

Oregon Regional Economic Indexes™



September 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

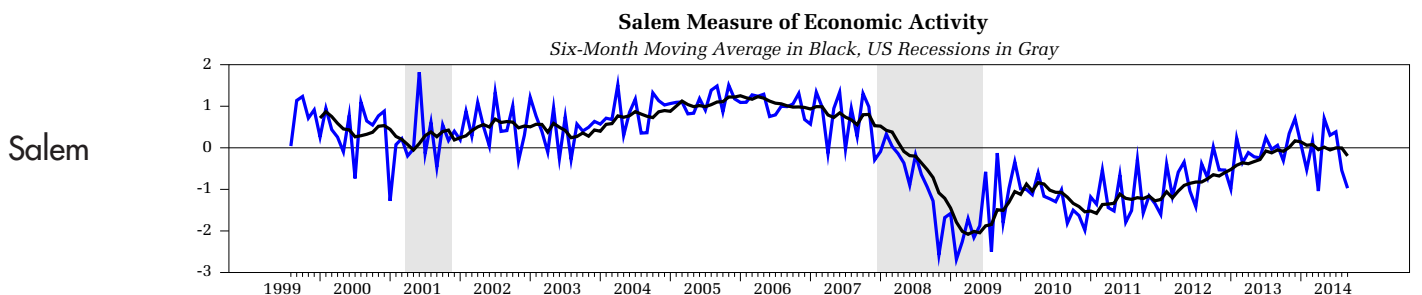
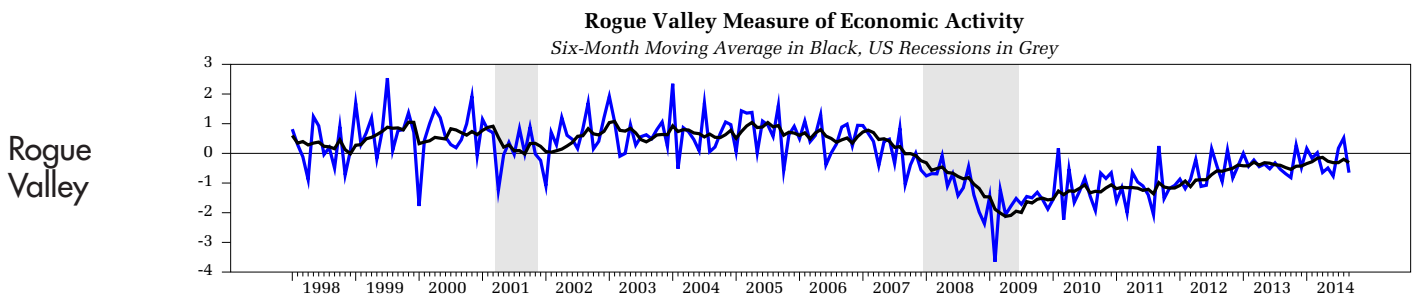
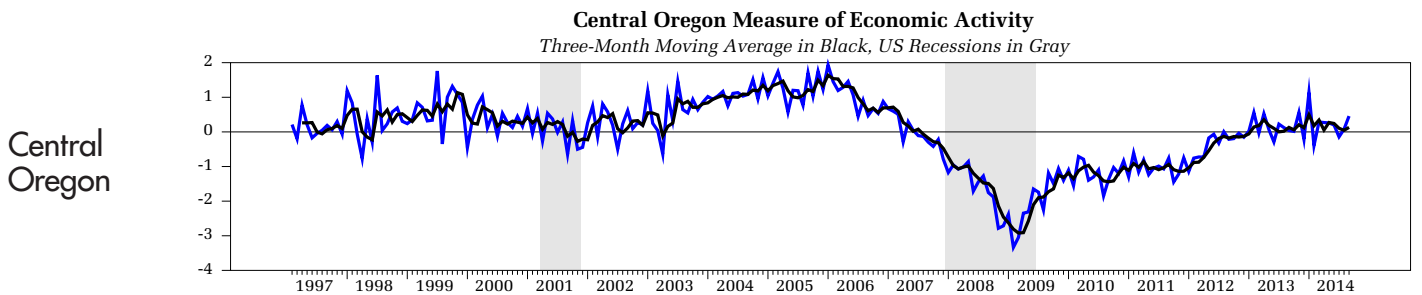
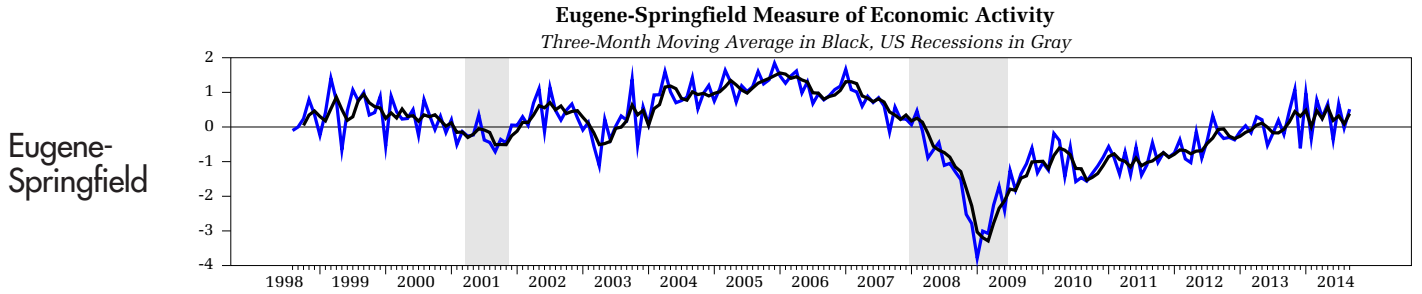
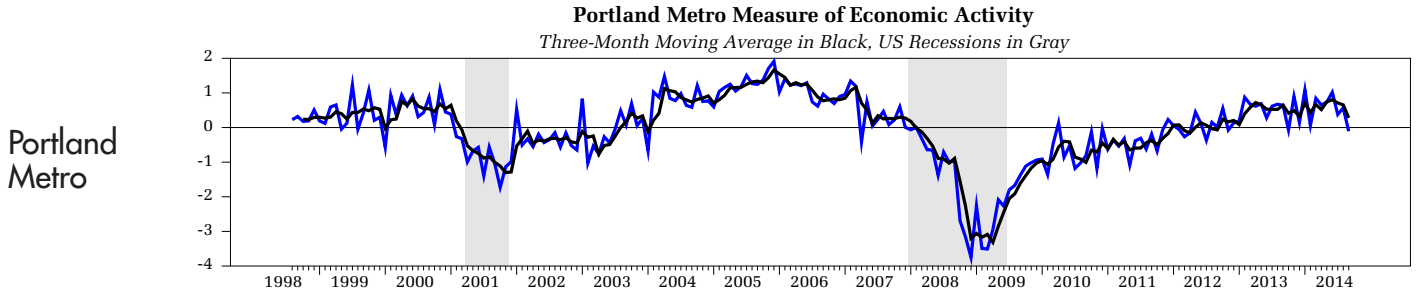
September numbers for regional measures of activity revealed some monthly volatility, but underlying trends are holding generally steady. Moving average measures of activity—which smooth monthly volatility—indicate that the Portland Metro, Eugene-Springfield, and Central Oregon regions are growing near or above their average paces of activity, while the Rogue Valley and Salem areas are at somewhat below normal growth. Weakness in the employment components and an unusual jump in initial unemployment claims weighed on the Portland measure, pulling it into negative territory for the month. Such drops, however, are not uncommon; the underlying trend is still above average for the region. Generally solid employment data supported the Eugene-Springfield measure, offsetting a negative contribution from housing permits. A particularly weak housing permits number dragged down the Salem measure. While housing sales were neutral or better across the state, this component provided a particularly solid boost to the Central Oregon measure. Softer labor force growth weighed on many measures, particularly the Rogue Valley. While somewhat disappointing after recent strong labor force contributions to the Rogue Valley measure, note that falling unemployment rates in the region resulted in a nearly neutral contribution from that indicator. Note that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate.

Contributions to Regional Indexes – September 2014

| | Portland-Vancouver-Beaverton | Eugene-Springfield | Central Oregon | Rogue Valley | Salem |
|---|------------------------------|--------------------|----------------|--------------|--------------|
| New Private Housing Units Authorized by Permits | -0.01 | -0.25 | -0.08 | -0.11 | -0.66 |
| Educational and Health Services Employment | -0.10 | -0.01 | 0.04 | -0.01 | 0.04 |
| Financial Activities Employment | 0.00 | -0.07 | -0.01 | 0.00 | 0.07 |
| Government Employment | 0.00 | 0.02 | 0.00 | -0.10 | 0.08 |
| Information Employment | -0.05 | 0.00 | -0.01 | -0.07 | 0.04 |
| Leisure and Hospitality Employment | -0.01 | 0.03 | 0.03 | -0.11 | -0.03 |
| Manufacturing Employment | -0.01 | 0.07 | 0.04 | 0.00 | -0.02 |
| Construction Employment | 0.03 | 0.05 | -0.03 | 0.17 | -0.05 |
| Professional and Business Services Employment | 0.07 | 0.00 | 0.01 | 0.08 | -0.11 |
| Other Services Employment | -0.08 | 0.01 | -0.14 | -0.08 | 0.00 |
| Trade, Transportation, and Utilities Employment | 0.02 | -0.06 | -0.10 | -0.02 | -0.23 |
| Civilian Labor Force | -0.05 | -0.11 | 0.01 | -0.40 | 0.20 |
| Unemployment Rate | 0.04 | 0.07 | 0.00 | -0.02 | 0.01 |
| Lodging Revenue, Inflation Adjusted | 0.00 | 0.01 | 0.02 | | 0.01 |
| Airport Passengers | 0.01 | 0.00 | 0.03 | 0.01 | |
| Initial Unemployment Claims | -0.04 | 0.87 | 0.20 | | |
| Residential Units Sold | 0.10 | 0.01 | 0.15 | | 0.06 |
| Municipal Waste | 0.02 | -0.12 | 0.00 | | |
| Home Price Index | -0.04 | | | | |
| Total | -0.11 | 0.51 | 0.15 | -0.65 | -0.59 |
| Moving Average of Recent Observations | 0.28 | 0.38 | 0.13 | -0.31 | -0.19 |

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