

Oregon Regional Economic Indexes™



February 2016

SPONSORED BY



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
econforum.uoregon.edu

Review

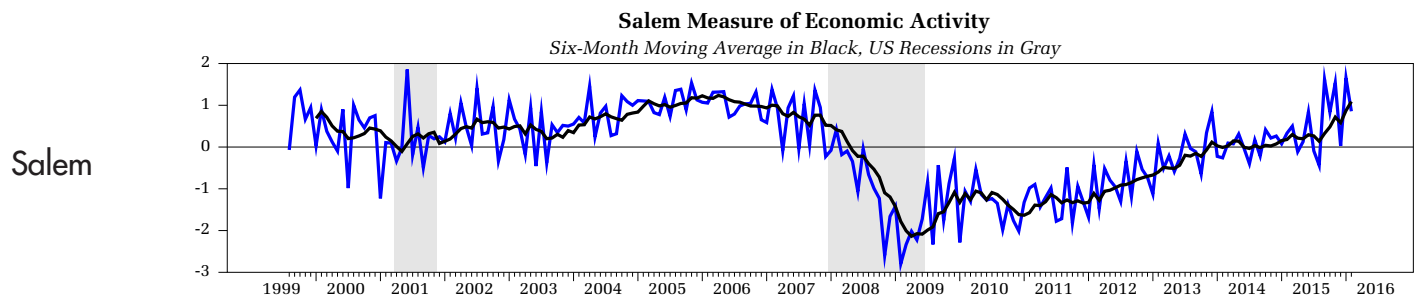
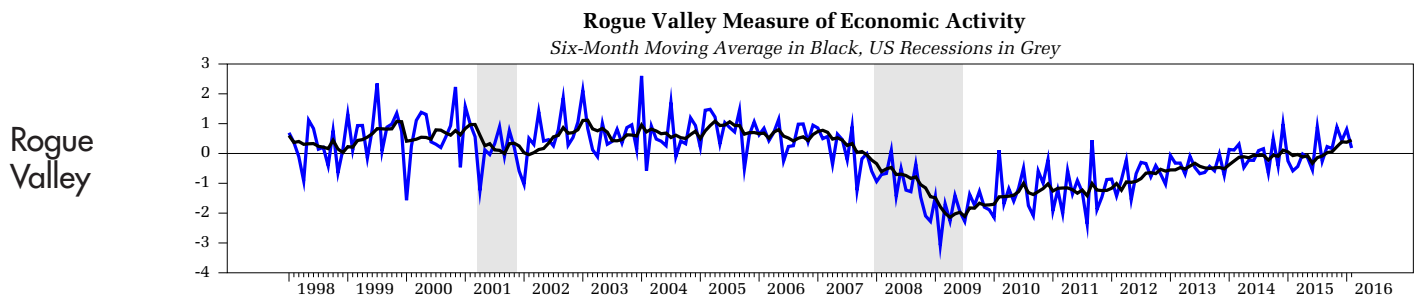
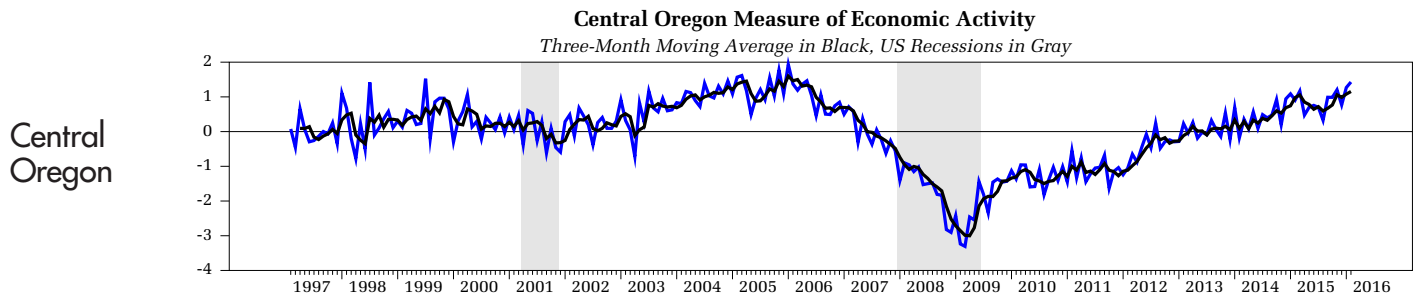
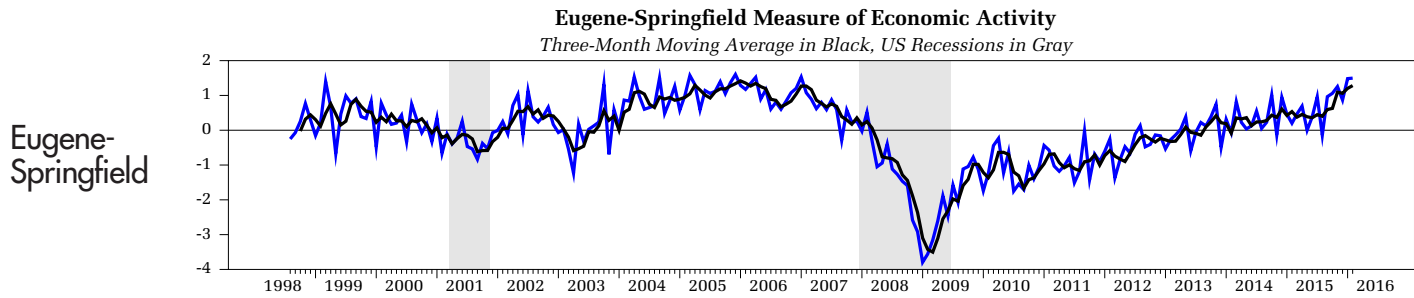
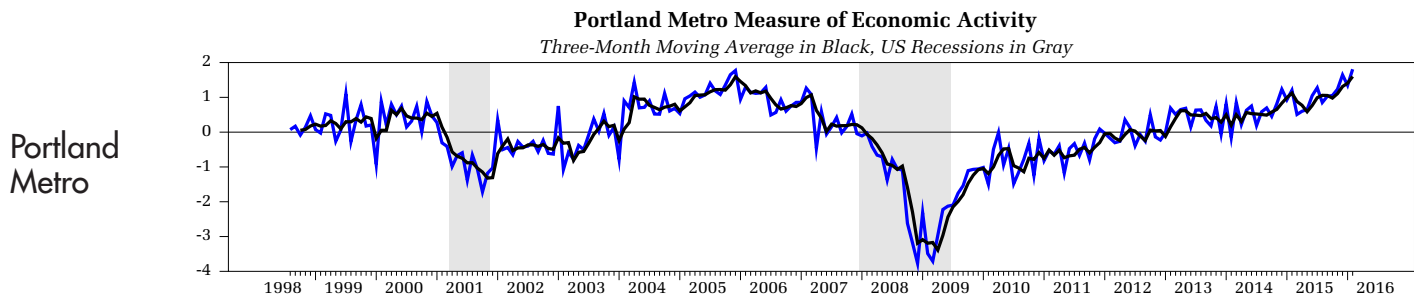
The ongoing economic expansion continues to be felt in all of Oregon’s major metro regions in February. All regions now consistently post numbers (the moving average measures of activity, which smooth monthly volatility) indicating above average growth. Recall that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Home construction, measured by new housing permits, remains tepid for most regions relative to past economic expansions. The Bend region was an outlier for February, with a strong positive contribution from permits. Permits had a neutral contribution in the Portland metro area and negative in remaining regions. Housing sales, however, remain a very positive component, indicating significant demand; expect continued home price appreciation if supply continues to lag. Most labor market components contributed positively in all regions. Low levels of initial unemployment claims and low unemployment are particularly supportive of the measures. Labor force growth has generally rebounded in recent months, consistent with growth of new residents and persons previously not seeking employment entering the labor force. Labor force growth and employment growth reinforce each other to create a very dynamic economic environment typically experienced in Oregon during sustained expansions.

Contributions to Regional Indexes – February 2016

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.03	-0.11	0.17	-0.19	-0.16
Educational and Health Services Employment	-0.08	0.12	-0.01	0.01	-0.06
Financial Activities Employment	0.25	0.05	0.04	0.10	0.05
Government Employment	0.00	0.00	0.00	0.02	-0.01
Information Employment	-0.04	-0.02	-0.01	0.07	0.00
Leisure and Hospitality Employment	-0.03	0.06	0.02	-0.04	-0.01
Manufacturing Employment	0.08	0.07	0.03	0.09	0.00
Construction Employment	0.22	0.18	0.13	0.04	0.13
Professional and Business Services Employment	0.05	-0.08	0.01	-0.11	0.04
Other Services Employment	0.04	-0.05	0.00	0.01	-0.05
Trade, Transportation, and Utilities Employment	0.33	0.02	0.19	-0.15	-0.14
Civilian Labor Force	0.08	0.24	0.02	-0.02	0.19
Unemployment Rate	0.12	0.24	0.22	0.32	0.35
Lodging Revenue, Inflation Adjusted	0.00	-0.01	-0.03		-0.01
Airport Passengers	0.01	0.02	0.00	0.02	
Initial Unemployment Claims	0.21	0.35	0.27		
Residential Units Sold	0.17	0.30	0.21		0.53
Municipal Waste	0.19	0.10	0.18		
Home Price Index	0.15				
Total	1.81	1.50	1.43	0.18	0.86
Moving Average of Recent Observations	1.60	1.28	1.15	0.45	1.09

Oregon Regional Economic Indexes™

February 2016



oregon
economic
forum