

# Oregon Regional Economic Indexes™



June 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.

## Contact

Timothy A. Duy  
 Director, Oregon Economic Forum  
 Department of Economics  
 University of Oregon  
 541-346-4660 • [duy@uoregon.edu](mailto:duy@uoregon.edu)  
[econforum.uoregon.edu](http://econforum.uoregon.edu)

## Review

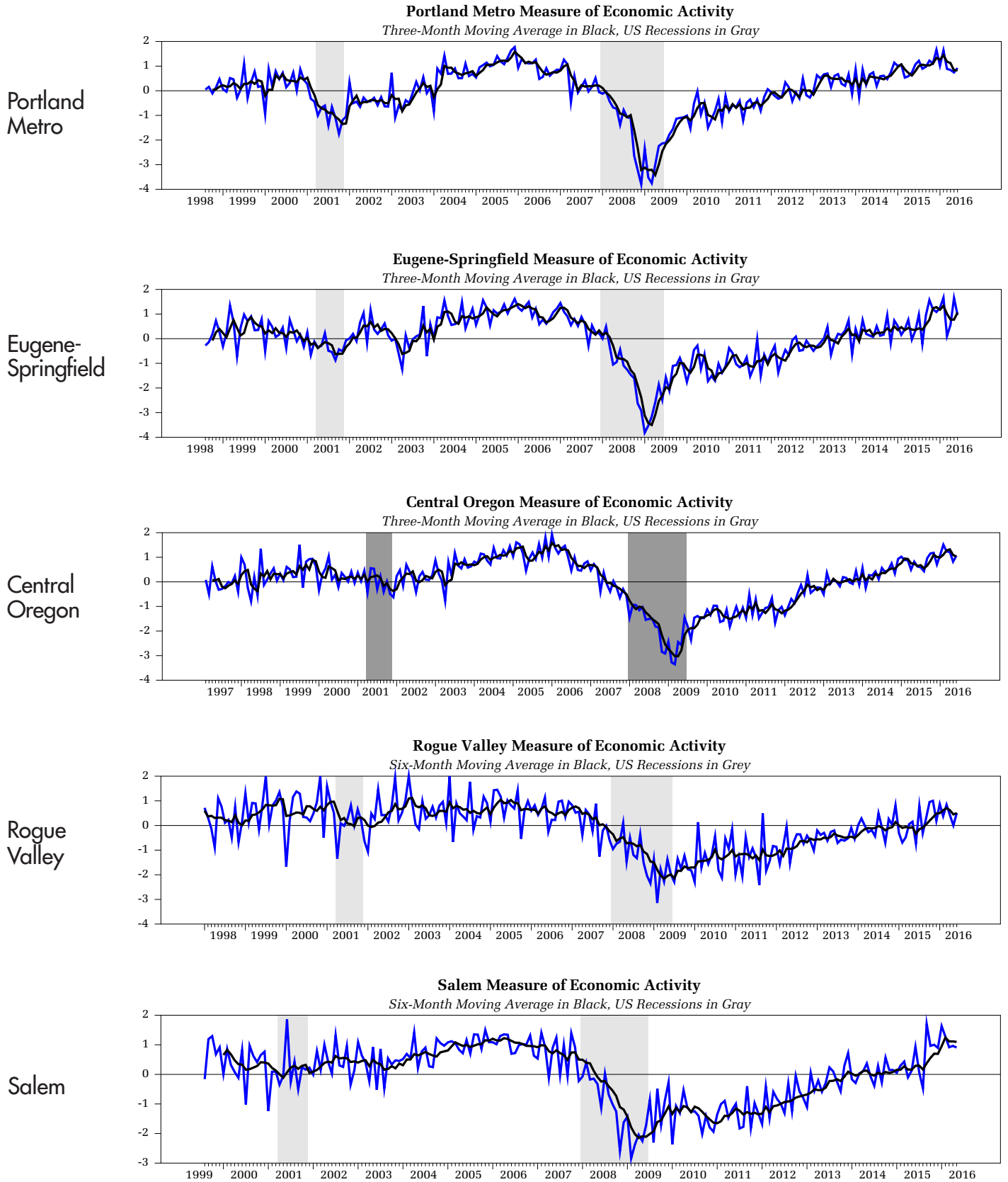
Oregon regional economies experienced strong growth in June. The measures for all regions continue to indicate above average growth (both the “raw” June numbers and the moving average measures of activity, which smooth monthly volatility). Recall that “zero” for these measures indicates *relative* average growth; each region has its own underlying growth rate. New housing permits continues to be the weak spot in the numbers. While the pace of new housing construction rebounded in the Portland and Central Oregon regions to a near-neutral contribution to these measures, construction still lags behind a pace consistent with past expansions. New housing activity remains well below expected levels along the I–5 corridor south of Portland. The lack of new construction is surprising given the very strong housing sales numbers, pointing toward persistent disruption of supply chains in the wake of the last recession. Absent a faster pace of construction, expect further upward pressure on prices until the housing market faces a negative demand shock such as a sharp slowing of migration to Oregon. Outside still-low home building numbers, remaining indicators are general positive, with particularly solid readings on broad labor market measures such as unemployment, labor force growth, and initial unemployment claims.

### Contributions to Regional Indexes – June 2016

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.06	-0.19	0.00	-0.14	-0.29
Educational and Health Services Employment	0.04	-0.03	-0.02	-0.05	-0.02
Financial Activities Employment	0.07	0.02	-0.02	0.07	-0.02
Government Employment	0.00	0.00	0.00	0.01	0.04
Information Employment	0.01	-0.11	0.00	-0.03	0.00
Leisure and Hospitality Employment	-0.05	-0.02	0.05	-0.01	-0.02
Manufacturing Employment	-0.20	0.03	0.03	0.07	-0.01
Construction Employment	0.00	0.14	0.14	-0.02	0.06
Professional and Business Services Employment	0.17	0.05	-0.01	0.08	0.20
Other Services Employment	-0.12	0.00	-0.01	-0.01	0.05
Trade, Transportation, and Utilities Employment	0.22	0.08	-0.28	0.03	0.09
Civilian Labor Force	0.06	0.12	0.02	0.25	0.09
Unemployment Rate	0.10	0.17	0.19	0.25	0.39
Lodging Revenue, Inflation Adjusted	0.00	0.00	0.08		-0.01
Airport Passengers	0.00	-0.01	0.10	0.00	
Initial Unemployment Claims	0.23	0.34	0.42		
Residential Units Sold	0.12	0.28	0.22		0.33
Municipal Waste	0.15	0.12	0.15		
Home Price Index	0.05				
<b>Total</b>	<b>0.92</b>	<b>0.97</b>	<b>1.06</b>	<b>0.51</b>	<b>0.91</b>
<b>Moving Average of Recent Observations</b>	<b>0.84</b>	<b>1.06</b>	<b>1.03</b>	<b>0.50</b>	<b>1.10</b>

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