

Oregon Regional Economic Indexes™



December 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

Timothy A. Duy
 Director, Oregon Economic Forum
 Department of Economics
 University of Oregon
 541-346-4660 • duy@uoregon.edu
econforum.uoregon.edu

Review

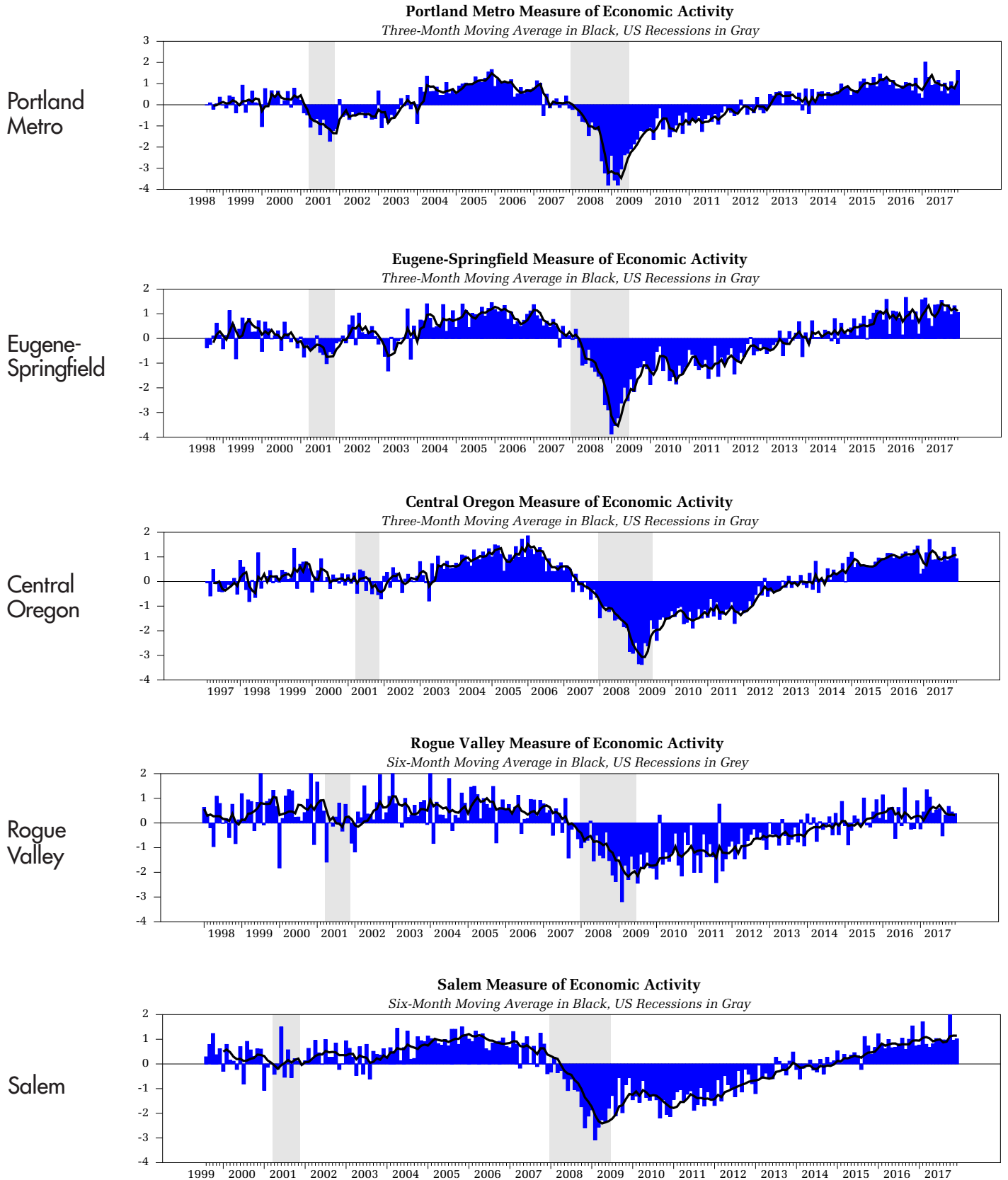
Oregon’s major metropolitan areas finished 2017 on a strong note. For all regions covered by this report, both raw and moving average measures (which smooth monthly volatility) remain above zero, indicating an above trend pace of activity. The Portland metro area measure bounced on the back of strong contributions from housing and labor market components. The Eugene-Springfield measure continues to move generally sideways at a level largely consistent with a pace last experienced in late 2005; low levels of housing permits continue to weigh on the index. The Central Oregon area remains buoyant with a low unemployment rate and solid housing activity. Very low unemployment rates made large positive contributions to the Rogue Valley and Salem measures. Home permitting remains weak in both areas, particularly the Rogue Valley.

Contributions to Regional Indexes – December 2017

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.18	-0.11	0.06	-0.27	-0.04
Educational and Health Services Employment	0.01	0.11	0.02	0.09	0.02
Financial Activities Employment	-0.02	-0.07	-0.06	0.00	0.01
Government Employment	0.01	0.00	0.00	-0.02	0.00
Information Employment	0.00	-0.01	-0.01	0.00	0.00
Leisure and Hospitality Employment	0.14	0.01	-0.08	0.02	0.05
Manufacturing Employment	0.21	-0.01	0.00	-0.17	0.03
Construction Employment	0.11	0.02	0.02	-0.02	-0.02
Professional and Business Services Employment	0.12	0.06	-0.01	0.01	0.05
Other Services Employment	0.08	-0.01	-0.05	0.00	0.28
Trade, Transportation, and Utilities Employment	-0.02	-0.04	-0.01	0.11	-0.40
Civilian Labor Force	0.02	0.12	0.00	0.22	0.00
Unemployment Rate	0.16	0.31	0.25	0.43	0.51
Lodging Revenue, Inflation Adjusted	0.01	-0.02	-0.10		0.03
Airport Passengers	-0.01	-0.01	0.00	-0.01	
Initial Unemployment Claims	0.32	0.39	0.29		
Residential Units Sold	0.10	0.28	0.16		0.49
Municipal Waste	0.19	0.06	0.24		
Home Price Index	0.03				
Total	1.62	1.05	0.93	0.38	1.02
Moving Average of Recent Observations	1.15	1.11	1.09	0.31	1.15

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