The ongoing economic expansion continues to be felt in metro areas across the state. For all regions covered by this report, moving average measures (which smooth monthly volatility) remain above zero indicating above trend activity. Indeed, all regions remain at fairly high paces of activity consistent with past expansions; evidence of some slowing last year has been largely reversed. (Recall that these figures measure relative average growth; each region has its own underlying growth rate.) New home building as measured by residential housing permits remains a relative weak spot in the economy, particularly outside the Portland metro area and Central Oregon. Rising home prices indicates that supply has yet to catch up to demand. Very low unemployment rates are supporting a large positive contribution across all areas, particularly the Rogue Valley and Salem regions. Employment components are also generally positive across the state, and low levels of initial unemployment claims indicate solid job growth will continue.

**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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Oregon Regional Economic Indexes™

June 2017

Portland Metro Measure of Economic Activity
Three-Month Moving Average in Black, US Recessions in Gray

Eugene-Springfield Measure of Economic Activity
Three-Month Moving Average in Black, US Recessions in Gray

Central Oregon Measure of Economic Activity
Three-Month Moving Average in Black, US Recessions in Gray

Rogue Valley Measure of Economic Activity
Six-Month Moving Average in Black, US Recessions in Grey

Salem Measure of Economic Activity
Six-Month Moving Average in Black, US Recessions in Gray