

# Oregon Regional Economic Indexes™



October 2015

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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

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## Review

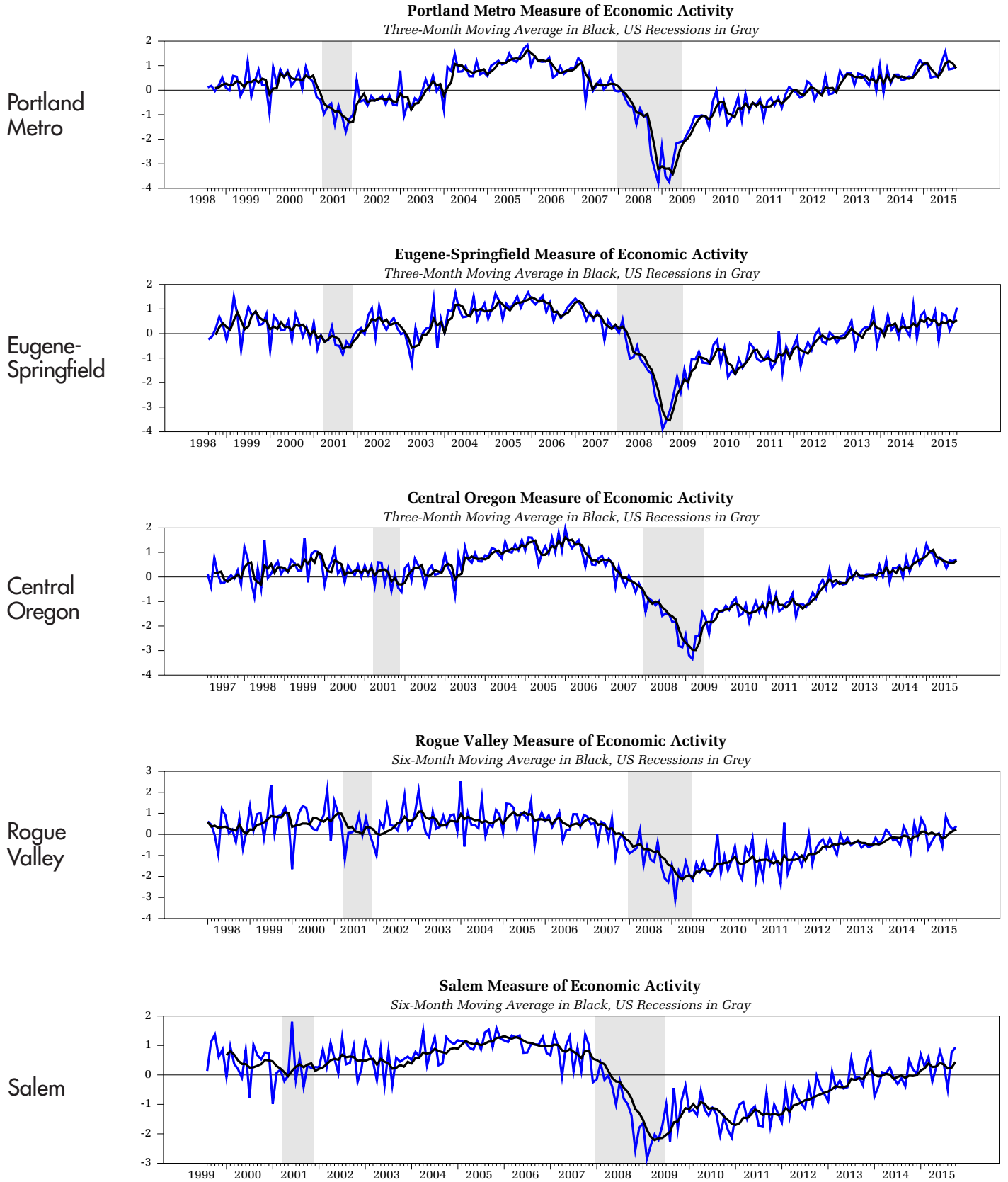
Regional economies continued to post strong results in October with all areas growing at an above average pace. Recall that “zero” for these measures indicates *relative* average growth; each region has its own underlying growth rate. New housing units permitted remain weak in the Eugene-Springfield, Salem, and Rogue Valley regions, but are contributing positively in the Portland metro region. Residential housing sales, however, remain strong in all regions. Low unemployment rates are boosting measures in all regions; the impact is particularly strong in Salem and the Rogue Valley. Low levels of initial unemployment claims are pushing the measures sharply higher and signal continued job growth. All but two components (housing permits and other services employment) made neutral or better contributions to the Salem measure. The measures indicate that economic activity in the Portland, Salem, and Eugene-Springfield areas is increasing at paces consistent with previous expansions. The Bend region is growing at a pace similar to moderately better than that experienced prior to the housing bubble of the last decade. Growth remains below that of the bubble-era, but is more likely to prove sustainable for a longer time. The Rogue Valley region still lags relative to the pace of activity experienced prior to the most recent recession. Still, the region has made substantial progress over the past two years and is now growing at a better than average pace.

### Contributions to Regional Indexes – October 2015

|   | Portland-Vancouver-Beaverton | Eugene-Springfield | Central Oregon | Rogue Valley | Salem       |
|---|------------------------------|--------------------|----------------|--------------|-------------|
| 2   |                              |                    |                |              |             |
| New Private Housing Units Authorized by Permits | 0.09                         | -0.19              | 0.01           | -0.33        | -0.41       |
| Educational and Health Services Employment      | 0.01                         | 0.03               | -0.07          | -0.03        | 0.00        |
| Financial Activities Employment                 | 0.26                         | 0.02               | -0.02          | 0.02         | 0.00        |
| Government Employment                           | 0.00                         | 0.00               | 0.00           | 0.05         | 0.01        |
| Information Employment                          | -0.02                        | 0.09               | -0.01          | 0.02         | 0.00        |
| Leisure and Hospitality Employment              | 0.03                         | -0.06              | -0.02          | -0.01        | 0.09        |
| Manufacturing Employment                        | -0.17                        | 0.05               | 0.00           | 0.13         | 0.00        |
| Construction Employment                         | 0.02                         | 0.20               | -0.03          | 0.03         | 0.01        |
| Professional and Business Services Employment   | 0.05                         | 0.11               | -0.03          | 0.02         | 0.45        |
| Other Services Employment                       | 0.23                         | -0.02              | -0.01          | -0.01        | -0.05       |
| Trade, Transportation, and Utilities Employment | -0.17                        | -0.02              | 0.03           | -0.01        | 0.07        |
| Civilian Labor Force                            | 0.05                         | 0.04               | 0.01           | 0.30         | 0.09        |
| Unemployment Rate                               | 0.09                         | 0.15               | 0.16           | 0.20         | 0.23        |
| Lodging Revenue, Inflation Adjusted             | 0.00                         | 0.01               | 0.01           |              | 0.03        |
| Airport Passengers                              | 0.00                         | 0.02               | 0.00           | 0.00         |             |
| Initial Unemployment Claims                     | 0.31                         | 0.33               | 0.40           |              |             |
| Residential Units Sold                          | 0.15                         | 0.37               | 0.23           |              | 0.42        |
| Municipal Waste                                 | 0.07                         | -0.06              | 0.06           |              |             |
| Home Price Index                                | -0.05                        |                    |                |              |             |
| <b>Total</b>                                    | <b>0.96</b>                  | <b>1.05</b>        | <b>0.72</b>    | <b>0.39</b>  | <b>0.94</b> |
| <b>Moving Average of Recent Observations</b>    | <b>0.89</b>                  | <b>0.56</b>        | <b>0.67</b>    | <b>0.23</b>  | <b>0.44</b> |

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