

Oregon Regional Economic Indexes™



November 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

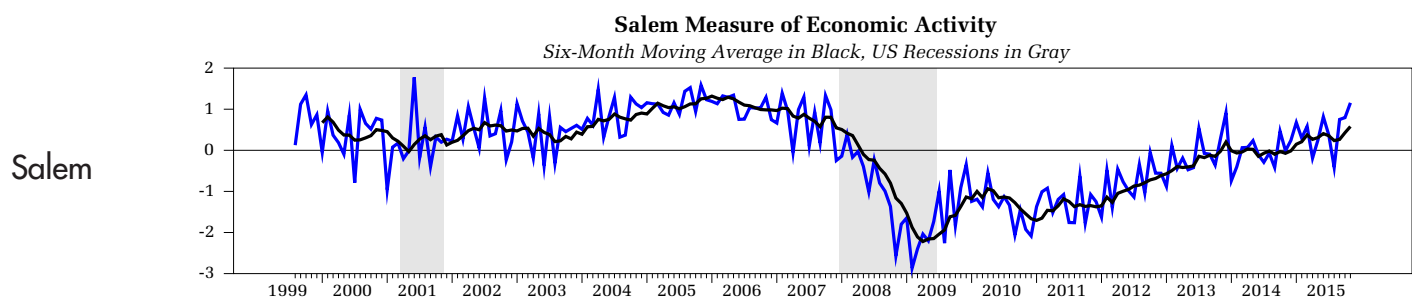
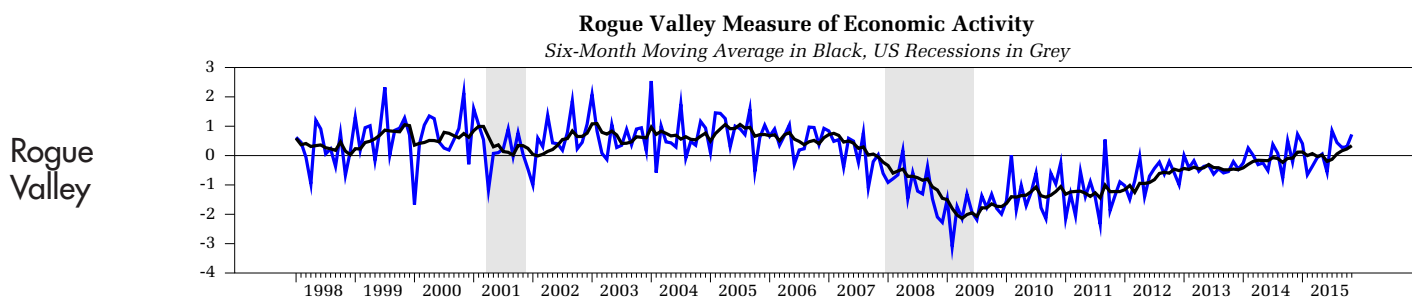
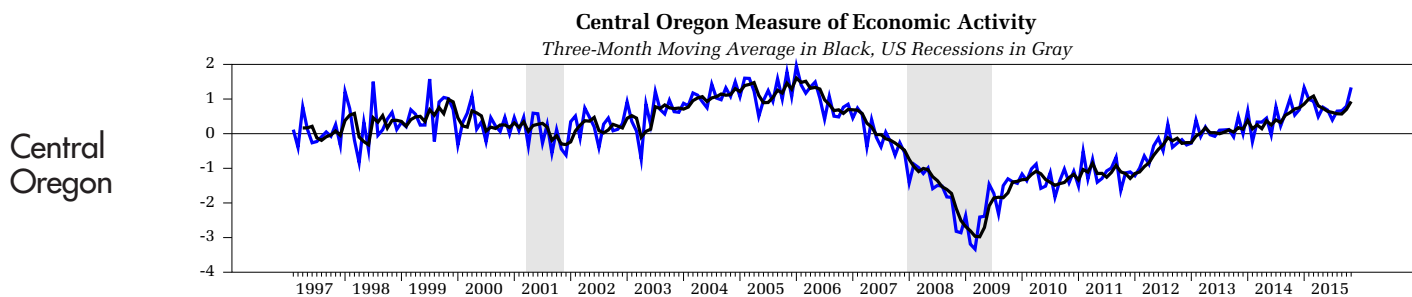
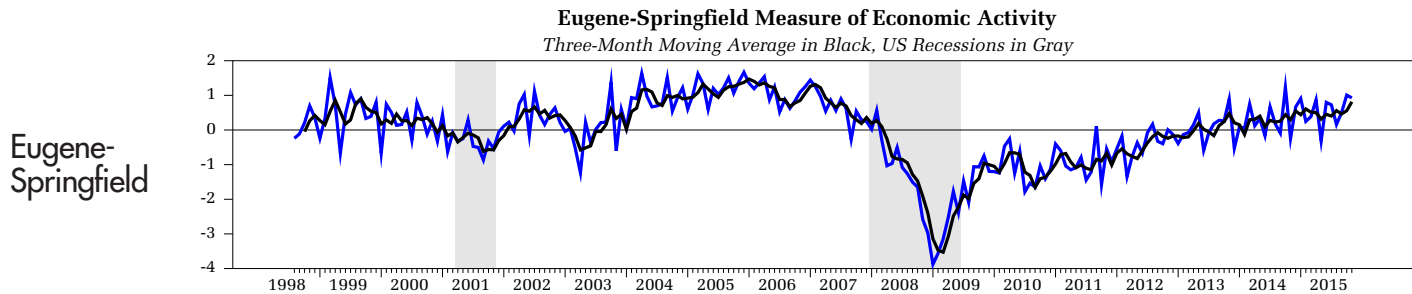
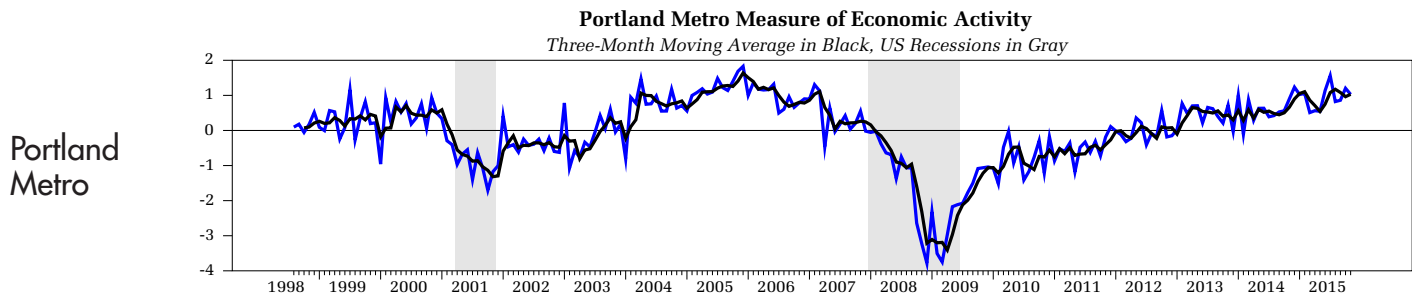
Regional economies gained momentum as 2015 drew to a close. Both the raw numbers and the moving average measures, which smooth monthly volatility, were above average for all major metro areas in November. Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Residential housing units permitted were strong across the state, contributing negatively to the Salem area measure. Bend, Eugene-Springfield, and Medford housing permits jumped on the back of multifamily housing projects; expect some moderation in the December numbers. Still, housing sales remain strong, suggesting continued support for building activity. Individual employment components broad labor market indicators generally contributed positively to the measures. Low unemployment rates, low levels of initial unemployment claims, and steady labor force growth indicate that local labor markets are strong in Oregon. The Portland metro area is now less of an outlier as most regions are growing at rates similar to that experienced in past expansions.

Contributions to Regional Indexes – November 2015

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.09	0.18	0.26	0.15	-0.21
Educational and Health Services Employment	-0.03	0.00	-0.02	-0.08	0.00
Financial Activities Employment	-0.14	0.01	0.06	0.00	0.00
Government Employment	0.00	0.00	0.00	0.02	-0.02
Information Employment	0.05	-0.08	0.01	0.01	0.00
Leisure and Hospitality Employment	0.06	-0.06	0.00	0.02	-0.01
Manufacturing Employment	0.07	-0.03	0.09	0.04	0.04
Construction Employment	0.13	0.02	0.01	0.20	0.29
Professional and Business Services Employment	0.00	-0.08	-0.01	-0.16	-0.13
Other Services Employment	0.08	0.00	0.01	0.02	-0.04
Trade, Transportation, and Utilities Employment	0.06	0.09	0.22	0.12	0.49
Civilian Labor Force	0.07	0.07	0.01	0.18	0.13
Unemployment Rate	0.10	0.15	0.17	0.20	0.26
Lodging Revenue, Inflation Adjusted	-0.01	0.00	-0.01		-0.03
Airport Passengers	0.00	0.03	0.00	0.00	
Initial Unemployment Claims	0.31	0.40	0.31		
Residential Units Sold	0.14	0.30	0.17		0.38
Municipal Waste	0.10	-0.08	0.05		
Home Price Index	-0.05				
Total	1.03	0.93	1.34	0.72	1.16
Moving Average of Recent Observations	1.03	0.81	0.93	0.34	0.58

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