Index of Leading Indicators

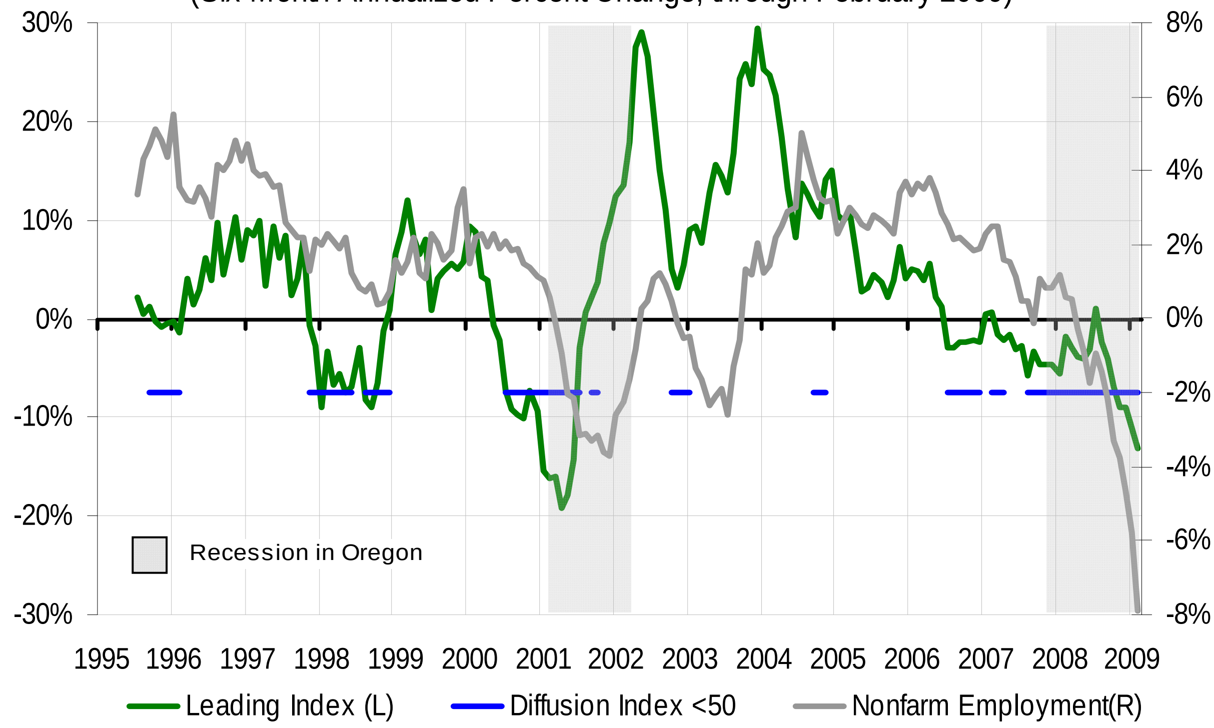
February 2009

Office of Economic Analysis **April 8, 2009**

For the six months ending in February 2009, the Oregon Index of Leading Indicators[1] decreased an annualized 13.2 percent, following a revised 11.0 percent decline the prior month. This represents the 29th time in the past 32 months the index has been negative and the largest decline since the 14.3 percent fall in June, 2001. The Diffusion Index continues to be negative for the 19th consecutive month, meaning over half of the indicators are negative. Currently, 8 out of the 10 indicators register negative values. The largest negative contributors to the Index are the purchasing manager's index, the dollar index and the semiconductor book-to-bill ratio. In previous months the book-to-bill ratio had been a positive contributor but now the industry's bookings for future work are plummeting faster than billings. On a positive note, new business incorporations in Oregon increased 0.4 percent in February after declining in 11 out of the previous 12 months. The interest rate spread continues to be a positive contributor while all other indicators are negative. The overall Index continues to worsen with each passing month, indicating the current recession will not improve quickly.

Oregon Index of Leading Indicators

(Six-Month Annualized Percent Change, through February 2009)



[1] The OILI applies the Conference Board's methodology for the U.S. National Leading Index to Oregon-specific components. The ten components incorporated in the OILI include: Semiconductor book-to-bill ratio, Oregon housing permits, Institute for Supply Management's purchasing managers index, spread between 10-year treasury bond and Federal Funds rates, University of Michigan consumer sentiment index, Oregon withholding, Board of Governors of the Federal System Dollar index (Broad), new Oregon incorporations, Oregonian help-wanted index, and initial Oregon unemployment claims.