

# OREGON REGIONAL ECONOMIC INDEXES™



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MAY 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.

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## Review

Regional economic activity in Oregon was generally solid in May. Recent observations indicate that the Portland Metro and Eugene-Springfield regions are experiencing above average growth while growth is closer to normal in the Central Oregon and Salem regions. The Rogue Valley continues to grow at a below normal pace. Note that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Due to a surge in multifamily housing, building permits made a solid contribution to the Portland measure. Building permits also positively supported both the Central Oregon and the Rogue Valley regions. Residential sales were mixed, with a substantial positive contribution only for Central Oregon. Construction employment was weaker in most areas, although this may reflect volatility of the underlying data rather than a change in the industry. Initial jobless claims remain low, providing support to the measures and pointing toward ongoing solid job growth. The unemployment rate and labor force components were a drag on the Rogue Valley measure. The unusual drop in the Salem measure in April was reversed in May, as expected.

### Contributions to Regional Indexes – May 2014

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.12	-0.02	-0.06	0.07	-0.07
Educational and Health Services Employment	0.04	-0.04	0.03	-0.09	-0.01
Financial Activities Employment	0.17	0.08	0.00	-0.08	0.05
Government Employment	0.00	-0.01	0.00	0.01	0.02
Information Employment	0.08	0.01	0.01	-0.10	0.00
Leisure and Hospitality Employment	0.05	0.04	0.00	-0.05	-0.01
Manufacturing Employment	0.12	0.00	-0.04	0.02	-0.01
Construction Employment	-0.09	0.06	-0.08	-0.07	-0.09
Professional and Business Services Employment	0.03	0.13	-0.03	-0.12	0.31
Other Services Employment	0.00	0.09	-0.06	0.08	0.01
Trade, Transportation, and Utilities Employment	0.05	0.07	0.09	0.10	-0.06
Civilian Labor Force	0.03	0.08	0.00	-0.06	0.19
Unemployment Rate	0.03	0.07	0.01	-0.07	0.06
Lodging Revenue, Inflation Adjusted	0.00	0.00	0.00		0.00
Airport Passengers	0.00	0.03	0.01	0.00	
Initial Unemployment Claims	0.21	0.38	0.19		
Residential Units Sold	0.02	-0.09	0.13		0.00
Municipal Waste	0.02	0.02	0.02		
Home Price Index	-0.04				
<b>Total</b>	<b>0.85</b>	<b>0.90</b>	<b>0.21</b>	<b>-0.38</b>	<b>0.41</b>
<b>Moving Average of Recent Observations</b>	<b>0.77</b>	<b>0.67</b>	<b>0.12</b>	<b>-0.49</b>	<b>-0.07</b>



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