

Oregon Regional Economic Indexes™



October 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.

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Review

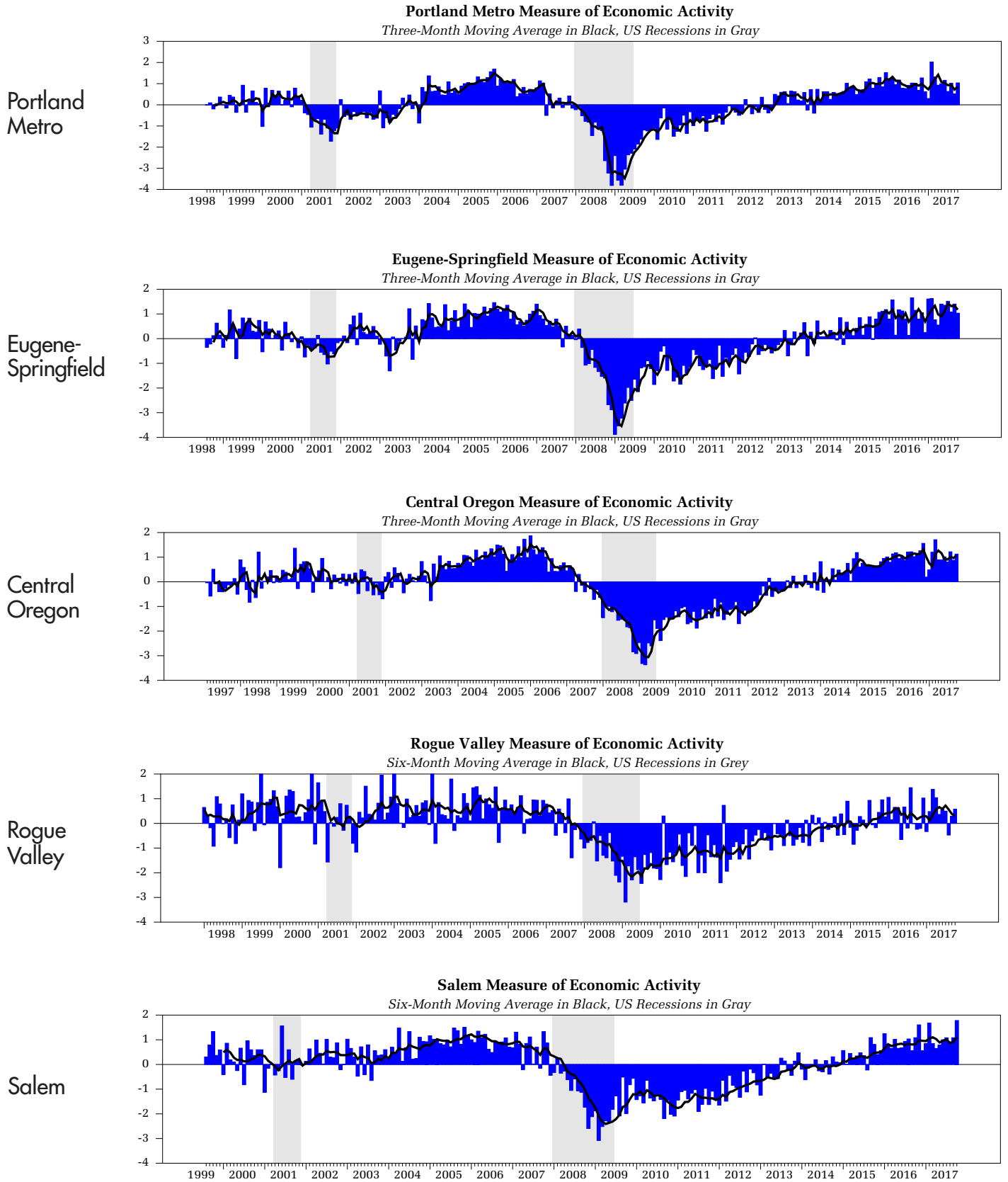
Oregon’s major metropolitan areas entered the final quarter of 2017 on solid footing. For all regions covered by this report, both raw and moving average measures (which smooth monthly volatility) remain above zero, indicating above trend pace of activity. Housing numbers maintain the patterns of recent years, with solid sales activity across all regions yet tepid new construction activity. While both the Portland and Central Oregon regions have seen housing activity close to somewhat above normal (a contribution of 0 to the measure), remaining areas have remained below normal as gains in the numbers on the back of a surge in multi-family permits, such as Salem this month, prove to be largely temporary. Employment activity, however, has been generally solid across regions and industries. Moreover, the solid job growth has contributed to sharply lower unemployment rates, generating large contributions to all measures. Low initial unemployment claims suggest employers will continue to add jobs. Still, job growth is slowing statewide as the expansion matures; regions are likely at or past peak growth rates for this cycle although there is no indication the economic expansion that began in 2009 will end this year.

Contributions to Regional Indexes – October 2017

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.05	-0.07	0.06	-0.10	0.31
Educational and Health Services Employment	-0.02	0.06	0.02	-0.01	-0.02
Financial Activities Employment	0.05	0.01	-0.06	0.08	0.03
Government Employment	-0.03	-0.01	0.00	-0.06	-0.03
Information Employment	-0.02	-0.11	-0.01	-0.06	-0.03
Leisure and Hospitality Employment	-0.02	-0.13	-0.08	0.04	0.06
Manufacturing Employment	0.15	0.16	0.00	0.08	0.01
Construction Employment	0.01	0.04	0.02	0.01	0.03
Professional and Business Services Employment	0.12	0.04	-0.01	0.16	0.09
Other Services Employment	0.00	-0.03	-0.05	0.02	-0.12
Trade, Transportation, and Utilities Employment	0.00	-0.05	-0.01	-0.02	0.19
Civilian Labor Force	0.03	0.07	0.00	0.01	0.23
Unemployment Rate	0.16	0.29	0.25	0.40	0.45
Lodging Revenue, Inflation Adjusted	0.03	0.00	-0.10		0.04
Airport Passengers	0.00	0.00	0.00	0.02	
Initial Unemployment Claims	0.23	0.38	0.29		
Residential Units Sold	0.13	0.30	0.16		0.53
Municipal Waste	0.17	0.09	0.24		
Home Price Index	0.01				
Total	1.04	1.03	1.13	0.57	1.78
Moving Average of Recent Observations	0.86	1.17	1.07	0.30	1.10

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