

Oregon Regional Economic Indexes™



March 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

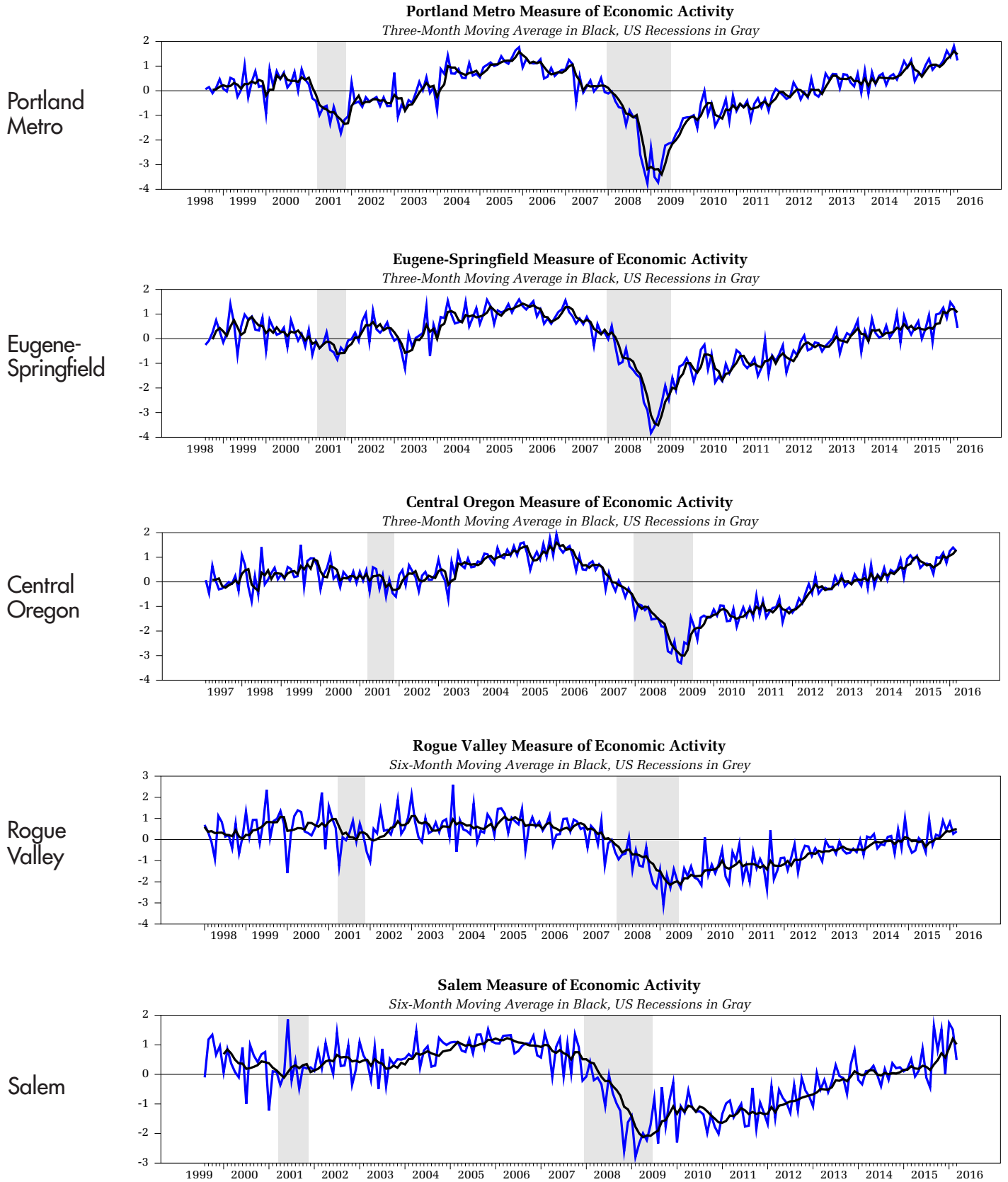
Oregon’s major metro regions continued to power forward in March. The measures for all regions indicate above average growth (both the March numbers and the moving average measures of activity, which smooth monthly volatility). Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Home construction, measured by new housing permits, contributed positively to both the Portland metro and Central Oregon regions as activity in those areas edges closer to that normally experienced in expansions. Permits had a negative contribution in remaining regions. Home sales, however, are strong in all areas—indeed, in many cases we are seeing activity at levels similar to that experienced during the housing bubble that preceded the last recession. It seems likely that more home construction will follow. The Eugene-Springfield area experienced some choppy employment numbers this month, but this likely reflects normal volatility. Low initial unemployment claims—similar to other regions—indicates a solid underlying labor market. Note low unemployment rates are providing a solid boost to the measures in all areas. More population and stronger economic activity are boosting municipal waste contributions to the measures. The Salem measure pulled back from a housing-induced spike in February, but the solid upward underlying trend remains intact.

Contributions to Regional Indexes – March 2016

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.17	-0.16	0.12	-0.14	-0.15
Educational and Health Services Employment	0.01	0.00	0.04	-0.01	-0.01
Financial Activities Employment	0.25	-0.01	0.00	0.03	0.00
Government Employment	0.21	0.00	0.00	0.00	0.03
Information Employment	0.07	-0.08	0.00	-0.01	0.00
Leisure and Hospitality Employment	0.00	-0.14	-0.02	0.00	-0.02
Manufacturing Employment	0.09	0.05	-0.11	0.04	-0.01
Construction Employment	-0.12	-0.18	0.08	-0.15	0.04
Professional and Business Services Employment	0.01	-0.05	0.01	0.08	0.07
Other Services Employment	-0.24	0.00	0.09	0.02	0.01
Trade, Transportation, and Utilities Employment	-0.02	0.11	0.15	-0.03	-0.19
Civilian Labor Force	0.02	0.01	0.02	0.27	-0.08
Unemployment Rate	0.13	0.25	0.24	0.34	0.40
Lodging Revenue, Inflation Adjusted	0.00	0.01	0.00		0.00
Airport Passengers	0.00	-0.01	-0.01	-0.03	
Initial Unemployment Claims	0.20	0.28	0.22		
Residential Units Sold	0.19	0.28	0.25		0.40
Municipal Waste	0.14	0.07	0.15		
Home Price Index	0.11				
Total	1.23	0.44	1.25	0.39	0.49
Moving Average of Recent Observations	1.47	1.07	1.30	0.50	1.02

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