

Oregon Regional Economic Indexes™



April 2015

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How can I interpret the measures?

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, and volatility will increase for smaller regions or those with less data included in the estimation process. To reduce the noise, it is helpful to focus on the average of the most recent data. For the larger areas, Portland, Eugene–Springfield, and Bend, a three-month moving average is sufficient to remove the noise. For Rogue Valley and Salem, a six-month moving average is required.

Is this approach used elsewhere?

Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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Review

Measures of activity softened during the spring, but still indicate that all areas are growing at or above their average pace of activity. Recall that “zero” for these measures indicates *relative* average growth; each region has its own underlying growth rate. The civilian labor force component drove weakness across all areas, particularly in Eugene–Springfield and the Rogue Valley. The labor force typically grows during Oregon expansions, but instead has trended downward in recent months. The decline may simply reflect unusual variability in the data rather than a fundamental shift in labor force trends. If not, we would expect to see growth curtailed as firms struggle to fill positions; note that the low levels of initial unemployment claims are consistent with continued strength in labor demand. Portland’s measure was largely unchanged from March. The volatile construction and financial employment components weighed on the measure, which nonetheless continues to signal above average growth. Historically low levels of housing permits continue to weigh on the Eugene–Springfield, Salem, and Rogue Valley measures. Still, the Eugene–Springfield and Salem measures remain in the above average growth range, albeit somewhat weaker than prior to the 2007–9 recession. The below-average reading in the Rogue Valley is due in large part to the labor force data. As noted earlier, it would be premature to be overly concerned at this point as it may reflect data variability. The moving average measure for the region suggests average growth.

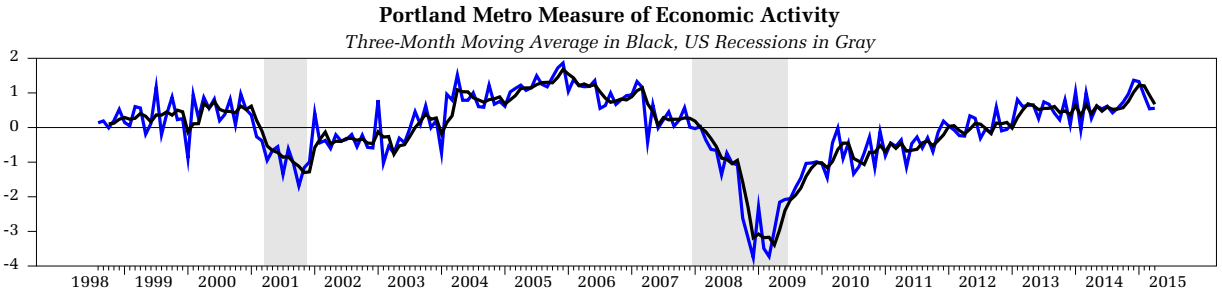
Contributions to Regional Indexes – April 2015

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.06	-0.34	0.01	-0.17	-0.32
Educational and Health Services Employment	0.00	0.05	-0.01	0.04	0.00
Financial Activities Employment	-0.17	-0.08	-0.08	-0.12	-0.02
Government Employment	0.00	-0.01	0.00	0.01	-0.03
Information Employment	-0.03	0.00	0.00	-0.05	0.00
Leisure and Hospitality Employment	0.07	0.09	-0.09	0.00	0.02
Manufacturing Employment	0.14	-0.01	-0.03	0.07	-0.01
Construction Employment	-0.19	-0.04	-0.04	-0.21	-0.21
Professional and Business Services Employment	0.08	0.04	-0.12	0.05	0.30
Other Services Employment	-0.02	-0.01	-0.01	-0.02	0.08
Trade, Transportation, and Utilities Employment	0.24	0.01	-0.20	-0.01	0.07
Civilian Labor Force	-0.04	-0.13	-0.04	-0.45	-0.07
Unemployment Rate	0.10	0.18	0.17	0.21	0.30
Lodging Revenue, Inflation Adjusted	0.00	0.00	-0.03		0.00
Airport Passengers	0.00	0.02	0.00	0.02	
Initial Unemployment Claims	0.25	0.26	0.27		
Residential Units Sold	0.18	0.26	0.18		0.35
Municipal Waste	0.05	0.00	0.07		
Home Price Index	-0.05				
Total	0.56	0.28	0.06	-0.65	0.43
Moving Average of Recent Observations	0.67	0.11	0.49	-0.02	0.27

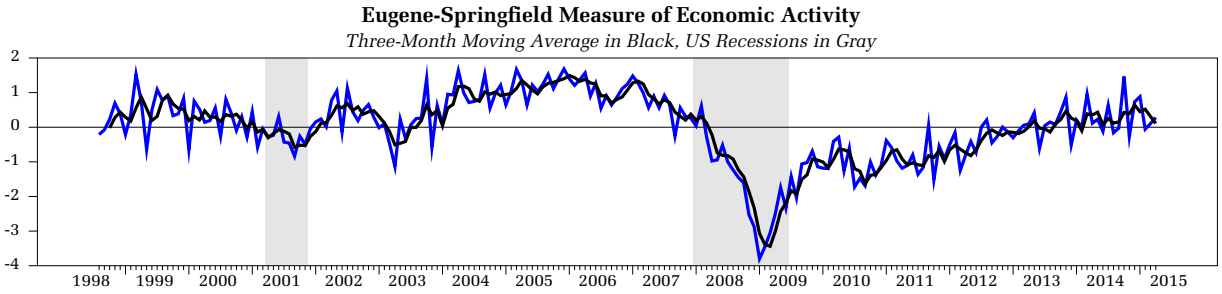
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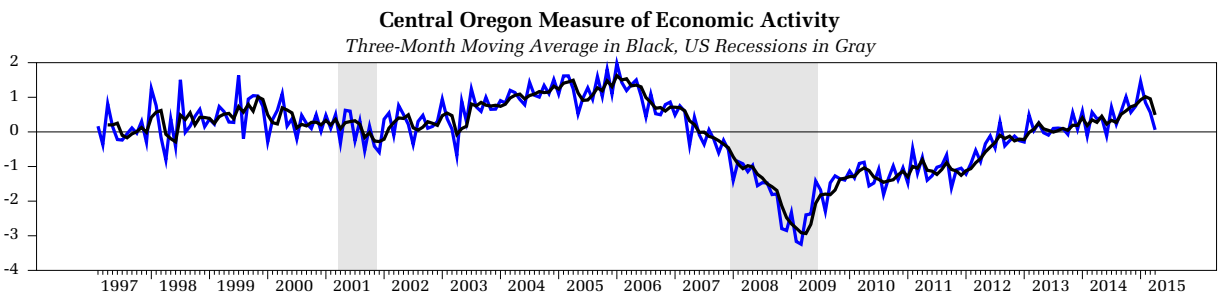
Portland Metro



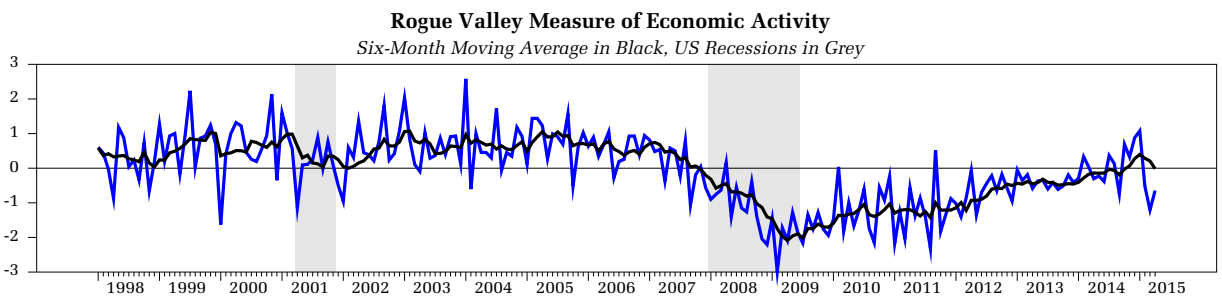
Eugene-Springfield



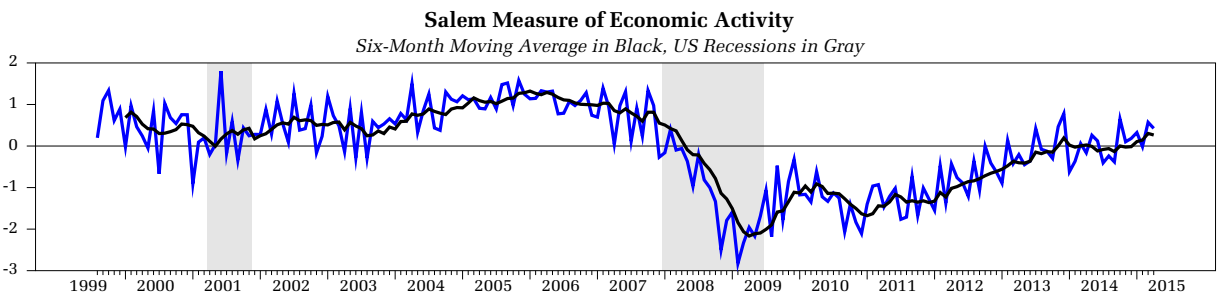
Central Oregon



Rogue Valley



Salem



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