

Oregon Regional Economic Indexes™



June 2019

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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

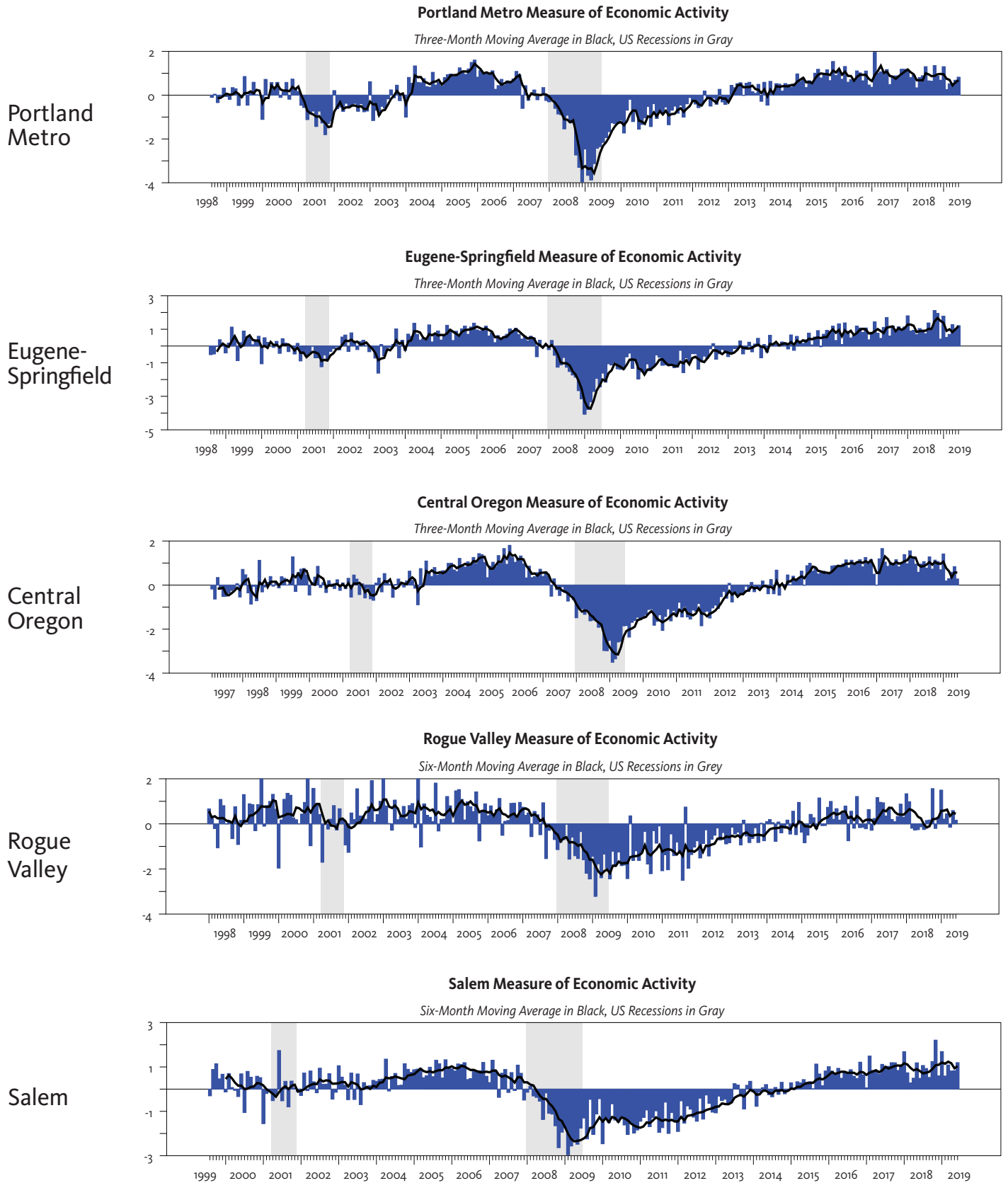
Regional economies experienced continued economic growth in June. For all regions covered by this report, raw and moving average measures (which smooth monthly volatility) were above zero, indicating an above-trend pace of activity (trend activity differs across regions). The Central Oregon measure has slowed markedly this year, although it remains above zero. Job growth in the region has fallen from a high of over 7% year-over-year in 2015 to 1.5% in June of this year while initial unemployment claims have ticked up. The Portland area and Eugene-Springfield measures have not softened as much as Bend, while the Salem and Rogue Valley measures have held up well in recent months. The housing market is generally solid with home sales still contributing positively to the measures of activity. Housing sales and home price appreciation in the Portland area, however, have slowed; the latter factor is creating a small negative contribution to the index. Low unemployment rates still make significant positive contributions across regions. Solid housing permits boosted the Portland area and Salem measures whereas other regions felt a neutral to negative impact due to a slower pace of home building activity.

Contributions to Regional Indexes – June 2019

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.09	-0.11	0.01	-0.07	0.14
Educational and Health Services Employment	0.04	-0.10	-0.01	0.00	0.07
Financial Activities Employment	0.14	-0.02	-0.04	-0.02	0.00
Government Employment	0.00	0.00	0.00	0.00	-0.01
Information Employment	-0.04	0.00	0.00	0.00	0.00
Leisure and Hospitality Employment	0.10	-0.02	-0.09	0.11	0.01
Manufacturing Employment	0.14	0.05	0.00	0.00	0.67
Construction Employment	0.03	0.06	0.06	-0.04	-0.05
Professional and Business Services Employment	0.12	-0.03	-0.12	0.03	-0.08
Other Services Employment	-0.24	0.03	-0.01	-0.04	-0.05
Trade, Transportation, and Utilities Employment	-0.15	-0.13	-0.11	-0.09	-0.15
Civilian Labor Force	-0.04	0.34	-0.04	-0.20	-0.10
Unemployment Rate	0.15	0.28	0.25	0.38	0.44
Lodging Revenue, Inflation Adjusted	-0.01	0.00	0.00		-0.01
Airport Passengers	-0.01	0.02	0.00	0.12	
Initial Unemployment Claims	0.33	0.54	-0.02		
Residential Units Sold	0.05	0.21	0.16		0.32
Municipal Waste	0.15	0.10	0.24		
Home Price Index	-0.03				
Total	0.82	1.22	0.28	0.63	0.16
Moving Average of Recent Observations	0.68	1.18	0.57	0.49	0.46

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