

Oregon Regional Economic Indexes™



January 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 entered 2016 on solid footing. The vast majority of measure components were neutral or positive for all regions. The moving average measures of activity, which smooth monthly volatility, were above average for all major metro areas in January. Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. The Portland metro area continues to post strong numbers consistent with that of past expansions. Strong demand for housing in the region continues to support rapid home price appreciation. The Eugene-Springfield measure rose on strong employment numbers and home sales; new housing permits, however, remains anemic. The economic engine of Central Oregon also appears to be firing on all cylinders. Rapid employment growth, low unemployment, and a hot housing market are all supporting the region’s measure. Growth has been consistently above average in the Rogue Valley since the middle of last year as the region continues to shake off the hit from the recession. Like Eugene, home permitting activity remains soft. The Salem measure surged on the back of faster labor force growth, low unemployment, solid employment gains, and a strong housing market. Note that multi-family projects drove home permitting activity for the month. Expect some retrenchment in subsequent reports.

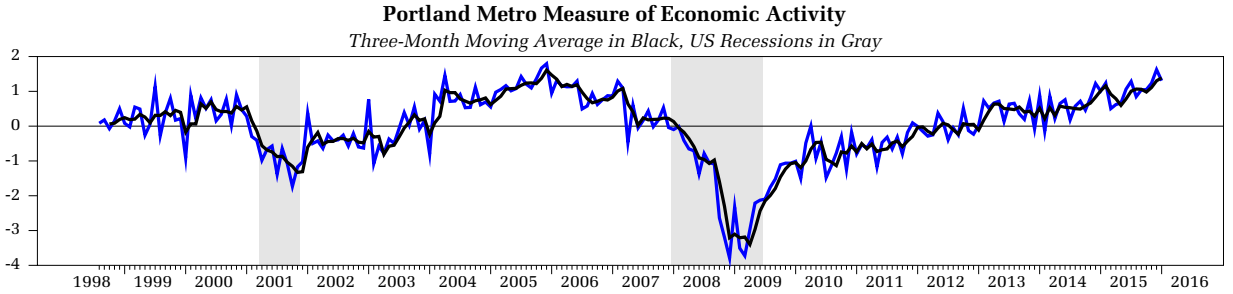
Contributions to Regional Indexes – January 2016

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.03	-0.13	0.03	-0.12	0.12
Educational and Health Services Employment	0.12	0.03	0.06	-0.04	0.10
Financial Activities Employment	0.07	0.07	0.09	0.16	-0.01
Government Employment	0.00	0.00	0.00	-0.02	0.01
Information Employment	0.20	0.01	0.01	0.09	0.01
Leisure and Hospitality Employment	0.02	0.11	0.04	-0.01	0.03
Manufacturing Employment	-0.10	0.01	0.16	0.10	0.08
Construction Employment	0.10	0.02	0.11	0.13	-0.03
Professional and Business Services Employment	0.02	0.30	0.05	-0.16	0.20
Other Services Employment	0.05	0.08	-0.05	0.01	0.02
Trade, Transportation, and Utilities Employment	-0.10	-0.01	-0.10	0.20	-0.05
Civilian Labor Force	0.07	0.37	0.10	0.09	0.41
Unemployment Rate	0.13	0.26	0.22	0.35	0.38
Lodging Revenue, Inflation Adjusted	0.00	0.00	0.08		0.18
Airport Passengers	0.00	0.00	0.01	0.01	
Initial Unemployment Claims	0.25	0.37	0.19		
Residential Units Sold	0.20	0.37	0.20		0.48
Municipal Waste	0.12	-0.13	0.07		
Home Price Index	0.13				
Total	1.31	1.71	1.26	0.78	1.93
Moving Average of Recent Observations	1.39	1.27	1.08	0.38	0.92

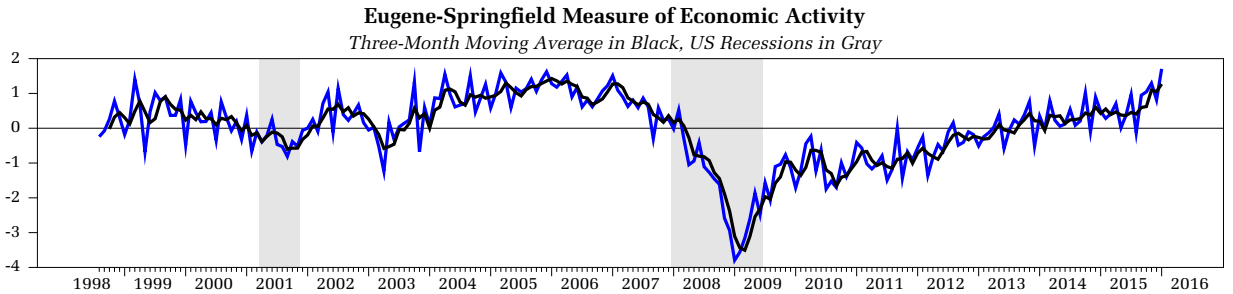
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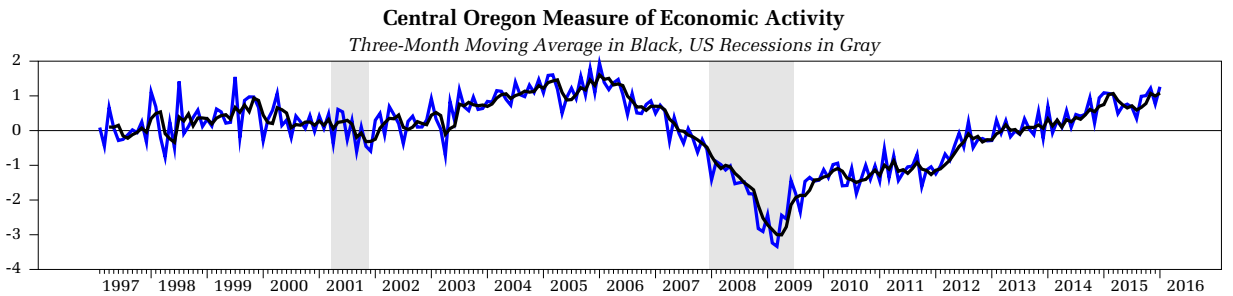
Portland Metro



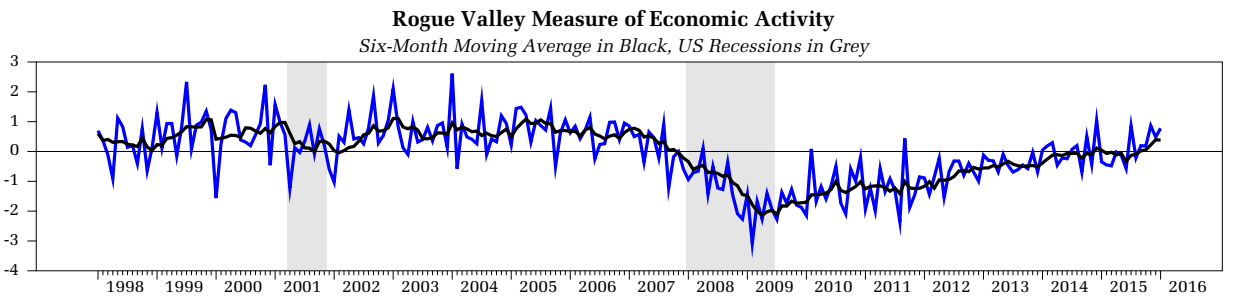
Eugene-Springfield



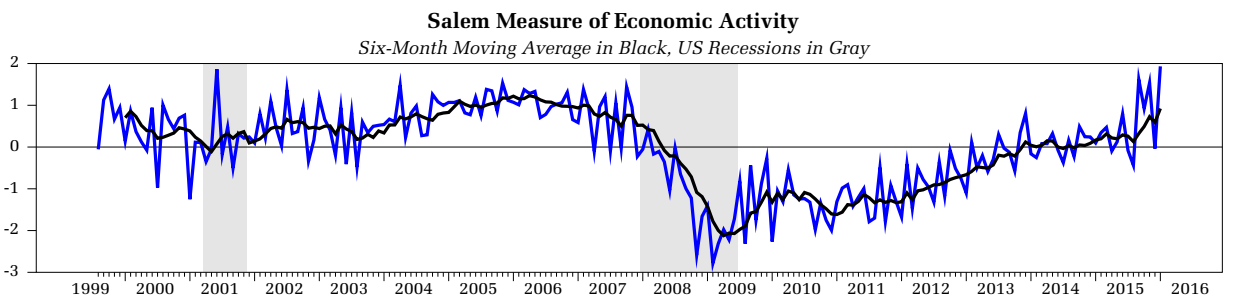
Central Oregon



Rogue Valley



Salem



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