

OREGON REGIONAL ECONOMIC INDEXES™



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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

Timothy A. Duy
 Director, Oregon Economic Forum
 Department of Economics,
 University of Oregon
 541-346-4660 • duy@uoregon.edu
econforum.uoregon.edu

Review

Regional economic activity continues to follow familiar trends, with most areas experiencing average to better than average growth. The Rogue Valley, however, continues to grow at a below normal pace for the region. Note that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. The Portland Metro and Eugene-Springfield regions are consistently posting above average growth numbers; traditional positive cyclical dynamics are increasingly taking hold in both areas. Housing indicators were generally neutral to supportive in the Portland Metro, Eugene-Springfield, and Central Oregon regions. In contrast, residential building permit activity remains restrained in the Rogue Valley and Salem areas. Initial jobless claims remain low, providing support to the measures and indicating ongoing solid job growth is likely. The unemployment rate is a substantial negative weight only on the Rogue Valley measure; unemployment has fallen to normal or below normal levels in other regions. Both the Salem and Rogue Valley measures were negatively impacted by weak labor force numbers. In addition, an unusual slowdown in professional and business services employment was a particular drag on the Salem measure. I anticipate that this is mostly noise in the data and will be reversed in subsequent reports; overall, activity in the Salem area is growing at a normal pace.

Contributions to Regional Indexes – April 2014

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.03	0.09	-0.01	-0.26	-0.26
Educational and Health Services Employment	0.04	0.03	-0.06	0.01	0.01
Financial Activities Employment	-0.08	-0.08	-0.08	-0.11	-0.03
Government Employment	0.00	0.00	0.00	0.00	-0.02
Information Employment	0.14	0.01	0.02	0.04	0.00
Leisure and Hospitality Employment	0.00	0.04	-0.01	0.02	0.02
Manufacturing Employment	0.10	0.00	0.03	0.06	-0.03
Construction Employment	-0.02	0.02	-0.18	0.19	-0.11
Professional and Business Services Employment	0.08	0.01	-0.03	-0.12	-0.33
Other Services Employment	-0.02	0.01	0.05	-0.04	0.00
Trade, Transportation, and Utilities Employment	0.09	0.08	0.03	-0.05	-0.07
Civilian Labor Force	-0.01	-0.02	-0.01	-0.15	-0.20
Unemployment Rate	0.03	0.05	-0.01	-0.09	0.04
Lodging Revenue, Inflation Adjusted	-0.02	0.00	-0.07		0.00
Airport Passengers	0.01	0.00	0.01	-0.02	
Initial Unemployment Claims	0.16	0.29	0.14		
Residential Units Sold	0.02	-0.03	0.12		-0.08
Municipal Waste	0.02	-0.05	0.02		
Home Price Index	0.07				
Total	0.64	0.46	-0.03	-0.54	-1.05
Moving Average of Recent Observations	0.63	0.29	-0.24	-0.41	-0.15



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