

Oregon Regional Economic Indexes™



July 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

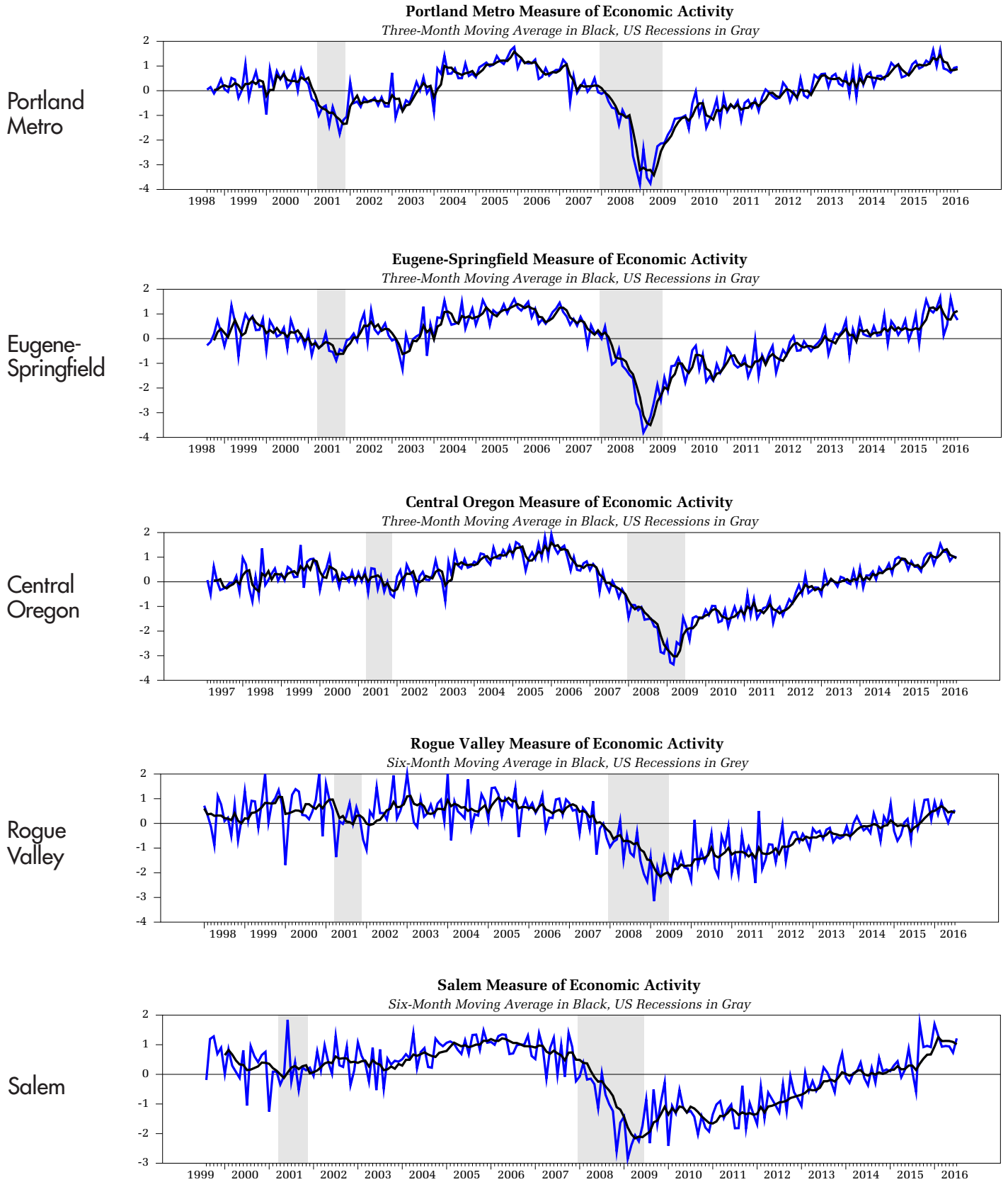
Oregon’s regional economies maintained solid growth in July. The measures for all regions continue to indicate above average growth (both the “raw” June numbers and the moving average measures of activity, which smooth monthly volatility). Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. The Portland-Metro region continues its streak of solid performance, albeit the pace of activity looks to have moderated a bit compared to the end of 2015. New housing permits made a significant contribution to the measure. Overall permitting is entering a range more consistent with past expansions, albeit with the mix weighted toward multi-family housing. Single-family permits remain relatively low. Mixed industry employment numbers tempered the Eugene-Springfield measure somewhat, but recent trends indicate underlying growth remains strong. Central Oregon remains a hotspot with strong growth buoyed by solid in-migration into the region. The housing market continues to power forward as demand outstrips supply, forcing prices higher. Home permitting was the primary weak spot in the Rogue Valley numbers. Otherwise, the pace of growth in the region has largely rebounded from the recession. The Salem area maintained the sharp rebound in activity that began in 2015. Housing permits made a positive contribution but were boosted by what is likely a temporary surge in multi-family permits.

Contributions to Regional Indexes – July 2016

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.12	-0.08	0.04	-0.28	0.06
Educational and Health Services Employment	0.01	0.03	0.04	0.01	0.00
Financial Activities Employment	0.11	-0.08	-0.07	-0.10	0.01
Government Employment	0.00	-0.01	0.00	0.12	0.02
Information Employment	-0.04	0.38	0.00	0.06	0.00
Leisure and Hospitality Employment	0.23	-0.02	0.05	0.11	0.00
Manufacturing Employment	0.00	0.10	-0.03	0.06	0.03
Construction Employment	0.02	-0.21	-0.03	-0.06	0.11
Professional and Business Services Employment	0.10	0.02	0.01	0.14	-0.12
Other Services Employment	-0.15	0.02	0.00	0.01	0.03
Trade, Transportation, and Utilities Employment	-0.09	-0.08	0.05	0.05	0.35
Civilian Labor Force	0.04	0.10	0.01	0.21	0.14
Unemployment Rate	0.09	0.16	0.18	0.22	0.24
Lodging Revenue, Inflation Adjusted	0.01	-0.02	-0.04		0.02
Airport Passengers	0.00	0.00	0.00	-0.02	
Initial Unemployment Claims	0.30	0.39	0.47		
Residential Units Sold	0.06	0.09	0.19		0.30
Municipal Waste	0.11	-0.03	0.14		
Home Price Index	0.05				
Total	0.96	0.76	1.00	0.54	1.21
Moving Average of Recent Observations	0.88	1.12	0.96	0.43	1.01

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