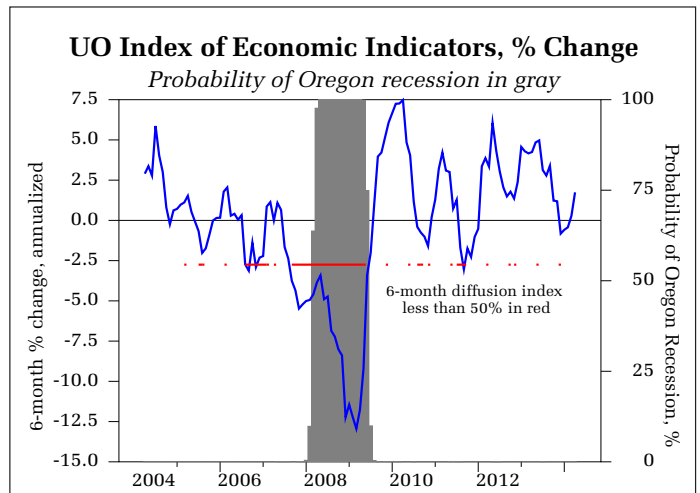
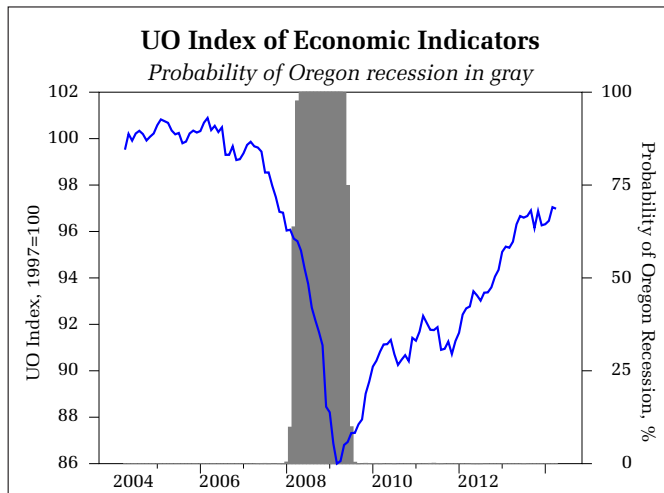
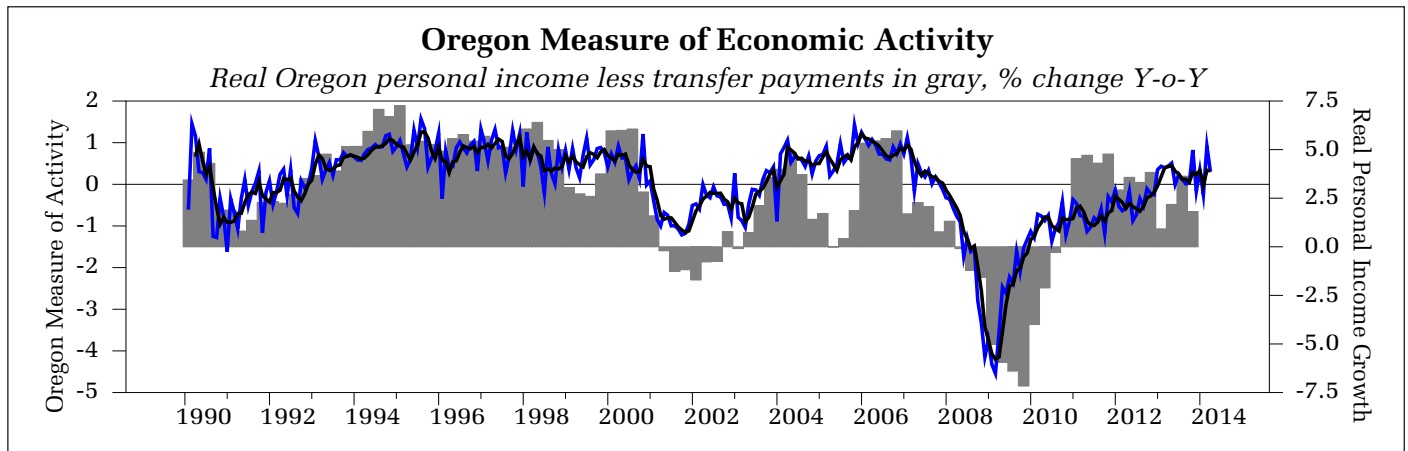
Contributions to Oregon Measure of Economic Activity – April 2014

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.12			
ISM Manufacturing: Supplier Deliveries Index	0.03			
Manufacturing Employment, Oregon	0.12			
Hours, Manufacturing Production Workers, Oregon	0.01			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.07			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.06		
Construction Employment in Oregon		-0.15		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			-0.03	
Initial Unemployment Claims, Oregon			0.15	
Civilian Labor Force, Oregon			-0.05	
Unemployment Rate, Oregon			0.00	
Interest Rate Spread			-0.04	
S&P500 Stock Index			-0.01	
Consumer Sentiment, University of Michigan - Reuters			-0.01	
Educational and Health Services Employment, Oregon				0.04
Financial Activities Employment, Oregon				-0.19
Government Employment, Oregon				0.01
Leisure and Hospitality Employment, Oregon				0.09
Professional and Business Services Employment, Oregon				0.09
Other Services Employment, Oregon				0.11
Trade, Transportation and Utilities Employment, Oregon				0.16
Total By Sector	0.22	-0.23	0.01	0.31
	Feb-14	Mar-14	Apr-14	
Oregon Measure of Economic Activity	-0.25	0.92	0.30	
Three-Month Moving Average	-0.02	0.34	0.32	



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University of Oregon Index of Economic Indicators – Summary and Components

	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
UO Index of Economic Indicators™, 1997=100	96.9	96.3	96.3	96.5	97.0	97.0
Percentage Change	0.8	-0.6	0.0	0.2	0.6	-0.1
Oregon Initial Unemployment Claims, SA*	5,592	6,456	6,340	6,453	6,239	5,935
Oregon Employment Services Payrolls, SA	35,637	35,849	35,825	36,309	36,426	36,196
Oregon Residential Building Permits, SA, 5 MMA*	1,121	1,093	1,128	1,158	1,148	1,169
Oregon Weight Distance Tax, SA,	110.01	109.00	110.13	110.63	110.90	108.98
Oregon Manufacturing Average Weekly Hours, SA	40.83	40.26	40.17	40.09	40.66	39.80
U.S. Consumer Sentiment, SA, 5 MMA	78.6	78.1	77.9	78.7	80.1	81.9
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	42,271	41,852	40,963	40,954	42,862	42,251
Interest Rate Spread	2.64	2.81	2.79	2.64	2.64	2.62

* SA—seasonally adjusted; MMA—months moving average

