

# Oregon Regional Economic Indexes™



December 2014

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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

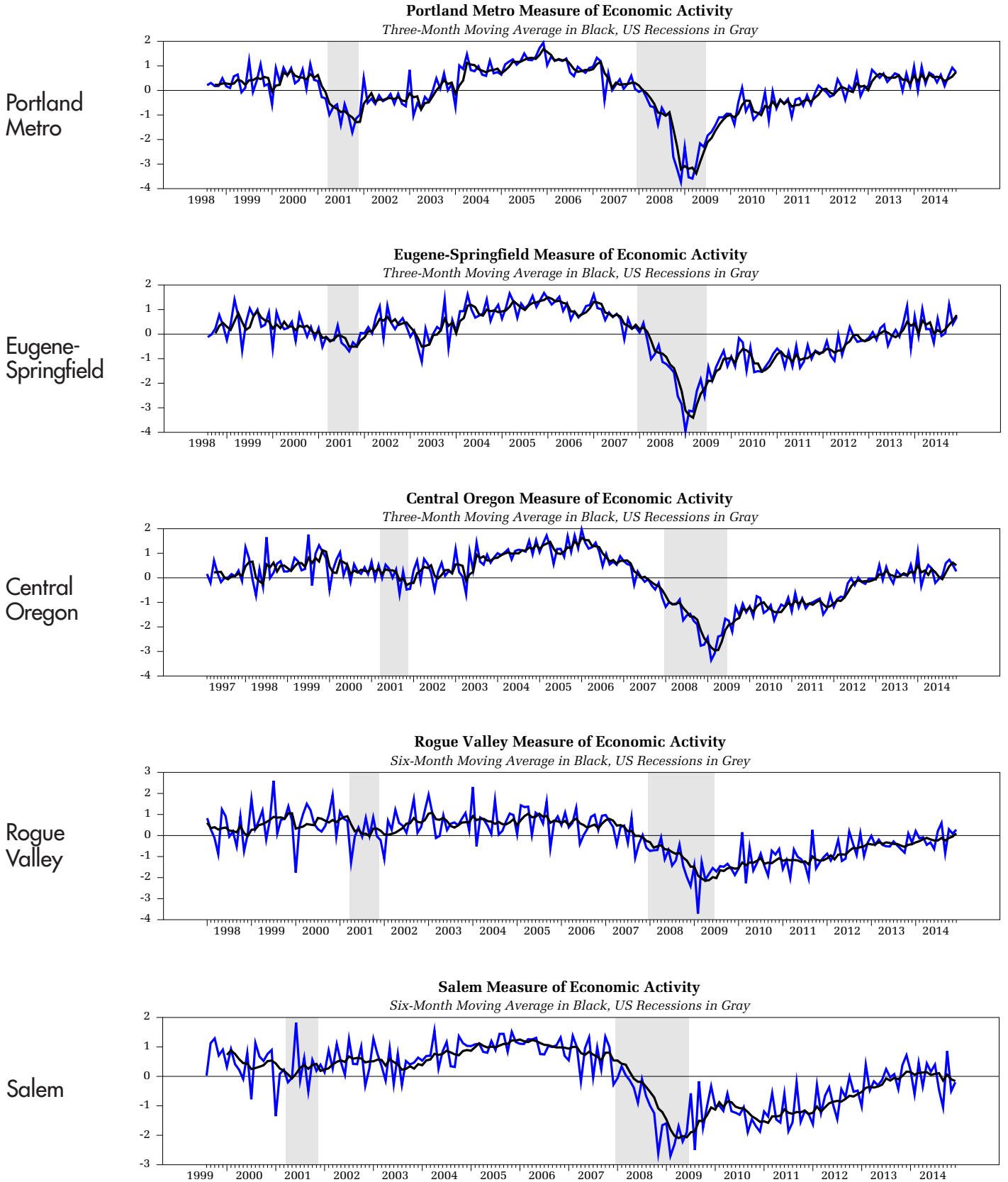
December was another strong month for most regional economies in Oregon. Moving average measures of activity—which smooth monthly volatility—indicate that nearly all areas are growing near or above their average pace of activity, with only the Salem area somewhat below normal growth. Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Residential building activity continues to be a drag in most regions, with a particularly weak number for Salem. Still, the positive contributions in the Portland metro and Bend regions suggest that gains in new residential construction are slowly taking hold. Moreover, solid numbers in residential sales suggest that construction activity will accelerate, especially as population is expected to increase in Oregon. Employment indicators remain generally supportive across all regions. Initial unemployment claims point to further broad-based employment gains in the months ahead. Waste collection added positively in regions with available data; improvements in economic activity coupled with increased population have typically been associated with rising waste generation. Softer air passenger activity was reported in the Eugene-Springfield and Bend areas. In general, with the exception of residential construction, activity in most areas is increasingly similar to that seen in past economic expansions.

### Contributions to Regional Indexes – December 2014

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.06	-0.20	0.02	-0.10	-0.56
Educational and Health Services Employment	0.01	0.01	-0.02	0.01	-0.02
Financial Activities Employment	0.09	0.00	0.03	0.08	0.00
Government Employment	0.00	0.01	0.00	0.00	-0.02
Information Employment	0.00	0.00	-0.02	0.10	0.06
Leisure and Hospitality Employment	0.13	0.10	-0.07	0.02	0.02
Manufacturing Employment	0.06	-0.01	0.05	0.08	-0.01
Construction Employment	-0.07	0.08	-0.02	0.17	0.13
Professional and Business Services Employment	-0.05	-0.15	0.00	0.00	-0.21
Other Services Employment	0.05	0.00	0.01	-0.03	-0.07
Trade, Transportation, and Utilities Employment	0.07	0.34	-0.05	0.03	0.09
Civilian Labor Force	-0.03	-0.01	-0.02	-0.12	0.05
Unemployment Rate	0.04	0.10	0.06	0.04	0.15
Lodging Revenue, Inflation Adjusted	0.00	0.01	0.00		0.00
Airport Passengers	0.00	-0.01	-0.05	0.00	
Initial Unemployment Claims	0.24	0.35	0.18		
Residential Units Sold	0.12	0.05	0.09		0.19
Municipal Waste	0.04	0.04	0.08		
Home Price Index	-0.04				
<b>Total</b>	<b>0.74</b>	<b>0.70</b>	<b>0.26</b>	<b>0.28</b>	<b>-0.20</b>
<b>Moving Average of Recent Observations</b>	<b>0.75</b>	<b>0.77</b>	<b>0.51</b>	<b>0.10</b>	<b>-0.16</b>

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