

Oregon Regional Economic Indexes™



September 2017

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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

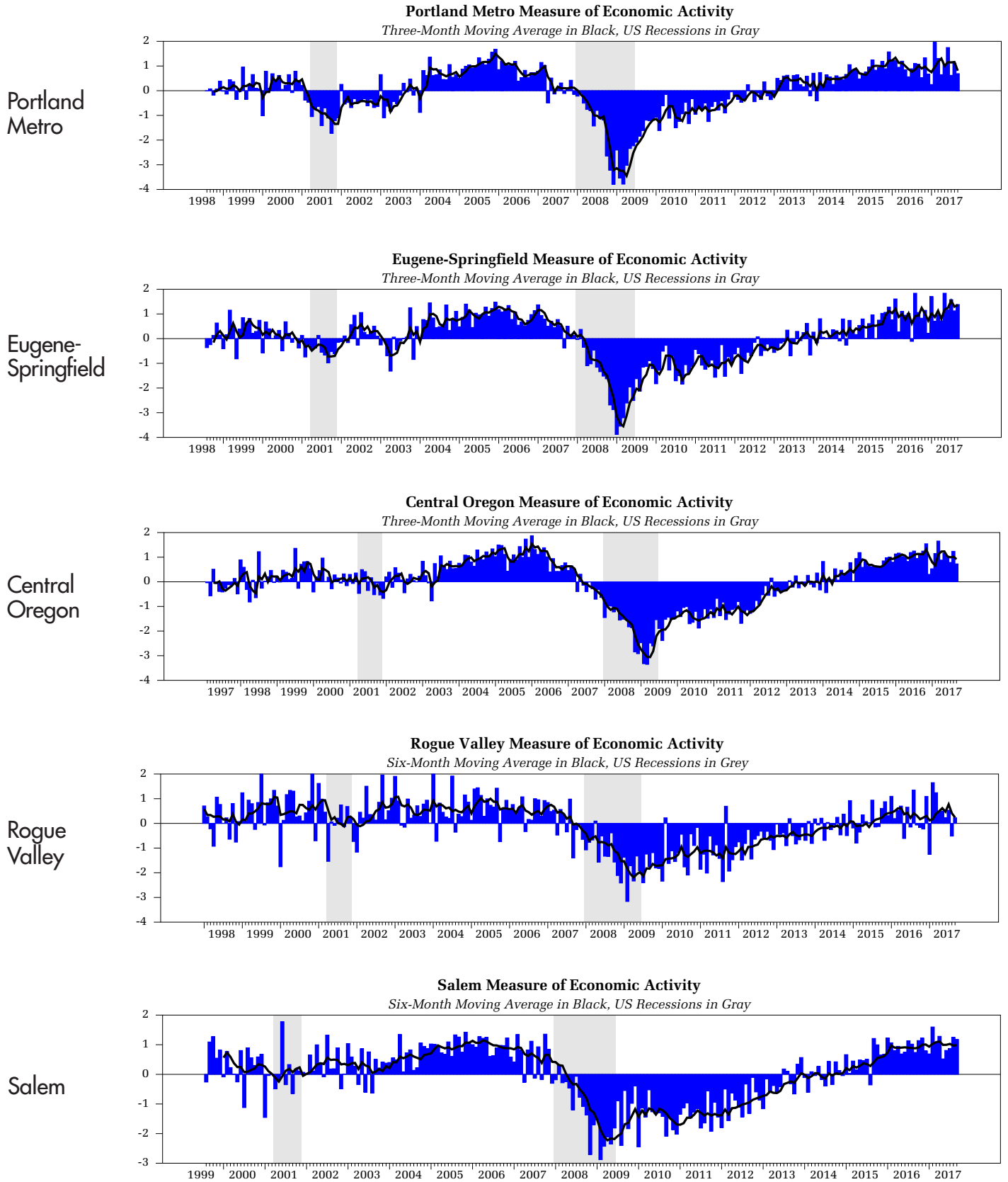
Regional activity across Oregon’s major metropolitan areas remains at a pace consistent with previous expansions. For all regions covered by this report, moving average measures (which smooth monthly volatility) remain above zero, indicating above trend activity. The Portland metro area looks to have lost some momentum in recent months, but watch for downward revisions of jobs numbers that reduces the reported strength in the first part of this year. This would suggest that for this cycle, Portland’s growth peaked in late 2015 and early 2016. A similar dynamic may also be at play with the Rogue Valley data. Jobs numbers also boosted the Eugene-Springfield measures this year; revisions may reveal a somewhat more subdued pace of activity more consistent with that of 2016. Salem’s numbers have held consistently strong for almost two years. The pace of activity in Central Oregon appears to be moderating somewhat this year, but still indicates a healthy pace of activity. Measures in all areas found support from broad labor market indicators such as the unemployment rate and labor force growth. Note that some slowing in the pace of activity is expected as the economy is now in a more mature stage of the business cycle.

Contributions to Regional Indexes – September 2017

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.11	-0.12	0.06	-0.26	0.10
Educational and Health Services Employment	-0.15	0.00	0.02	-0.08	0.05
Financial Activities Employment	0.09	0.06	-0.06	-0.05	-0.02
Government Employment	0.00	0.00	0.00	-0.01	-0.04
Information Employment	-0.03	-0.01	-0.01	-0.02	-0.03
Leisure and Hospitality Employment	-0.33	-0.06	-0.08	-0.12	-0.08
Manufacturing Employment	0.13	0.04	0.00	-0.01	-0.05
Construction Employment	0.15	0.22	0.02	0.24	0.21
Professional and Business Services Employment	0.00	-0.09	-0.01	-0.06	-0.03
Other Services Employment	0.12	0.01	-0.05	-0.05	-0.01
Trade, Transportation, and Utilities Employment	-0.06	0.07	-0.01	0.09	0.12
Civilian Labor Force	0.03	0.13	0.00	0.18	0.15
Unemployment Rate	0.15	0.26	0.25	0.39	0.33
Lodging Revenue, Inflation Adjusted	-0.01	0.01	-0.10		0.02
Airport Passengers	-0.01	0.01	0.00	-0.01	
Initial Unemployment Claims	0.27	0.39	0.29		
Residential Units Sold	0.11	0.29	0.16		0.45
Municipal Waste	0.15	0.18	0.24		
Home Price Index	-0.02				
Total	0.69	1.38	0.73	0.23	1.18
Moving Average of Recent Observations	0.81	1.36	0.92	0.24	0.99

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