

Oregon Regional Economic Indexes™



February 2017

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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

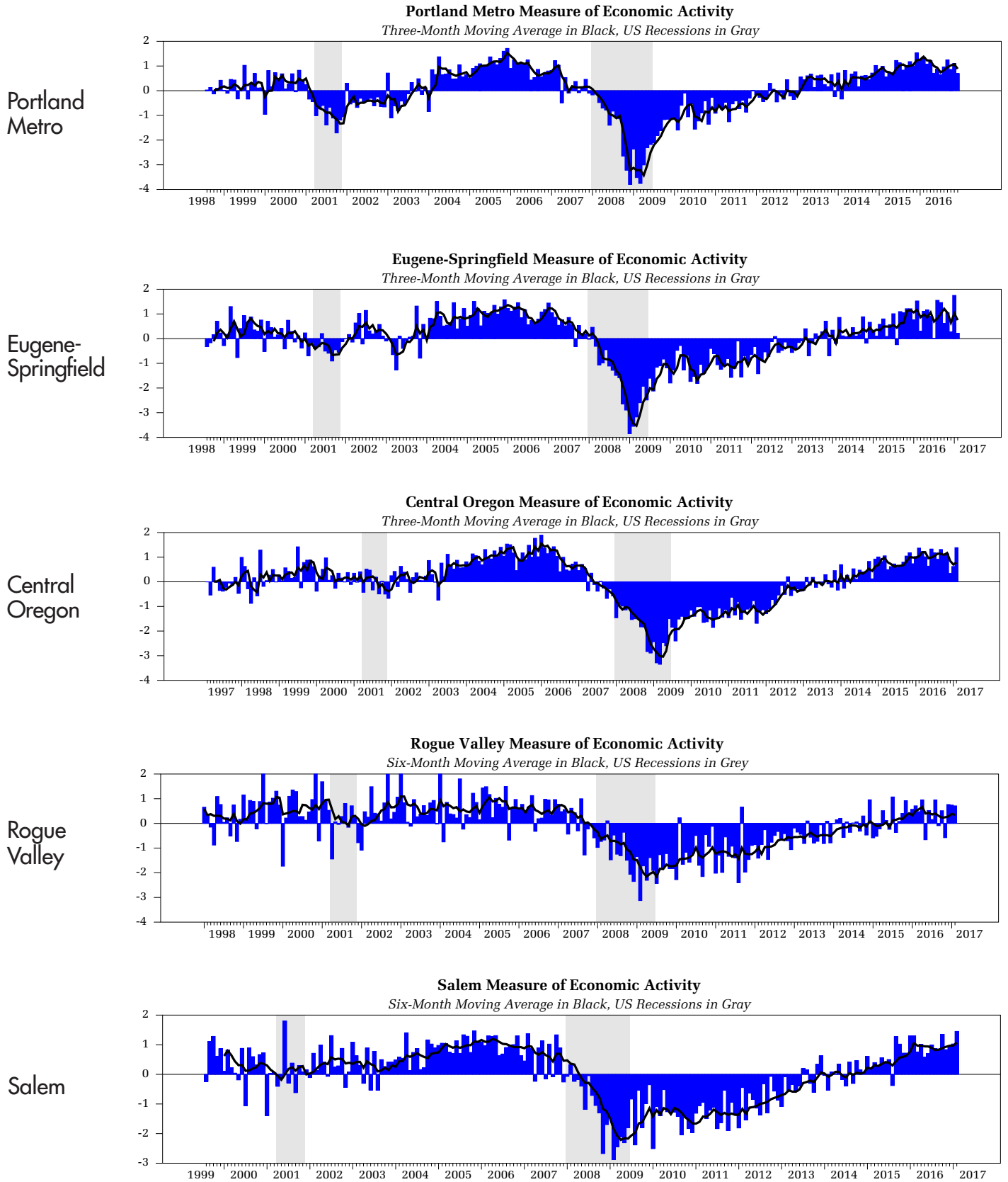
Regional economies experienced some mixed numbers in February, but underlying trends remain solid. For all regions, moving average measures (which smooth monthly volatility) remain above zero, indicating above trend activity. Recall that these figures measure relative average growth; each region has its own underlying growth rate. The Portland area numbers remain below the peak pace of activity seen in late 2015, but the overall mix of positive contributions in the index reveals a healthy economy with generally broad-based gains. New housing permits made a positive contribution; although overall units permitted are increasingly similar to past expansions, home prices continue to rise in response to high demand. Eugene-Springfield employment components were a bit weaker in February, but low unemployment continues to be boost the overall measure. Central Oregon’s measure bounced back from two softer readings in prior months. A rebound in waste collection likely reflects a temporary offset for weather-related weakness earlier this year. Low unemployment rates strongly supported both the Rogue Valley and Salem numbers. In both areas the number of new housing permits remains soft.

Contributions to Regional Indexes – February 2017

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.10	-0.14	0.05	-0.18	-0.08
Educational and Health Services Employment	-0.01	-0.15	0.07	0.15	0.01
Financial Activities Employment	0.23	-0.09	0.10	0.23	0.13
Government Employment	0.01	0.05	0.00	-0.01	-0.01
Information Employment	0.08	-0.04	0.01	0.00	0.05
Leisure and Hospitality Employment	0.09	-0.05	-0.01	-0.01	0.00
Manufacturing Employment	0.13	-0.01	-0.01	0.11	0.02
Construction Employment	0.36	0.11	0.30	-0.01	0.31
Professional and Business Services Employment	0.09	0.02	-0.03	0.00	-0.02
Other Services Employment	0.00	0.00	0.02	-0.01	0.13
Trade, Transportation, and Utilities Employment	-0.05	-0.27	0.09	0.08	-0.13
Civilian Labor Force	0.03	-0.08	0.00	-0.10	-0.04
Unemployment Rate	0.17	0.34	0.29	0.48	0.53
Lodging Revenue, Inflation Adjusted	0.00	-0.01	-0.03		-0.02
Airport Passengers	0.00	0.05	0.01	-0.02	
Initial Unemployment Claims	0.22	0.27	0.15		
Residential Units Sold	0.13	0.18	0.15		0.56
Municipal Waste	0.14	0.03	0.24		
Home Price Index	0.08				
Total	0.68	0.22	1.39	0.71	1.45
Moving Average of Recent Observations	0.89	0.75	0.78	0.34	1.07

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