

# Oregon Regional Economic Indexes™



September 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.

### **Contact**

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## **Review**

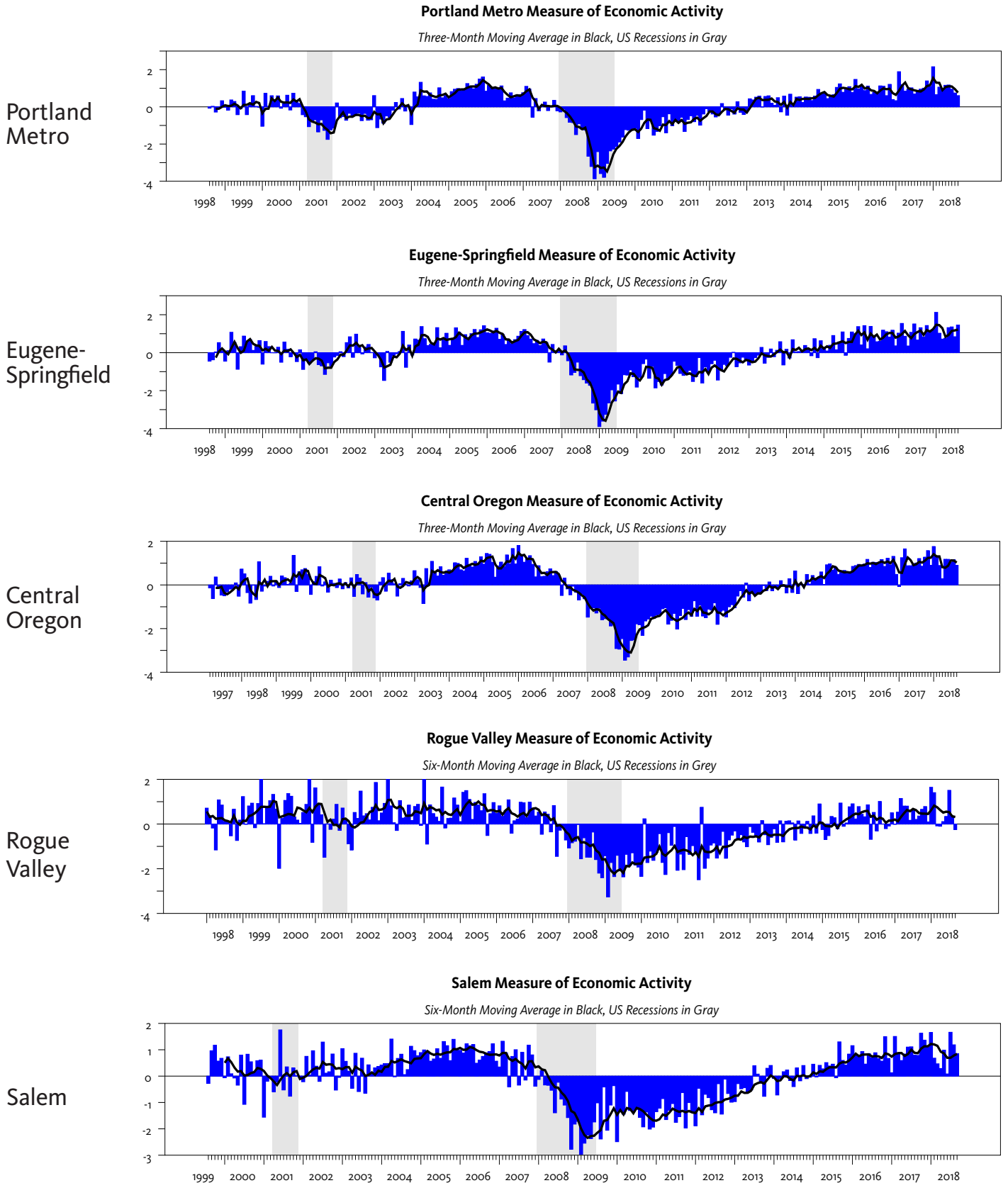
Oregon’s major metropolitan areas continue to enjoy the benefits of what looks likely to become a record-breaking economic expansion by next summer. For all regions covered by this report, the moving average measures (which smooth monthly volatility) were above zero, indicating an above-trend pace of activity (trend activity differs across regions) in September. Some unusually weak employment components dragged down the Rogue Valley measure, but this likely reflects temporary volatility in the data. Housing activity slowed noticeably in recent months. Housing units permitted slowed to neutral or negative contributions in all regions. Residential housing sales continue to contribute positively in most regions, although the magnitude of the contributions have declined. It appears that after many years of rapid price appreciation, buyers have begun to push back on higher prices. Absent the liberal use of exotic mortgages present in the last housing cycle, affordability constraints appear to be binding. Employment components weakened in September as job growth slowed, but low levels of initial jobless claims and low unemployment rates still point to a healthy job market going forward.

### **Contributions to Regional Indexes – September 2018**

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.01	-0.10	-0.02	-0.12	-0.04
Educational and Health Services Employment	-0.02	-0.06	-0.03	-0.17	0.04
Financial Activities Employment	0.09	-0.03	0.00	0.02	0.01
Government Employment	0.00	0.00	0.01	0.02	-0.02
Information Employment	-0.03	0.00	-0.01	-0.03	0.00
Leisure and Hospitality Employment	-0.09	0.08	-0.05	-0.15	-0.09
Manufacturing Employment	0.10	0.03	0.01	0.01	-0.05
Construction Employment	-0.04	0.28	0.07	0.02	-0.02
Professional and Business Services Employment	-0.06	0.05	0.00	0.06	-0.10
Other Services Employment	0.29	0.00	-0.02	-0.01	-0.02
Trade, Transportation, and Utilities Employment	-0.29	0.14	-0.03	-0.31	0.33
Civilian Labor Force	0.03	-0.07	0.02	-0.07	0.02
Unemployment Rate	0.17	0.32	0.27	0.43	0.46
Lodging Revenue, Inflation Adjusted	0.01	0.01	-0.01		0.00
Airport Passengers	-0.01	0.01	0.00	0.05	
Initial Unemployment Claims	0.29	0.32	0.34		
Residential Units Sold	0.01	0.35	0.16		0.34
Municipal Waste	0.16	0.13	0.19		
Home Price Index	-0.03				
<b>Total</b>	<b>0.60</b>	<b>1.46</b>	<b>0.90</b>	<b>-0.25</b>	<b>0.85</b>
<b>Moving Average of Recent Observations</b>	<b>0.77</b>	<b>1.22</b>	<b>1.03</b>	<b>0.32</b>	<b>0.84</b>

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