

Oregon Regional Economic Indexes™



February 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

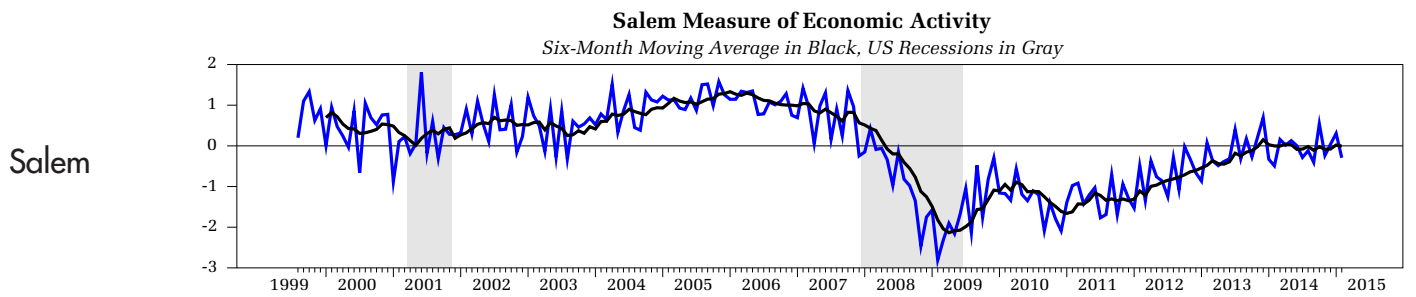
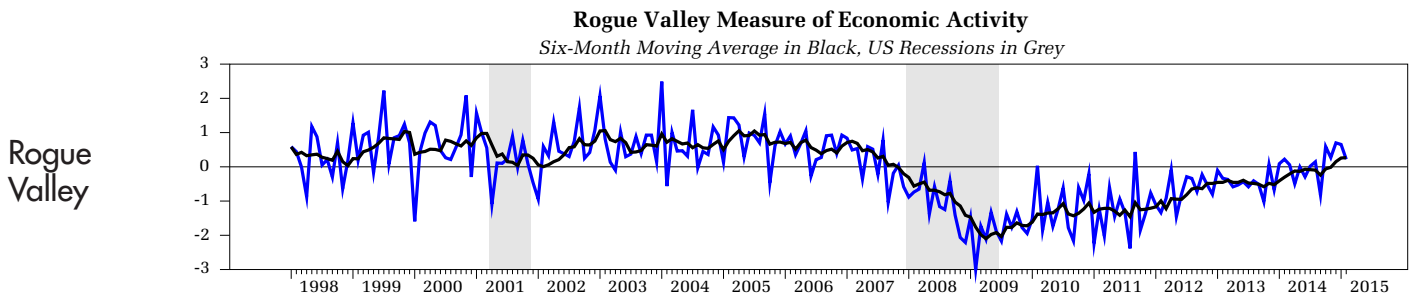
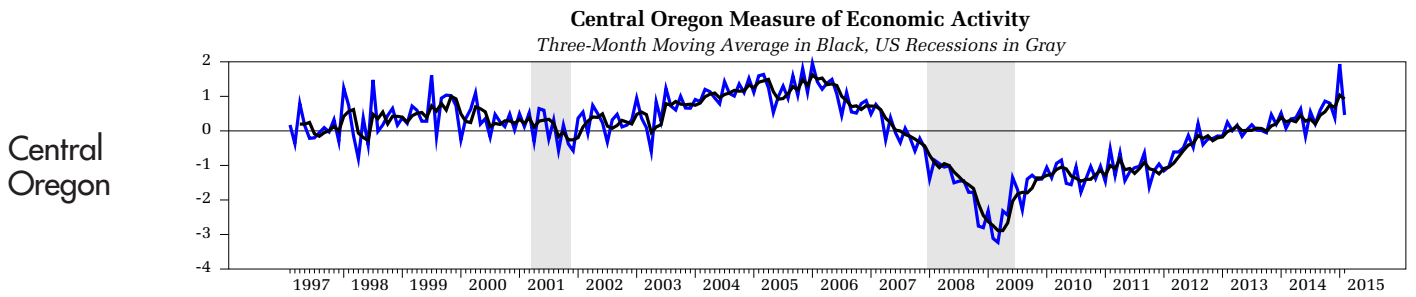
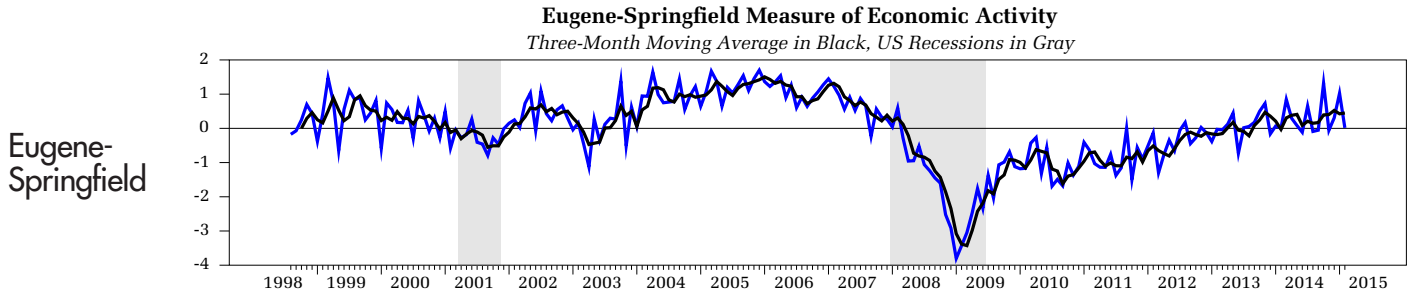
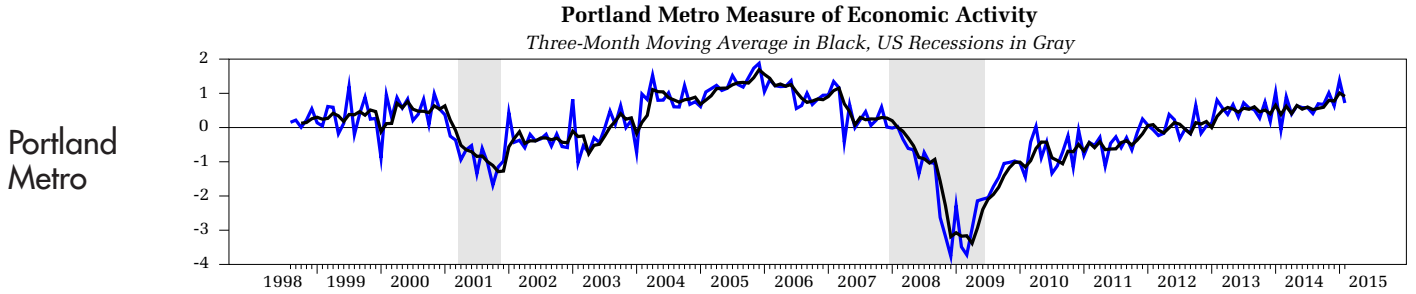
The economic expansion continued across Oregon in February. Moving average measures of activity—which smooth monthly volatility—indicate that all areas are growing near or above their average pace of activity. Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Salem’s measure continues to hover near zero, held down by a low level of building permits and a declining labor force despite solid job growth in the region. Housing permits also remain a drag on the Eugene-Springfield measure. The Rogue Valley region continued its slow climb back to a pace of growth more consistent with past expansions; construction employment made a solid contribution in February. The Central Oregon measure retreated, not unexpected after a spike in January. The underlying trend, however, remains solid with an above average pace of growth. Note that new housing permits made a nearly neutral contribution to the measure. The Portland metro area posted strong numbers once again, maintaining an acceleration in activity that began the latter half of 2014. Low unemployment is evident in that indicator’s positive contributions for all areas, and the low level of initial unemployment claims suggests ongoing job growth is likely to continue throughout the state. Most metro areas are reporting solid housing markets, which should filter through to additional new construction as the year progresses. Overall, regional economies continue to experience the benefits of the ongoing expansion.

Contributions to Regional Indexes – February 2015

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.10	-0.36	-0.01	-0.15	-0.32
Educational and Health Services Employment	-0.10	-0.21	-0.02	0.04	0.00
Financial Activities Employment	0.05	-0.02	-0.01	0.01	0.00
Government Employment	0.00	-0.01	0.00	0.00	-0.07
Information Employment	0.02	-0.02	0.05	0.01	0.01
Leisure and Hospitality Employment	0.02	0.04	0.00	0.02	0.01
Manufacturing Employment	0.14	0.05	-0.02	0.08	0.00
Construction Employment	0.08	0.20	-0.21	0.28	0.13
Professional and Business Services Employment	0.01	0.08	-0.05	-0.01	0.01
Other Services Employment	0.13	-0.01	0.00	-0.01	-0.08
Trade, Transportation, and Utilities Employment	-0.11	-0.03	0.05	-0.06	-0.20
Civilian Labor Force	-0.05	0.00	0.01	-0.14	-0.13
Unemployment Rate	0.08	0.16	0.16	0.17	0.25
Lodging Revenue, Inflation Adjusted	0.01	0.01	0.01		-0.01
Airport Passengers	0.00	-0.01	0.01	-0.02	
Initial Unemployment Claims	0.23	0.27	0.24		
Residential Units Sold	0.10	-0.06	0.16		0.11
Municipal Waste	0.06	-0.07	0.09		
Home Price Index	-0.05				
Total	0.72	0.01	0.46	0.22	-0.29
Moving Average of Recent Observations	0.91	0.45	0.92	0.27	-0.01

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