

# OREGON REGIONAL ECONOMIC INDEXES™



*A Program of the College of Arts and Sciences and its Department of Economics*

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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

Economic activity across regional economies was mixed in June, with the construction employment component a significant drag on most measures. Employment data, however, tends to be volatile, and subsequent revisions of the data are likely to minimize some of the recent weakness. Moving average measures of activity reveal that most regions in Oregon are growing near or above their average paces of activity, with the Rogue Valley remaining an exception with below normal growth. Note that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. The Portland Metro area continues to outperform with measures of activity near levels that are typical for the region during economic expansions. The Eugene-Springfield measure was negatively impacted by weakness in the employment components and soft labor force growth. Low levels of initial claims, however, are supportive and suggest stronger employment growth ahead. A declining labor force is a particular weight on the Rogue Valley measure; recent trends stand in stark contrast to the steady labor force gains prior to the recession. The Salem area experienced stronger numbers during the past two months after some softening earlier in the year. Central Oregon numbers are also firmer, with strong residential sales boosting the measure. A continued high pace of home sales and rising prices should support higher levels of residential construction over time.

## Contributions to Regional Indexes – June 2014

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.04	-0.08	-0.04	-0.09	-0.22
Educational and Health Services Employment	0.06	-0.05	-0.04	-0.06	-0.01
Financial Activities Employment	0.11	-0.05	-0.01	-0.05	0.01
Government Employment	0.01	0.00	0.00	-0.01	0.05
Information Employment	0.10	0.12	0.00	-0.06	0.00
Leisure and Hospitality Employment	0.00	-0.01	0.09	0.04	0.02
Manufacturing Employment	0.03	0.09	-0.01	0.05	-0.01
Construction Employment	-0.07	-0.19	-0.13	-0.28	-0.12
Professional and Business Services Employment	0.04	-0.14	-0.01	-0.10	0.12
Other Services Employment	0.30	0.00	0.10	-0.15	0.01
Trade, Transportation, and Utilities Employment	0.15	-0.04	0.03	0.00	0.29
Civilian Labor Force	0.01	-0.09	-0.01	-0.29	0.09
Unemployment Rate	0.05	0.08	0.03	-0.01	0.11
Lodging Revenue, Inflation Adjusted	0.00	0.00	-0.01		0.00
Airport Passengers	0.00	0.00	-0.01	0.01	
Initial Unemployment Claims	0.12	0.24	0.06		
Residential Units Sold	0.04	0.01	0.18		0.06
Municipal Waste	0.01	-0.13	-0.01		
Home Price Index	-0.04				
<b>Total</b>	<b>0.93</b>	<b>-0.24</b>	<b>0.23</b>	<b>-1.00</b>	<b>0.39</b>
<b>Moving Average of Recent Observations</b>	<b>0.78</b>	<b>0.29</b>	<b>0.20</b>	<b>-0.66</b>	<b>-0.14</b>



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