Oregon Regional Economic Indexes™

November 2018

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Review

Oregon's major metro areas generally saw continued strength in November although there were some spots of softer activity. For all regions covered by this report, the moving average measures (which smooth monthly volatility) were above zero, indicating an above-trend pace of activity (trend activity differs across regions). New home construction was muted in all areas with near-neutral contributions from the building permits component. Residential housing sales were mixed with the Portland region experiencing a slowdown in home sales (reflected in a modest contribution to its measure of activity). The Eugene-Springfield measure again experienced a temporary gain in the waste component associated with the clean-up of a fuel spill in late October and early November; the positive impact will fade in the December numbers. A decline in the labor force was a drag on the Rogue Valley metric. Although overall low unemployment supported the measures, in many instances, the employment components made either negative or small positive contributions, a reflection of slower job growth in Oregon in the final quarter of the year.

Contributions to Regional Indexes – November 2018

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.05	-0.07	0.05	-0.01	0.00
Educational and Health Services Employment	-0.02	-0.06	-0.03	-0.06	-0.10
Financial Activities Employment	-0.04	0.06	0.02	-0.05	0.01
Government Employment	0.00	0.01	0.00	-0.03	0.00
Information Employment	-0.03	0.11	-0.01	-0.02	0.00
Leisure and Hospitality Employment	-0.14	-0.03	-0.07	-0.01	-0.02
Manufacturing Employment	0.10	-0.01	0.16	-0.15	0.05
Construction Employment	-0.05	0.05	-0.09	0.05	0.10
Professional and Business Services Employment	0.05	-0.05	0.02	0.07	0.08
Other Services Employment	-0.07	0.00	-0.04	0.03	-0.19
Trade, Transportation, and Utilities Employment	-0.28	-0.15	0.12	-0.09	0.07
Civilian Labor Force	0.00	-0.06	0.00	-0.27	0.10
Unemployment Rate	0.15	0.26	0.24	0.36	0.39
Lodging Revenue, Inflation Adjusted	0.00	-0.01	-0.01		-0.01
Airport Passengers	0.00	0.02	0.00	0.02	
Initial Unemployment Claims	0.25	0.31	0.31		
Residential Units Sold	0.07	0.29	0.18		0.42
Municipal Waste	0.23	0.78	0.22		
Home Price Index	-0.02				
Total	0.26	1.45	1.09	-0.18	0.90
Moving Average of Recent Observations	0.78	1.36	1.01	0.13	1.07

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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UNIVERSITY OF OREGON

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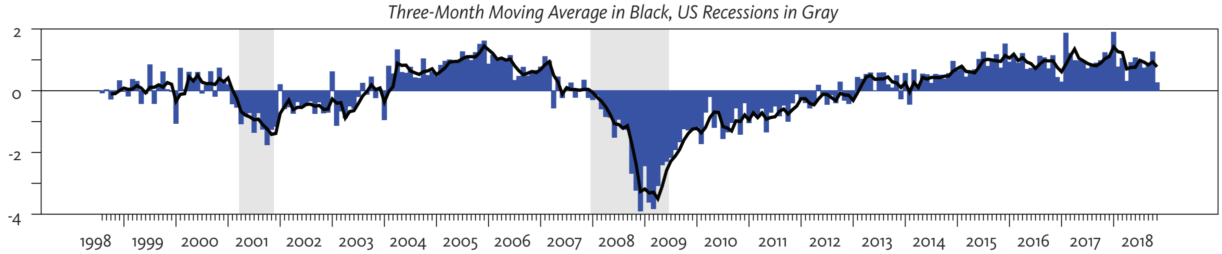
November 2018

Portland Metro

Portland Metro Measure of Economic Activity

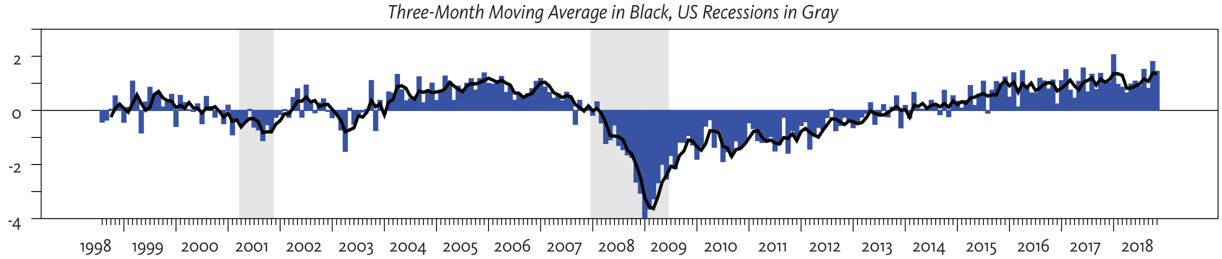
Three-Month Moving Average in Black, US Recessions in Gray



Eugene-Springfield

Eugene-Springfield Measure of Economic Activity

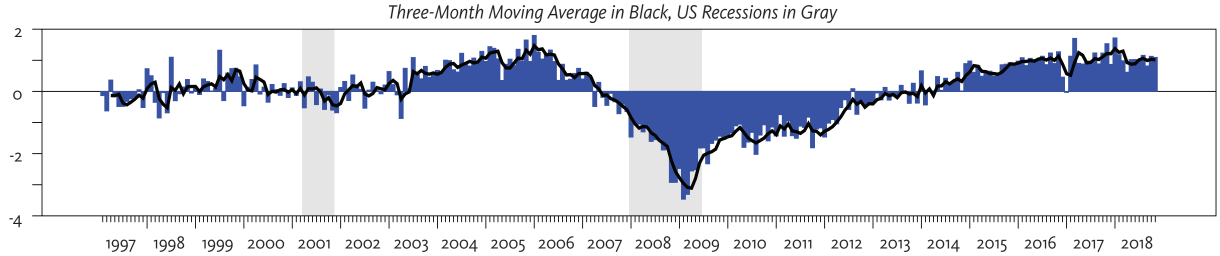
Three-Month Moving Average in Black, US Recessions in Gray



Central Oregon

Central Oregon Measure of Economic Activity

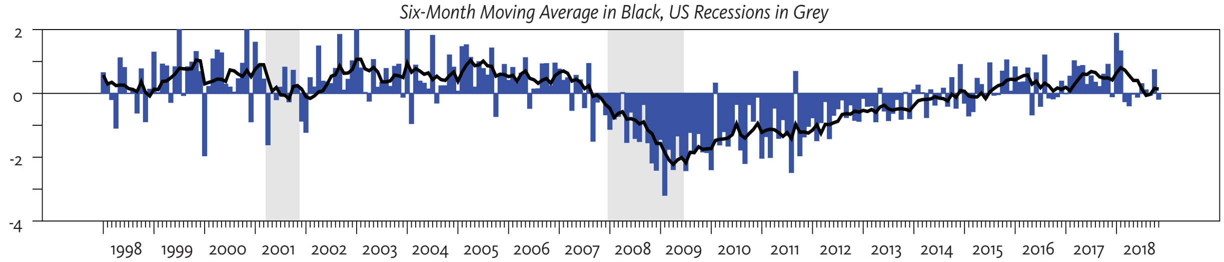
Three-Month Moving Average in Black, US Recessions in Gray



Rogue Valley

Rogue Valley Measure of Economic Activity

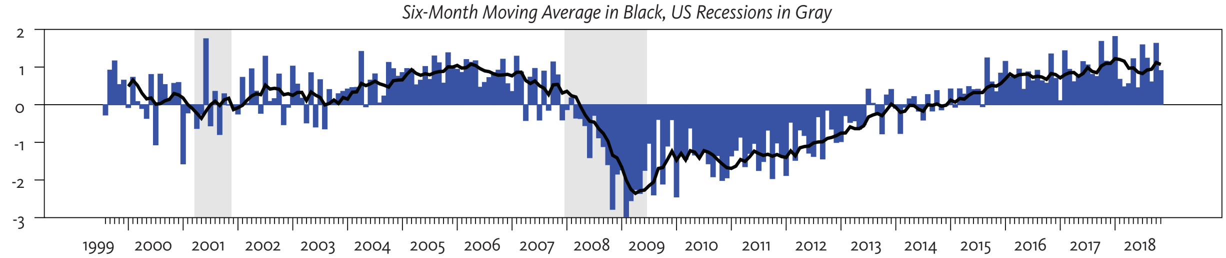
Six-Month Moving Average in Black, US Recessions in Grey



Salem

Salem Measure of Economic Activity

Six-Month Moving Average in Black, US Recessions in Gray



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