

Oregon Regional Economic Indexes™



October 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.

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Review

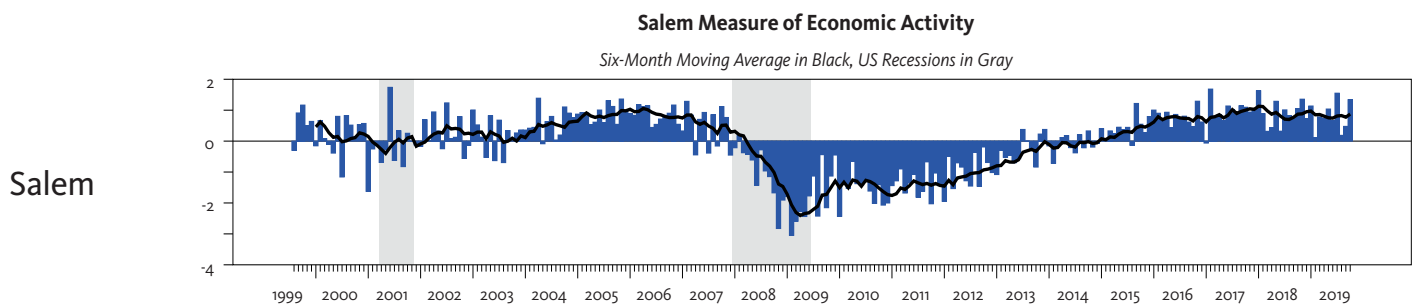
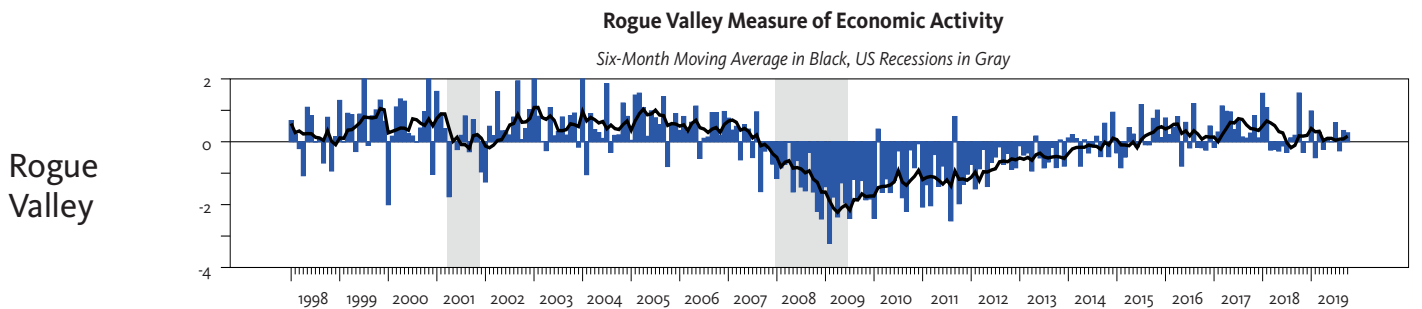
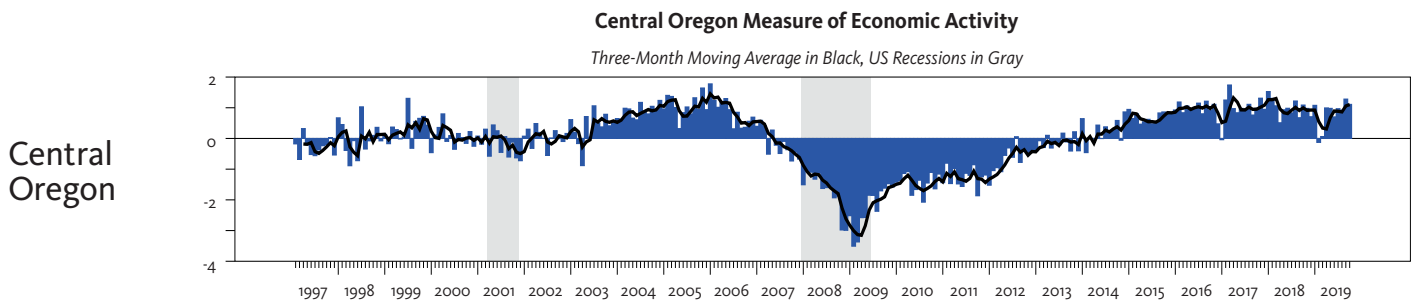
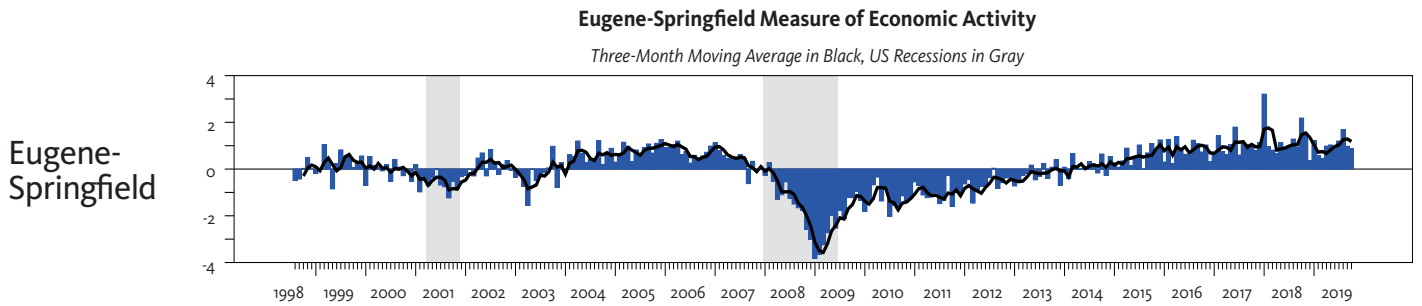
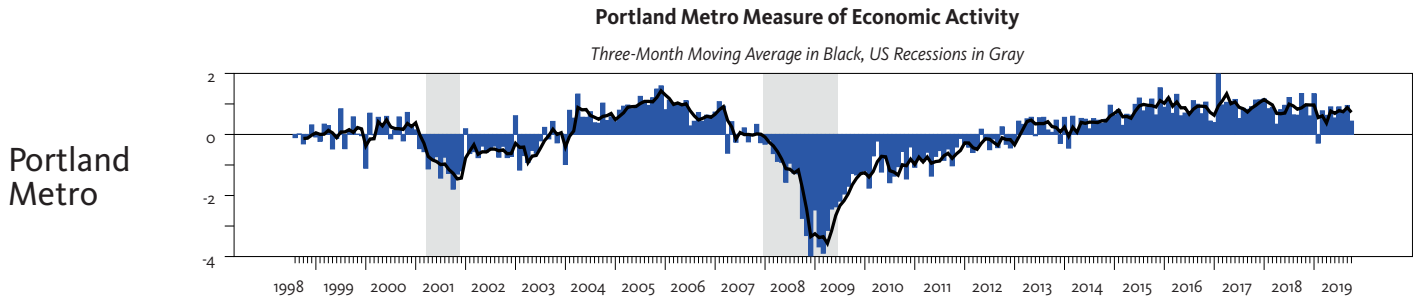
Oregon’s regional economies began the third quarter on solid footing. For all regions covered by this report, both raw and moving average measures (which smooth monthly volatility) were above zero, indicating an above-trend pace of activity (trend activity differs across regions). Interestingly, labor force growth remains a weak spot across all regions; recent trends suggest that labor markets will remain tight which in turn would be a constraint on hiring and create additional upward pressure on wages. Managing labor costs will still be a challenge for firms while households will benefit from rising incomes. Housing activity is generally robust with home sales making a substantial contribution to most measures. The exception is the Portland area where home sales made a near-neutral contribution; that market has strengthened in recent months but is still a bit softer than late-2017/early-2018. New home construction though made substantial positive contributions in Portland as well as Bend with mixed performance in other areas. All areas received a substantial boost from low unemployment rates, particularly the Rogue Valley and Salem regions.

Contributions to Regional Indexes – October 2019

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.20	-0.13	0.15	-0.21	0.03
Educational and Health Services Employment	-0.06	0.01	-0.02	0.08	0.12
Financial Activities Employment	0.12	-0.02	0.04	0.23	-0.04
Government Employment	0.00	0.01	0.00	0.01	-0.02
Information Employment	0.08	-0.01	0.01	0.00	-0.01
Leisure and Hospitality Employment	-0.07	-0.04	0.18	0.04	0.07
Manufacturing Employment	-0.07	-0.03	0.12	-0.05	-0.08
Construction Employment	-0.11	-0.12	0.03	-0.07	0.03
Professional and Business Services Employment	-0.01	0.01	0.02	-0.01	0.20
Other Services Employment	-0.15	0.00	-0.01	-0.01	0.15
Trade, Transportation, and Utilities Employment	0.10	0.03	-0.22	0.01	0.22
Civilian Labor Force	-0.04	-0.04	0.00	-0.19	-0.12
Unemployment Rate	0.17	0.30	0.27	0.45	0.45
Lodging Revenue, Inflation Adjusted	-0.01	0.00	0.00		-0.02
Airport Passengers	0.00	0.03	0.00	0.01	
Initial Unemployment Claims	0.20	0.29	0.09		
Residential Units Sold	0.02	0.23	0.18		0.37
Municipal Waste	0.08	0.34	0.27		
Home Price Index	-0.01				
Total	0.44	0.88	1.33	1.11	1.34
Moving Average of Recent Observations	0.73	1.18	1.07	1.10	0.87

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