

Oregon Regional Economic Indexes™



December 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

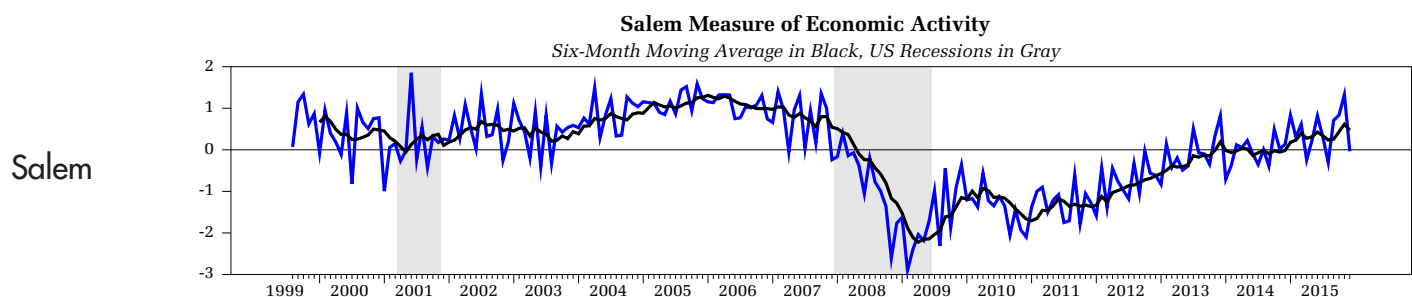
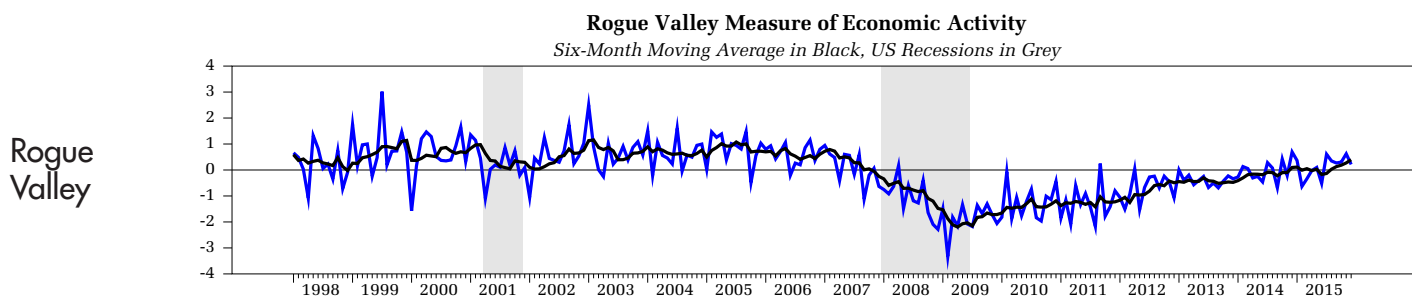
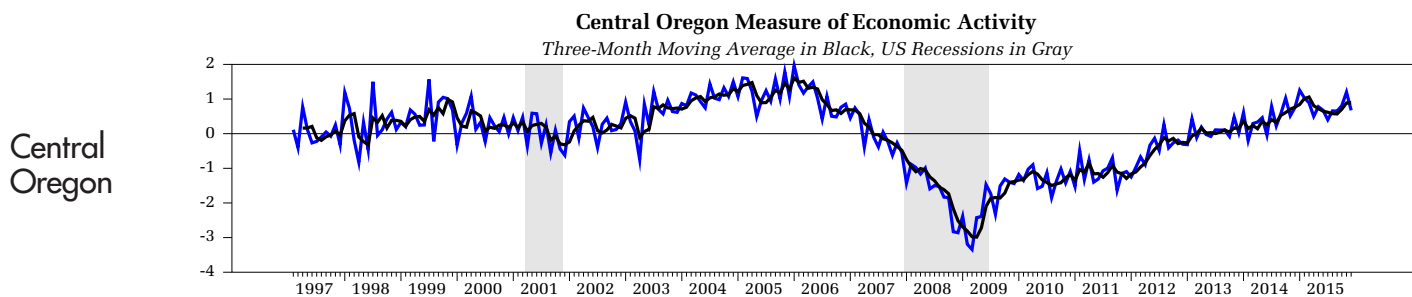
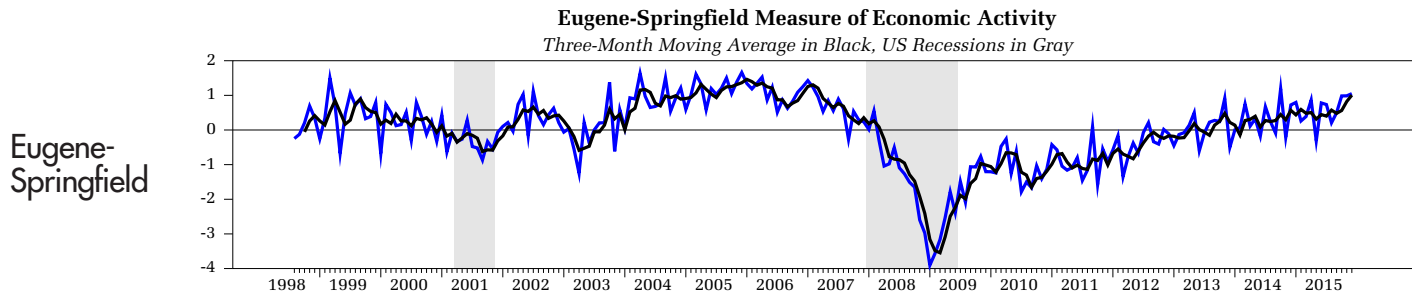
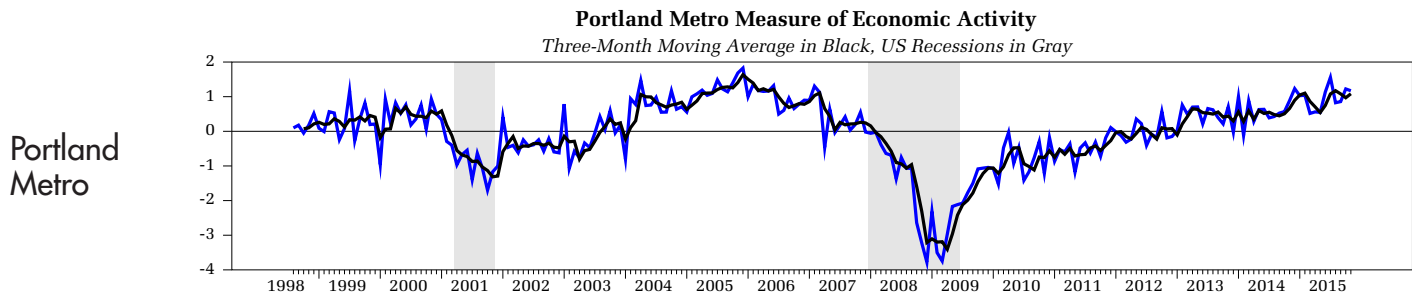
Regional economies held firm in the final month of 2015. The moving average measures, which smooth monthly volatility, were above average for all major metro areas in December. Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Residential housing units permitted made substantial negative contributions in the Salem, Eugene-Springfield, and Medford regions; these regions have yet to experience a sustained rebound in housing construction activity despite solid home sales. Expect continued upward pressure on prices if the supply/demand imbalance persists. Low unemployment rates, low levels of initial unemployment claims, and steady labor force growth indicate that local labor markets are strong in Oregon. Increasing waste collection contributed positively to measures where the data is available (Portland, Eugene-Springfield, and Bend); such increases generally occur during economic expansions and periods of substantial population growth. Generally, economic activity across the state is consistent with the pace typically experienced during expansions.

Contributions to Regional Indexes – December 2015

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.09	-0.23	0.23	-0.40	-0.59
Educational and Health Services Employment	-0.02	0.01	-0.10	0.00	-0.01
Financial Activities Employment	-0.07	-0.05	-0.05	0.10	0.00
Government Employment	0.00	0.00	0.00	0.00	-0.01
Information Employment	0.05	0.23	-0.01	-0.01	0.00
Leisure and Hospitality Employment	0.03	-0.01	-0.01	0.04	0.00
Manufacturing Employment	0.08	0.11	-0.02	0.03	0.02
Construction Employment	0.13	0.10	0.02	0.15	0.04
Professional and Business Services Employment	-0.04	-0.04	0.01	0.09	-0.22
Other Services Employment	0.04	0.00	0.03	0.02	0.09
Trade, Transportation, and Utilities Employment	0.02	-0.01	0.05	0.08	-0.25
Civilian Labor Force	0.07	0.00	-0.01	-0.15	0.10
Unemployment Rate	0.10	0.21	0.18	0.26	0.31
Lodging Revenue, Inflation Adjusted	-0.01	0.00	-0.03		0.01
Airport Passengers	0.00	0.00	0.00	0.01	
Initial Unemployment Claims	0.31	0.30	-0.01		
Residential Units Sold	0.14	0.41	0.26		0.46
Municipal Waste	0.10	0.03	0.11		
Home Price Index	0.14				
Total	1.17	1.05	0.67	0.21	-0.03
Moving Average of Recent Observations	1.08	1.01	0.89	0.39	0.47

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