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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.

#### Contact

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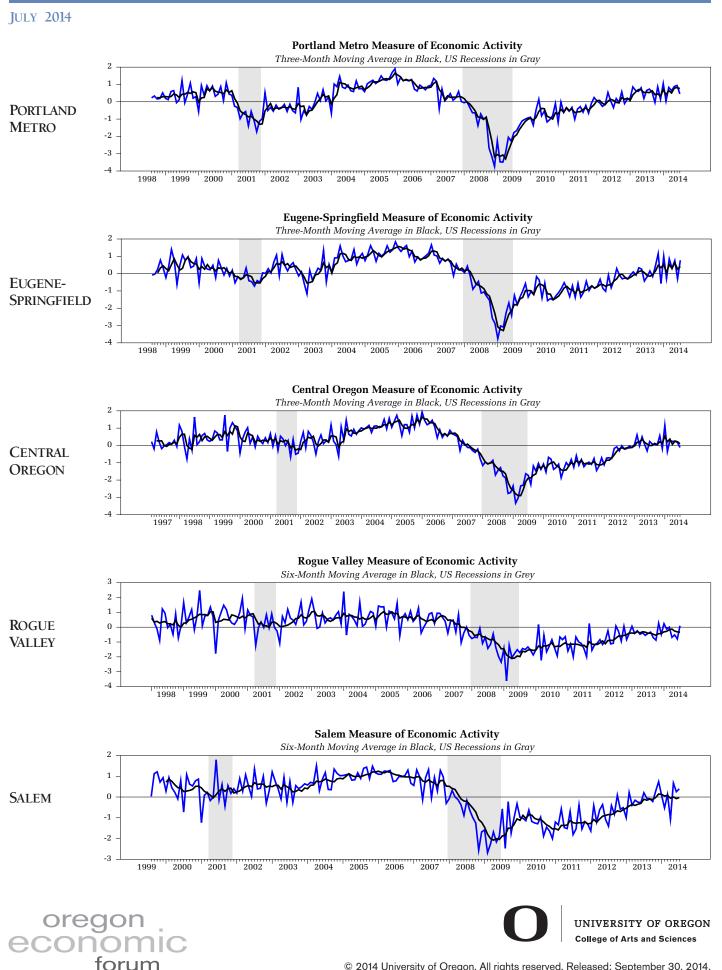
### Review

Economic activity across regional economies was mixed in July, with the Eugene-Springfield area leading the way during the month. Moving average measures of activity-which smooth monthly volatility to identify the underlying trend-reveal that most regions in Oregon are growing near or above their average paces of activity, with the Rogue Valley remaining an exception with somewhat below normal growth. Still, upwardly revised employment data boosted the Rogue Valley measure and lessened the gap with other regions. Of all of the areas, activity in the Portland region is most similar to rates experienced in past recoveries. Note that "zero" for these measures indicates relative average growth; each region has its own underlying growth rate. Residential housing permit contributions varied between neutral or near neutral for the Portland, Eugene-Springfield and Central Oregon regions to negative for the Rogue Valley and Salem. Financial sector employment contributed negatively across all regions; employment in the sector has been in a persistent downtrend since the beginning of the most recent recession. Initial unemployment claims continue to contribute positively to the measures as they hover at levels consistent with strong job growth. Unemployment rates have fallen such that they now make a positive contribution to most measures of activity.

Contributions to Regional Indexes – July 2014					
	Portland-Vancouver- Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.00	-0.04	-0.06	-0.20	-0.17
Educational and Health Services Employment	-0.03	0.02	0.11	-0.03	0.01
Financial Activities Employment	-0.17	-0.03	-0.27	-0.07	-0.05
Government Employment	0.00	0.00	0.00	0.14	-0.11
Information Employment	-0.10	0.05	0.00	-0.08	0.00
Leisure and Hospitality Employment	0.16	0.16	-0.03	-0.03	0.07
Manufacturing Employment	0.13	0.00	-0.08	-0.01	0.04
Construction Employment	-0.17	0.04	0.10	-0.05	0.07
Professional and Business Services Employment	-0.05	-0.09	0.00	0.02	-0.03
Other Services Employment	0.13	0.01	-0.07	0.02	0.05
Trade, Transportation, and Utilities Employment	0.24	0.05	-0.21	0.01	0.26
Civilian Labor Force	0.05	0.18	0.01	0.43	0.09
Unemployment Rate	0.04	0.06	0.01	-0.05	0.05
Lodging Revenue, Inflation Adjusted	0.00	0.00	0.01		0.00
Airport Passengers	0.00	0.00	-0.06	0.00	
Initial Unemployment Claims	0.17	0.33	0.18		
Residential Units Sold	0.09	0.05	0.22		0.09
Municipal Waste	0.01	-0.01	0.02		
Home Price Index	-0.04				
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Total	0.45	0.77	-0.12	0.10	0.39
Moving Average of Recent Observations	0.76	0.41	0.10	-0.34	-0.03

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### REGON REGIONAL ECONOMIC INDEX



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