

Oregon Regional Economic Indexes™



May 2018

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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

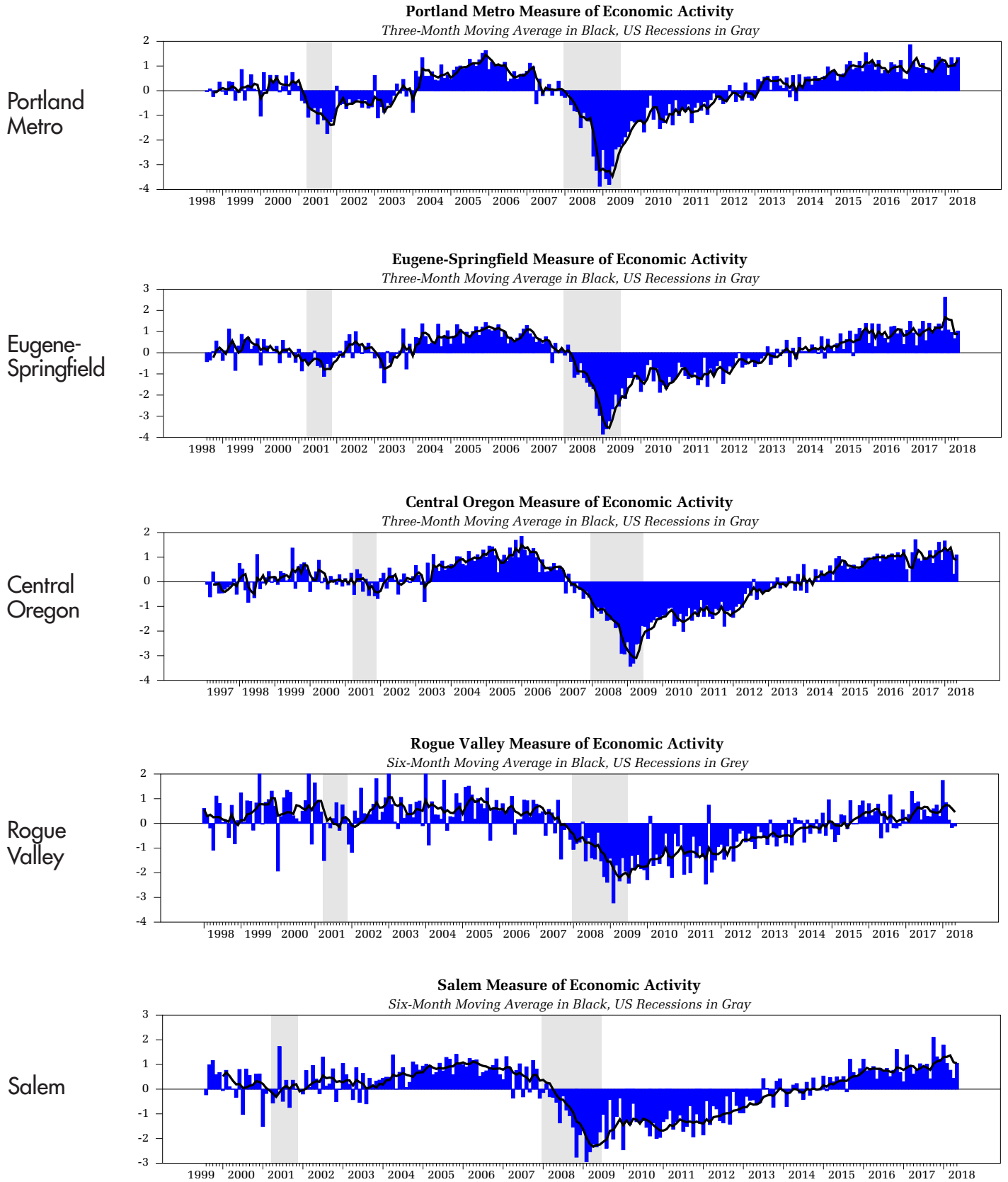
Oregon’s major metropolitan areas continued to post solid economic numbers in May. For all regions covered by this report, moving average measures (which smooth monthly volatility) were solidly above zero, indicating an above-trend pace of activity (trend activity differs across regions). The Trade, Transportation, and Utilities Employment components were again generally weak; this appears to be largely a correction from substantial gains earlier this year. A slowdown in multifamily housing permits created a slight negative contribution for the Portland measure; the sector may be pulling back after last year’s gains. In contrast, multifamily housing permits helped boost the Salem measure. Record low unemployment rates are making large positive contributions to the measures. An acceleration in airport passengers provided an unusually large contribution to the Eugene measure (steady growth often holds the contributions near zero, or neutral). Low levels of unemployment claims still signal that job growth is likely to continue for the foreseeable future.

Contributions to Regional Indexes – May 2018

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.02	-0.10	0.06	-0.31	0.27
Educational and Health Services Employment	0.06	-0.13	-0.02	-0.05	-0.01
Financial Activities Employment	-0.04	0.05	-0.02	-0.02	-0.04
Government Employment	0.00	0.00	0.00	0.02	-0.01
Information Employment	0.13	-0.01	0.01	-0.06	0.00
Leisure and Hospitality Employment	0.16	0.02	0.07	0.05	0.02
Manufacturing Employment	0.06	0.07	0.00	0.04	0.03
Construction Employment	0.06	-0.05	0.03	0.17	0.02
Professional and Business Services Employment	0.13	0.03	0.00	-0.13	0.19
Other Services Employment	-0.08	0.01	0.03	0.04	-0.06
Trade, Transportation, and Utilities Employment	0.16	-0.18	-0.07	-0.08	-0.23
Civilian Labor Force	0.00	-0.16	-0.01	-0.20	-0.06
Unemployment Rate	0.17	0.71	0.27	0.44	0.48
Lodging Revenue, Inflation Adjusted	0.00	0.02	-0.01		-0.01
Airport Passengers	0.00	0.08	0.00	-0.01	
Initial Unemployment Claims	0.25	0.26	0.28		
Residential Units Sold	0.12	0.30	0.21		0.45
Municipal Waste	0.20	0.11	0.27		
Home Price Index	-0.01				
Total	1.34	1.03	1.09	-0.10	1.05
Moving Average of Recent Observations	1.26	0.88	0.88	0.46	1.05

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