



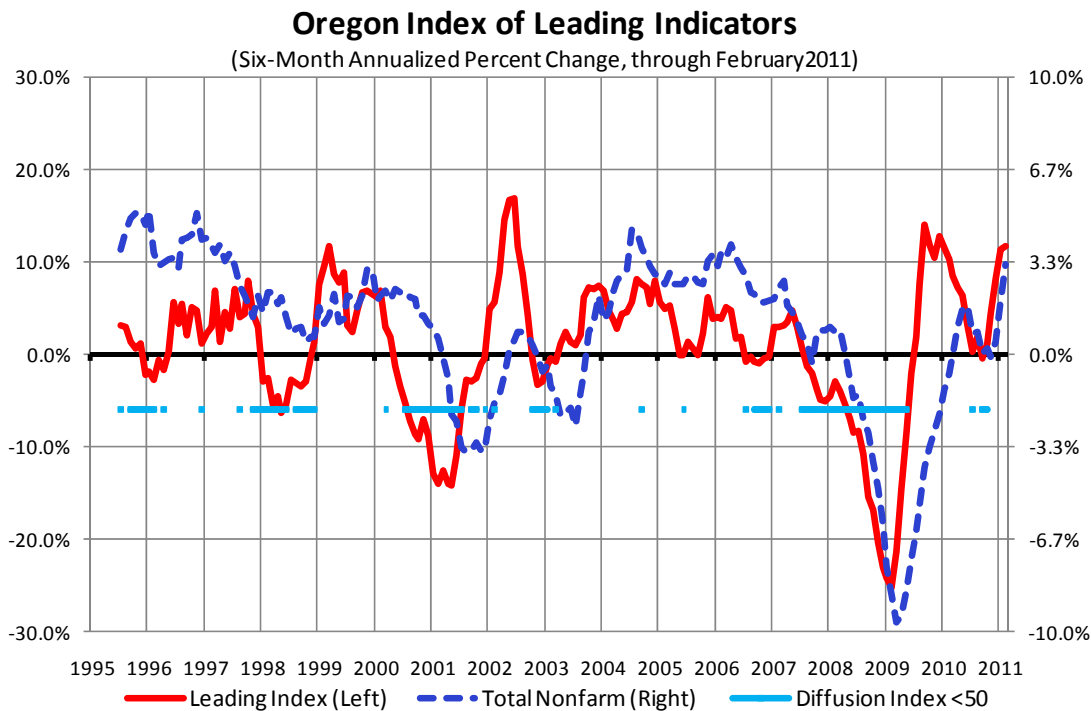
Index of Leading Indicators

February 2011

Office of Economic Analysis

March 30, 2011

In February 2011, the six month percentage change in the Oregon Index of Leading Indicators¹ was 11.6 percent, following a revised 11.3 percent change the prior month. The overall Index value is the largest it has been since August 2008 and the past four months have seen sizable gains. On a month-over-month basis, seven of the eleven indicators improved in February from their January levels. The four negative indicators were new incorporations, semiconductor book-to-bill ratio, help wanted ads and building permits. Building permits have been bouncing along the bottom for the past two years with no sustained upward or downward movement, however in February permits were down relative to January. On the positive side, Air Freight continues to improve and has increased the past fifteen months. Industrial Production has been improving for the past eighteen months, helping to drive OILI's increases. New claims for unemployment insurance have declined in four out of the past five months. Over the past six months, nine of the eleven indicators saw positive growth with only building permits and the book-to-bill ratio registering negative values. Again, housing permits have seen no real movement in the past two years. The one indicator that has been strongly negative the past few months is the Semiconductor Book-to-Bill ratio. While Bookings for new orders have leveled off in the past year, February 2011 was the third largest February on record, trailing only February 2000 and 2001. The reason the ratio is contributing negatively is the fact that Billings are also at their highest level since 2001 and have increased in the past few months faster than Bookings. Overall the health of the semiconductor industry is good, even though the ratio has fallen in recent months, dampening the growth of OILI. The nine remaining indicators are contributing positively to the Index over the past six months. In addition to Air Freight and Industrial Production, the Oregon Dollar Index (currency depreciation) is likewise a large positive contributor. The fact that the Index has remained significantly positive in recent months bodes well for continued employment growth in Oregon. While current employment growth is especially robust, expectations are for moderate employment gains throughout 2011 as the recovery continues.



¹ The OILI applies the Conference Board's methodology for the U.S. National Leading Index to Oregon-specific components. The eleven components incorporated in the OILI include: Semiconductor book-to-bill ratio, Oregon housing permits, Institute for Supply Management's purchasing managers index, University of Michigan consumer sentiment index, Oregon withholding, new Oregon incorporations, Oregonian help-wanted index, Portland International Airport air freight tonnage, Oregon trade-weighted dollar index, Industrial Production Index, and initial Oregon unemployment claims.