

Oregon Regional Economic Indexes™



November 2016

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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

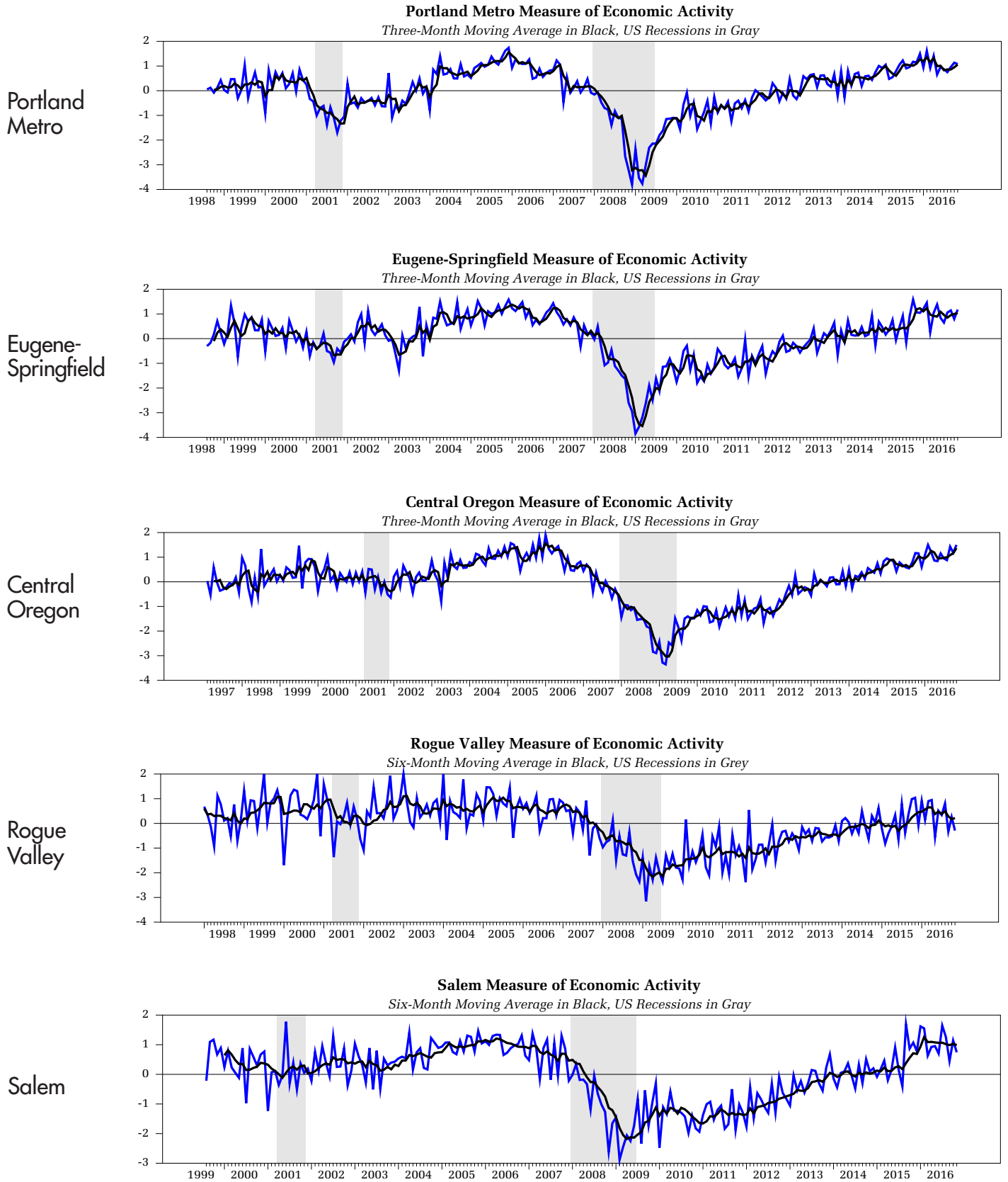
Oregon’s local economies held strong as the end of 2016 approached. For all regions, moving average measures for November (which smooth monthly volatility) remain above zero, indicating above average activity. Recall that these figures measure relative average growth; each region has its own underlying growth rate. The Portland metro region measure continues to benefit from solid and generally broad-based employment growth as well as strong housing activity. Home sales remain at high levels and housing units permitted has picked up to an above-average level (although still low compared to past expansions). Similar circumstances support the Eugene-Springfield measure, although new construction activity remains muted. The Bend region continues to power forward, with rebounding construction activity coming online to meet demand. Weak labor force numbers restrained the Rogue Valley measure, but this most likely reflects volatility in the data. Note that the labor force made a negative contribution to all regional measures this month. The Salem regional extended its generally positive run; the region has held at a remarkably steady underlying growth rate since the beginning of 2016.

Contributions to Regional Indexes – November 2016

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.09	-0.11	0.22	-0.13	0.12
Educational and Health Services Employment	-0.03	0.04	0.00	-0.07	-0.03
Financial Activities Employment	0.22	0.04	0.04	0.07	0.07
Government Employment	0.00	0.00	0.00	0.00	0.00
Information Employment	-0.05	0.11	0.02	-0.07	0.00
Leisure and Hospitality Employment	-0.10	0.06	-0.03	0.11	0.07
Manufacturing Employment	-0.08	-0.03	0.19	0.01	0.15
Construction Employment	0.14	0.00	0.01	0.11	0.06
Professional and Business Services Employment	0.20	-0.01	0.01	-0.13	-0.06
Other Services Employment	-0.05	0.07	0.00	0.01	-0.09
Trade, Transportation, and Utilities Employment	0.04	-0.06	0.00	-0.01	-0.13
Civilian Labor Force	-0.09	-0.17	-0.03	-0.55	-0.39
Unemployment Rate	0.14	0.26	0.25	0.36	0.43
Lodging Revenue, Inflation Adjusted	0.00	0.03	0.03		0.00
Airport Passengers	0.01	0.03	0.00	-0.01	
Initial Unemployment Claims	0.25	0.21	0.26		
Residential Units Sold	0.20	0.46	0.29		0.56
Municipal Waste	0.18	0.26	0.24		
Home Price Index	0.02				
Total	1.08	1.18	1.50	-0.29	0.74
Moving Average of Recent Observations	1.06	1.04	1.37	0.22	0.99

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