

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 show continued growth at an average pace. The Oregon Measure of Economic Activity slipped to -0.19 in June from a revised 0.39 the previous month. The three-month moving average, which smooths month-to-month volatility in the measure, stands at 0.12 where “zero” for this measure indicates the average growth rate over the 1990-present period. The manufacturing sector continues to provide a positive contribution to the measure, while the household sector had a neutral impact. Somewhat softer residential permits and employment numbers restrained the construction sector this month. Although the services sector weighed on the measure, note the positive contribution of leisure and hospitality employment. This sector continues to show solid improvement as the economy recovers. Overall, the Oregon economy is growing near its average rate since 1990.

The University of Oregon Index of Economic Indicators™ rose 0.5 percent in June; the UO

Index has been rising or flat in each of the last nine consecutive months. Initial unemployment claims were essentially unchanged at a level consistent with ongoing job growth while employment services payrolls, largely temporary employees, rose. Residential building permits (smoothed) were largely unchanged. Core manufacturing (nondefense, nonaircraft capital goods) orders and manufacturing hours worked both gained during the month, as did consumer sentiment. The interest rate spread widened sharply as expectations of a change in monetary policy took hold. Traditionally, a steeper yield curve is associated with improving growth prospects.

Together, the two indicators point to sustained expansion in Oregon at an average pace of activity. National growth was slow in the first half of this year, but is expected to accelerate in the second half of the year and into 2014 as the impact of fiscal contraction wanes. This should have a positive impact on the Oregon economy as well.

Contributions to Oregon Measure of Economic Activity – June 2013

	Manufacturing	Construction	Households	Services
ISM Manufacturing: Imports Index	0.08			
ISM Manufacturing: Supplier Deliveries Index	-0.03			
Manufacturing Employment, Oregon	0.09			
Hours, Manufacturing Production Workers, Oregon	0.23			
Port of Portland, Twenty-Foot Equivalent Units (TEU)	-0.04			
Manufacturing Exports, Oregon	0.00			
New Private Housing Units Authorized By Building Permit, Oregon		-0.08		
Construction Employment in Oregon		-0.12		
Natural Resources and Mining Employment, Oregon		-0.03		
Employment Services Employment, Oregon			0.06	
Initial Unemployment Claims, Oregon			0.08	
Civilian Labor Force, Oregon			-0.05	
Unemployment Rate, Oregon			-0.07	
Interest Rate Spread			-0.03	
S&P500 Stock Index			-0.02	
Consumer Sentiment, University of Michigan - Reuters			-0.01	
Educational and Health Services Employment, Oregon				-0.05
Financial Activities Employment, Oregon				-0.01
Government Employment, Oregon				0.15
Leisure and Hospitality Employment, Oregon				-0.02
Professional and Business Services Employment, Oregon				-0.04
Other Services Employment, Oregon				-0.22
Trade, Transportation and Utilities Employment, Oregon				
Total By Sector	0.32	-0.23	-0.03	-0.25
	Apr-13	May-13	Jun-13	
Oregon Measure of Economic Activity	0.17	0.39	-0.19	
Three-Month Moving Average	0.25	0.17	0.12	



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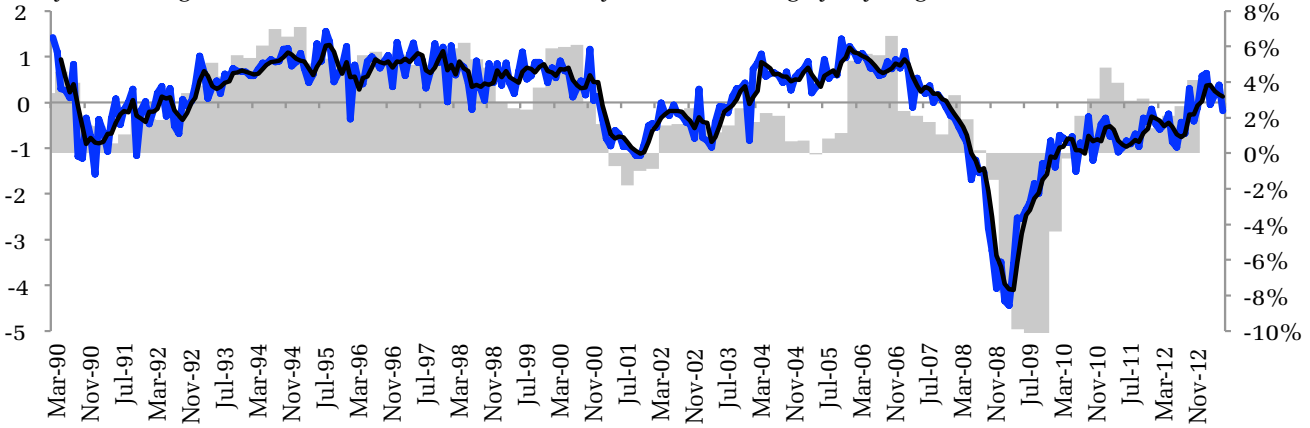
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Oregon Measure of Economic Activity

Black: Three Month Moving Average, Left Axis

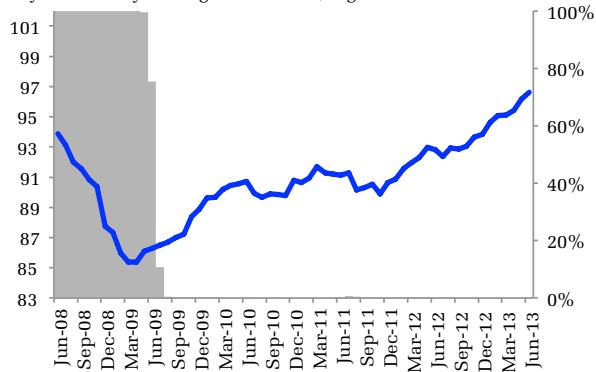
Gray: Real Oregon Personal Income less Transfer Payments, % Change y-o-y, Right Axis



UO Index of Economic Indicators

Blue: UO Index, 1997=100, Left Axis

Gray: Probability of Oregon Recession, Right Axis

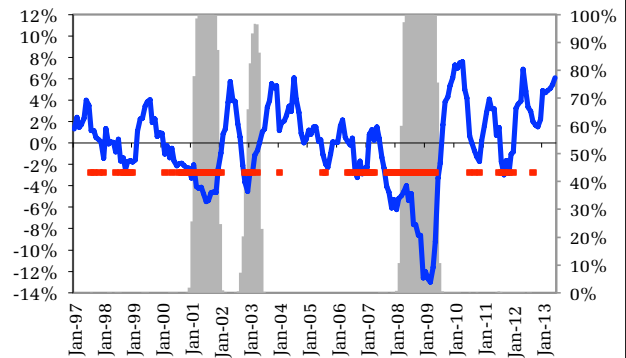


UO Index of Economic Indicators, % Change

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

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
UO Index of Economic Indicators™, 1997=100	94.6	95.1	95.1	95.4	96.2	96.6
Percentage Change	0.9	0.5	0.0	0.3	0.8	0.5
Oregon Initial Unemployment Claims, SA *	7,237	7,023	6,826	6,359	6,629	6,644
Oregon Employment Services Payrolls, SA	34,333	35,113	35,041	35,173	35,880	36,694
Oregon Residential Building Permits, SA, 5 MMA *	1,048	1,134	1,149	1,218	1,299	1,280
Oregon Weight Distance Tax, SA,	104.06	105.81	104.63	106.35	107.71	106.74
Oregon Manufacturing Average Weekly Hours, SA	41.16	41.37	41.50	41.46	41.38	41.51
U.S. Consumer Sentiment, SA, 5 MMA	79.0	78.8	78.0	76.8	79.1	80.2
Real Manufacturers' New Orders for Nondefense, Nonaircraft Capital Goods, \$ Millions, SA	42,355	40,281	40,691	41,127	42,004	42,291
Interest Rate Spread	1.77	1.83	1.82	1.61	1.82	2.21