

Oregon Regional Economic Indexes™



May 2016

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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

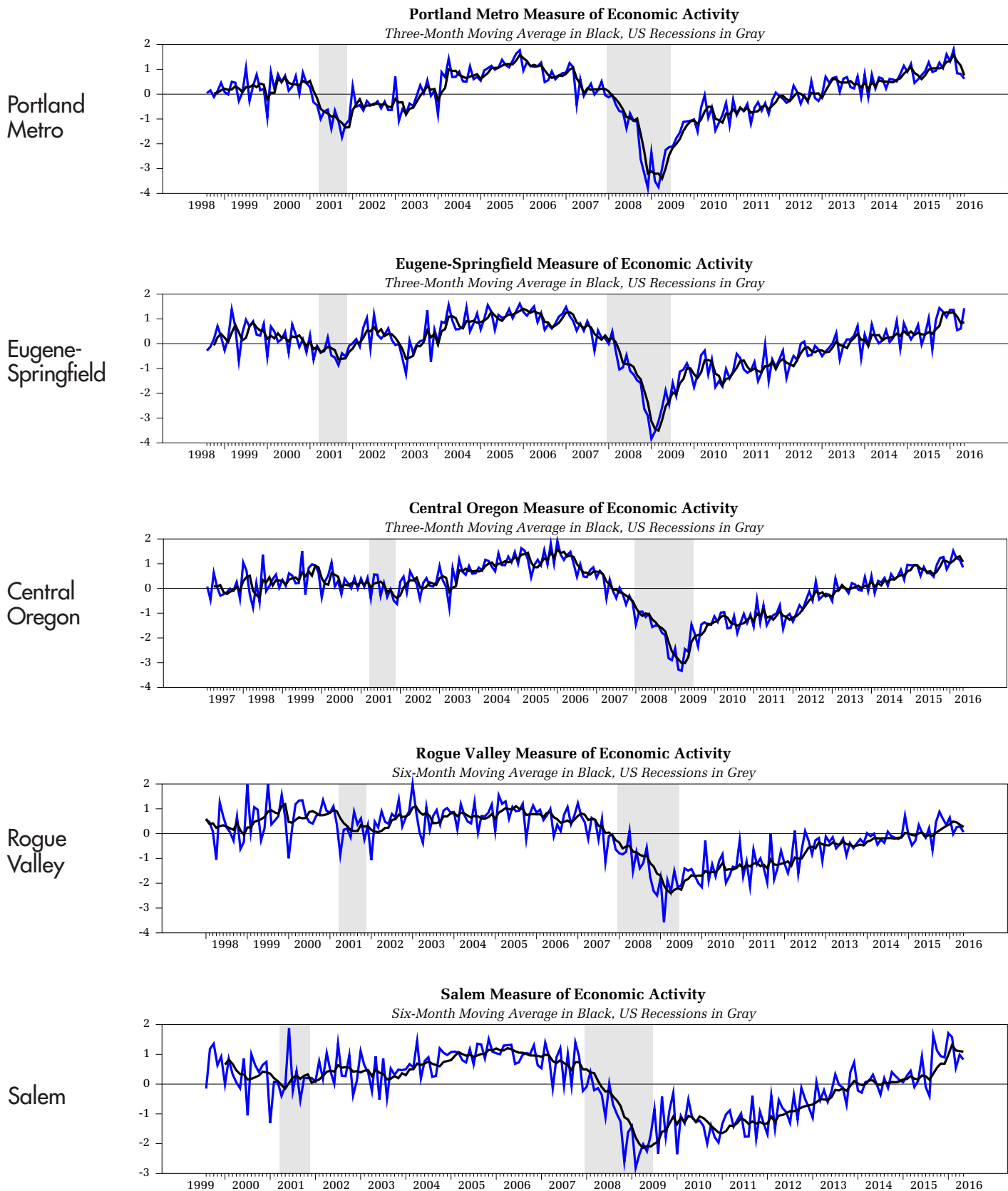
May saw continued solid growth across the regional areas of Oregon. The measures for all regions continue to indicate above average growth (both the “raw” May numbers and the moving average measures of activity, which smooth monthly volatility). Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. The Portland metro measure cooled somewhat on the back of softer employment numbers, but note that these indicators can be volatile month to month. Portland’s housing numbers sustained recent momentum, with solid contributions from sales, permits, and prices. The Eugene-Springfield measure rose on the back of generally positive employment indicators and a boost from new housing permits. Permits, however, reflected the impact of a likely temporary spike in multifamily construction. Employment indicators were a bit softer in Central Oregon as well, but overall the region continues to grow at a solid pace consistent with past expansions. Housing permits remained weak in the Rogue Valley and Salem areas. Still, both regions continue to post overall solid numbers, particularly due to low unemployment and steady labor force growth. Housing sales remain strong in Salem.

Contributions to Regional Indexes – May 2016

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.06	0.31	0.19	-0.33	-0.29
Educational and Health Services Employment	-0.03	0.05	-0.03	-0.01	-0.01
Financial Activities Employment	0.28	0.13	-0.02	-0.04	-0.02
Government Employment	0.00	0.00	0.00	0.00	0.04
Information Employment	0.09	0.10	0.00	0.04	0.00
Leisure and Hospitality Employment	-0.11	0.02	-0.04	-0.02	0.00
Manufacturing Employment	-0.01	0.00	-0.07	-0.02	0.01
Construction Employment	-0.04	-0.10	-0.03	-0.07	0.06
Professional and Business Services Employment	-0.08	0.05	0.04	0.08	0.09
Other Services Employment	-0.21	-0.02	-0.02	-0.04	0.03
Trade, Transportation, and Utilities Employment	0.04	0.11	-0.03	0.00	0.09
Civilian Labor Force	-0.04	0.07	-0.01	0.11	0.12
Unemployment Rate	0.13	0.25	0.24	0.37	0.39
Lodging Revenue, Inflation Adjusted	-0.01	0.01	-0.10		-0.01
Airport Passengers	0.01	0.00	0.06	0.01	
Initial Unemployment Claims	0.23	0.19	0.32		
Residential Units Sold	0.13	0.29	0.22		0.33
Municipal Waste	0.14	-0.04	0.13		
Home Price Index	0.06				
Total	0.62	1.43	0.85	0.06	0.82
Moving Average of Recent Observations	0.76	0.86	1.07	0.27	1.09

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