

# Oregon Regional Economic Indexes™



July 2017

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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

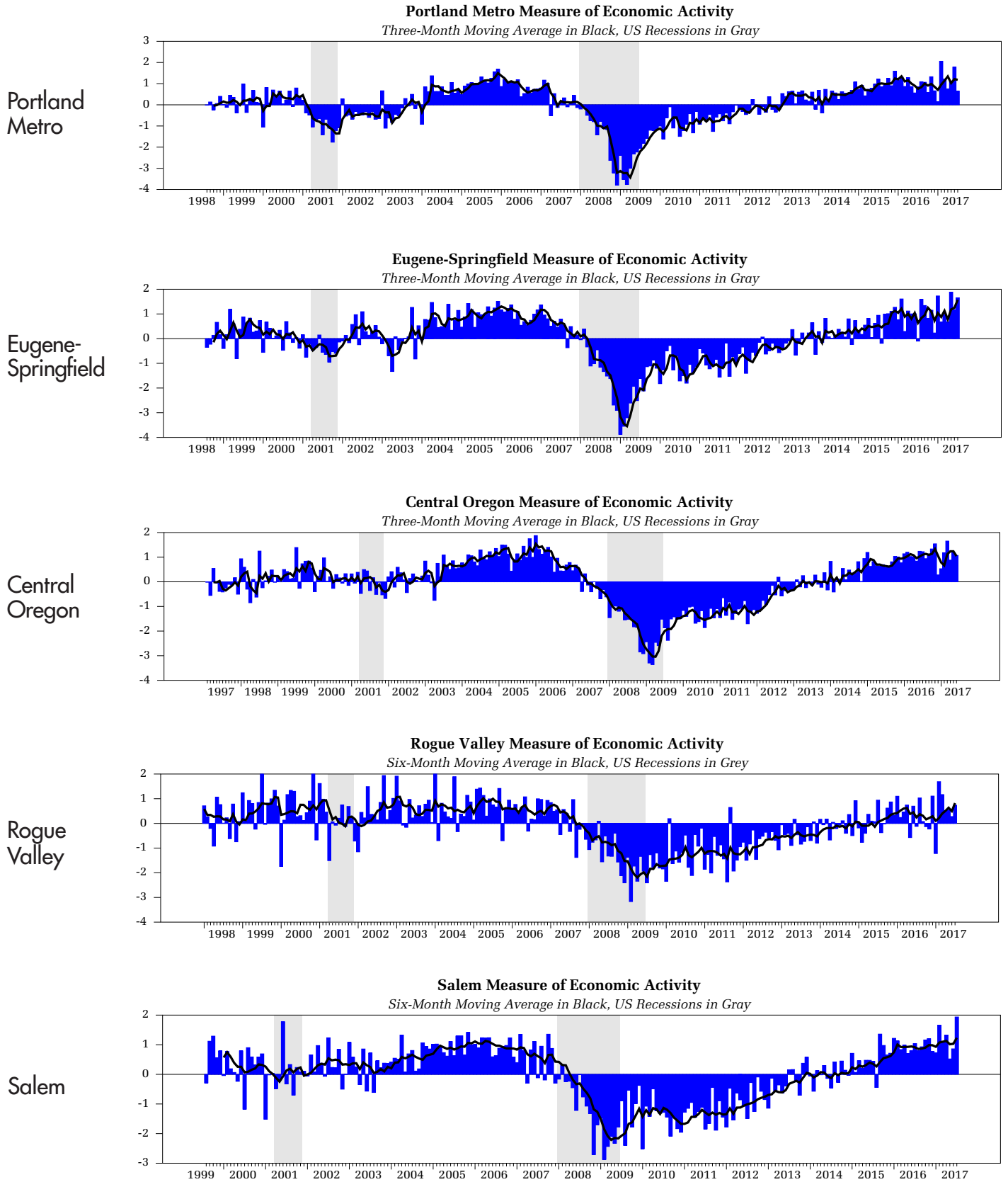
Idiosyncratic shocks to underlying index components created a volatile month for the regional measures of activity. Still, for all regions covered by this report moving average measures (which smooth monthly volatility) remain above zero, indicating above trend activity. Weakness in some employment components were a drag on the Portland metro measure, but broad labor market indicators remain supportive. New housing permits, employment construction, and housing sale help boost the measure. The Eugene-Springfield measure extended its recent gains, although the large boost from the waste component is likely an anomaly. Still, other components were mostly positive to neutral, with only new housing permits showing significant weakness. Central Oregon maintains a pace of activity largely consistent with the strong showing since 2015. The Rogue Valley measure continued the upward momentum evident this year, supported by very low unemployment and strong labor force growth. The Salem measure jumped higher, but this likely overstates the region’s strength as it was driven by an rise in multifamily housing permits that is likely to fade next month. Still, the region continues to enjoy a solid underlying growth trend.

## Contributions to Regional Indexes – July 2017

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.06	-0.10	0.05	-0.13	0.22
Educational and Health Services Employment	0.05	0.06	-0.04	0.04	0.00
Financial Activities Employment	-0.17	0.00	-0.07	-0.04	0.01
Government Employment	0.01	0.00	0.00	0.00	0.33
Information Employment	-0.06	0.09	-0.01	0.15	0.00
Leisure and Hospitality Employment	0.18	0.02	0.01	0.09	0.06
Manufacturing Employment	0.04	0.07	-0.04	0.00	-0.02
Construction Employment	0.19	0.08	0.15	0.11	-0.01
Professional and Business Services Employment	-0.13	-0.01	0.00	0.00	-0.08
Other Services Employment	-0.23	-0.01	-0.03	0.00	0.09
Trade, Transportation, and Utilities Employment	-0.02	0.04	0.09	-0.07	0.51
Civilian Labor Force	0.08	0.10	-0.01	0.15	0.06
Unemployment Rate	0.15	0.29	0.28	0.42	0.43
Lodging Revenue, Inflation Adjusted	0.01	0.01	0.01		0.00
Airport Passengers	0.00	0.00	0.00	0.00	
Initial Unemployment Claims	0.27	0.38	0.24		
Residential Units Sold	0.09	0.22	0.21		0.34
Municipal Waste	0.15	0.43	0.23		
Home Price Index	-0.01				
<b>Total</b>	<b>0.65</b>	<b>1.65</b>	<b>1.07</b>	<b>0.74</b>	<b>1.94</b>
<b>Moving Average of Recent Observations</b>	<b>1.18</b>	<b>1.57</b>	<b>1.05</b>	<b>0.82</b>	<b>1.23</b>

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