

Oregon Regional Economic Indexes™



May 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.

Contact

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Review

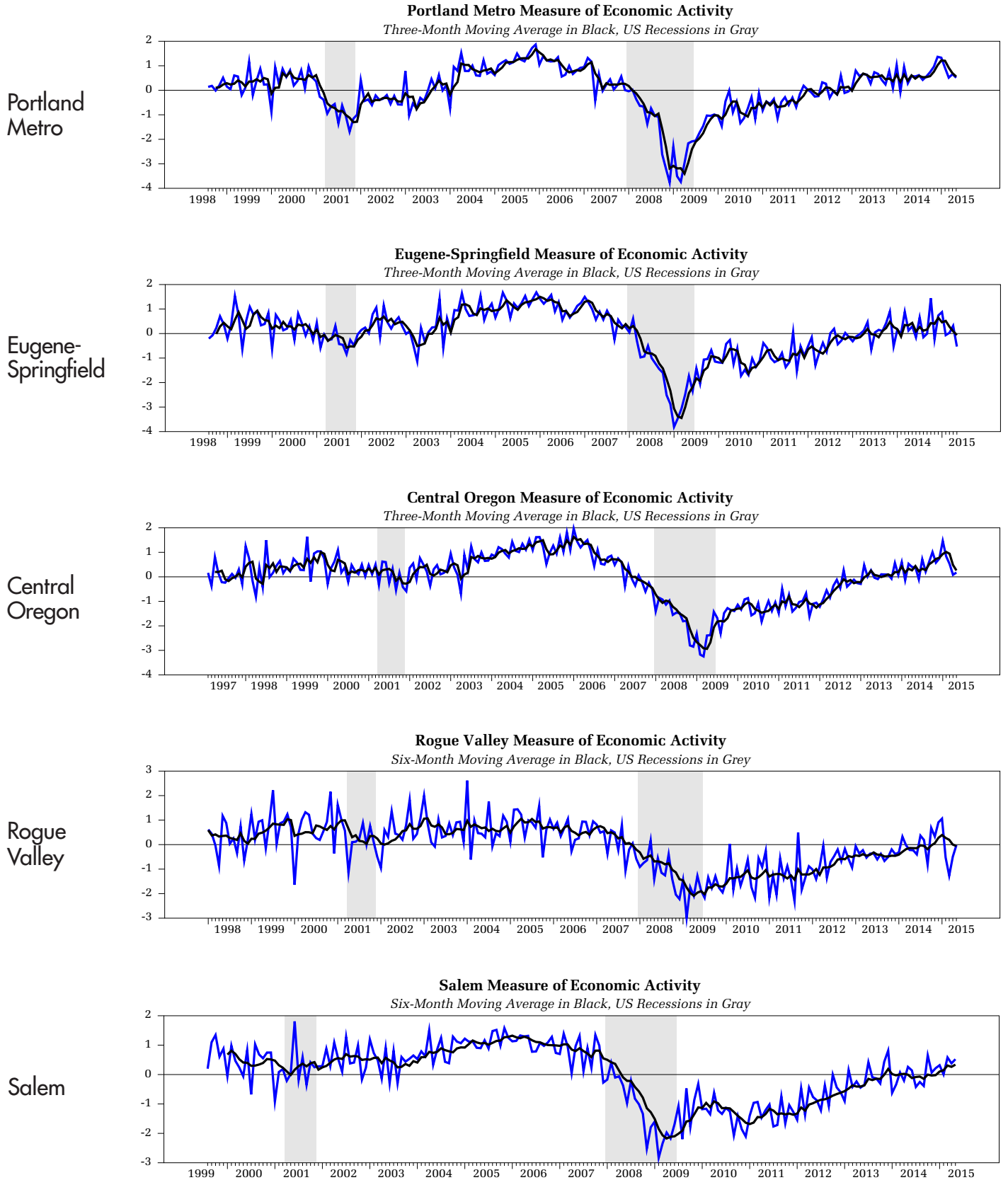
In general measures of activity remained soft in May compared to earlier in the year. Still, all major metropolitan regions in Oregon are growing at or above their average pace of activity. Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Weak construction employment numbers dragged down all measures except Portland’s; the Eugene–Springfield measure suffered a large negative contribution from this component. Declining construction employment in recent months is inconsistent with the broader economic expansion and thus raises the possibility of later upward revisions. Although strong residential sales make positive contributions to the measures, new permits remain neutral to negative across the state. The housing recovery has yet to generate consistently above average readings on new home construction. Portland’s measure tracked sideways for a third consecutive month. Moderating job growth has been a primary factor in the decline of the Central Oregon measure. The Eugene–Springfield measure sunk into negative territory, but the moving average measure, which smooths monthly variability, held near zero, indicating normal growth. As anticipated, the Rogue Valley continues to rebound from a sharp decline in March. While data in other regions softened this spring, the Salem measure is pushing comfortably into the above average zone.

Contributions to Regional Indexes – May 2015

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.03	-0.46	0.01	-0.24	-0.19
Educational and Health Services Employment	0.02	-0.03	0.03	-0.04	0.00
Financial Activities Employment	0.11	0.04	0.02	-0.07	-0.01
Government Employment	0.00	0.00	0.00	-0.03	0.02
Information Employment	0.12	0.01	0.00	0.05	0.00
Leisure and Hospitality Employment	-0.07	-0.04	0.04	-0.05	-0.02
Manufacturing Employment	0.07	-0.02	-0.01	0.01	0.01
Construction Employment	0.05	-0.35	-0.25	-0.12	-0.13
Professional and Business Services Employment	0.12	0.02	-0.03	0.40	0.25
Other Services Employment	-0.18	0.00	-0.03	-0.06	0.01
Trade, Transportation, and Utilities Employment	-0.13	-0.01	-0.16	-0.03	0.10
Civilian Labor Force	0.01	-0.02	-0.01	0.00	-0.05
Unemployment Rate	0.08	0.15	0.16	0.19	0.25
Lodging Revenue, Inflation Adjusted	0.00	0.01	-0.06		0.00
Airport Passengers	0.00	0.00	0.00	-0.03	
Initial Unemployment Claims	0.24	0.25	0.23		
Residential Units Sold	0.13	0.21	0.19		0.26
Municipal Waste	0.03	-0.28	0.04		
Home Price Index	-0.05				
Total	0.51	-0.53	0.17	-0.02	0.52
Moving Average of Recent Observations	0.56	-0.06	0.26	-0.06	0.34

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