

Oregon Regional Economic Indexes™



December 2020

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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 indexes were weak in December as renewed business restrictions weighed on local economic activity. Two components in particular dragged down the measures. First, leisure and hospitality employment. The pandemic and related restrictions have a disproportionate negative impact on this sector. Second, rising initial unemployment claims as displaced workers sought aid also contributed to weakness in the measures. Incoming data though continues to reveal the uneven and unusual nature of this economic cycle. In particular, the housing sector has boomed with a consistently solid pace of home sales and rising home prices. In addition, regions continue to see near-neutral or positive contributions (such as in Central Oregon) from building permits. Rising single-family permits have compensated for softer multi-family permits in the Portland region. Municipal waste flow have remained positive contributors to the measures. Unlike the last cycle, waste has not declined because spending has shifted into the goods sector (packaging waste) and a still strong housing market contributes to a steady stream of building-related waste. Looking forward, activity will remain subdued in the near-term as the economy struggles under the pandemic. Activity should accelerate in the months ahead as the pandemic moderates and vaccinations allow for a more complete reopening of the economy. The primary risk to the outlook is that we cannot contain the pandemic as quickly as hoped.

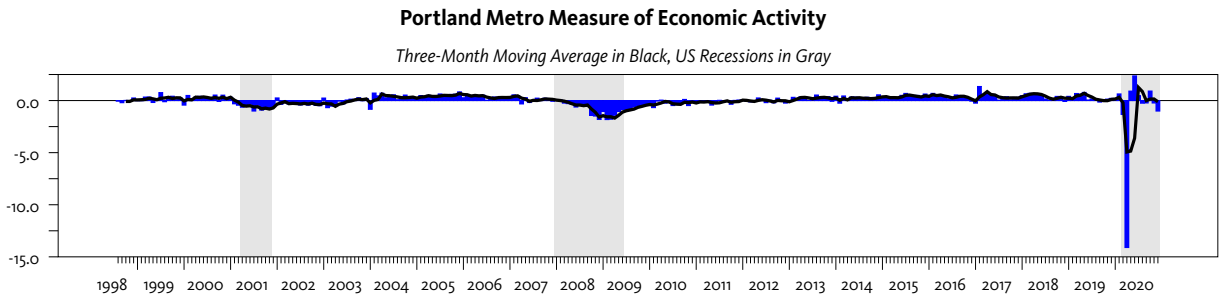
Contributions to Regional Indexes – December 2020

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.01	0.02	0.06	-0.02	0.03
Educational and Health Services Employment	-0.04	0.06	-0.08	-0.05	-0.08
Financial Activities Employment	0.00	0.03	0.01	0.02	0.05
Government Employment	0.00	-0.05	0.00	-0.01	-0.03
Information Employment	0.07	0.02	0.00	0.00	0.00
Leisure and Hospitality Employment	-0.73	-0.64	-0.43	-0.44	-0.57
Manufacturing Employment	-0.03	-0.04	-0.13	-0.06	0.00
Construction Employment	-0.18	0.02	0.03	-0.02	0.01
Professional and Business Services Employment	0.12	-0.06	0.05	0.00	-0.12
Other Services Employment	-0.16	-0.14	0.00	-0.08	-0.02
Trade, Transportation, and Utilities Employment	0.15	0.13	0.11	0.16	-0.40
Civilian Labor Force	-0.01	0.03	0.01	0.02	0.09
Unemployment Rate	-0.02	0.01	0.01	0.01	0.02
Lodging Revenue, Inflation Adjusted	0.00	0.11	-0.13		-0.03
Airport Passengers	-0.03	-0.04	-0.02	-0.04	
Initial Unemployment Claims	-0.35	-0.37	-0.11		
Residential Units Sold	0.07	0.12	0.09		0.10
Municipal Waste	0.07	0.07	0.05		
Home Price Index	0.05				
Total	-1.01	-0.7	-0.49	-0.53	-0.95
Moving Average of Recent Observations	-0.11	-0.3	-0.02	0.24	-0.15

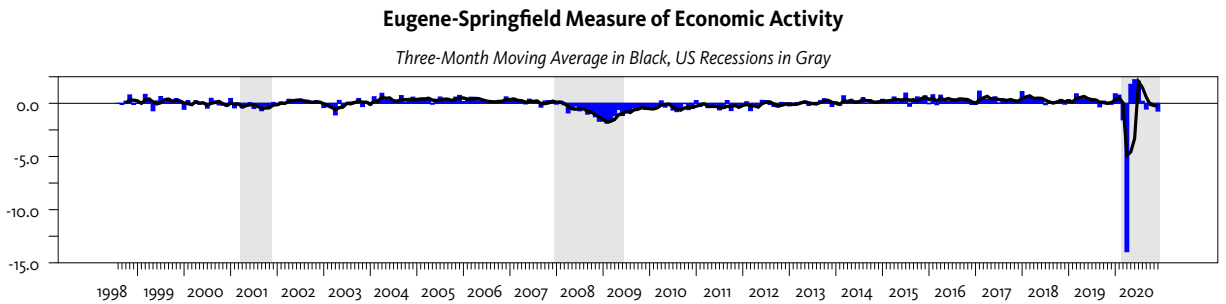
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August 2020

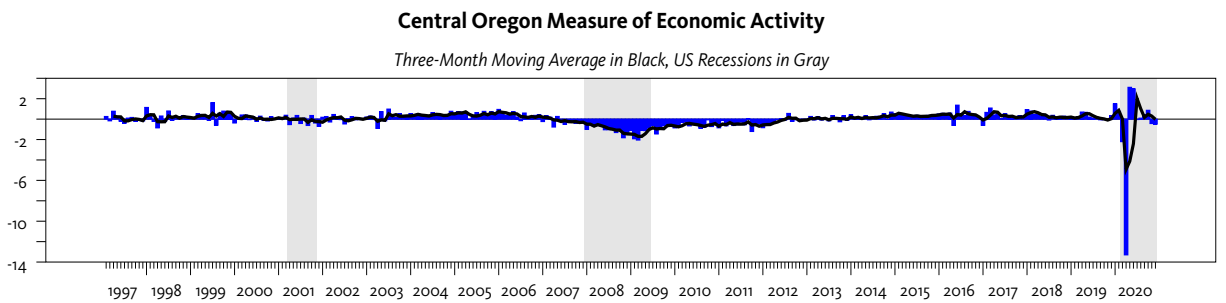
Portland Metro



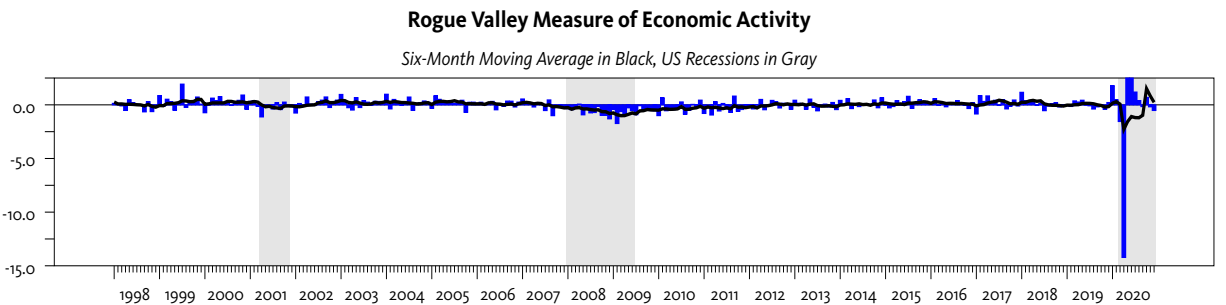
Eugene-Springfield



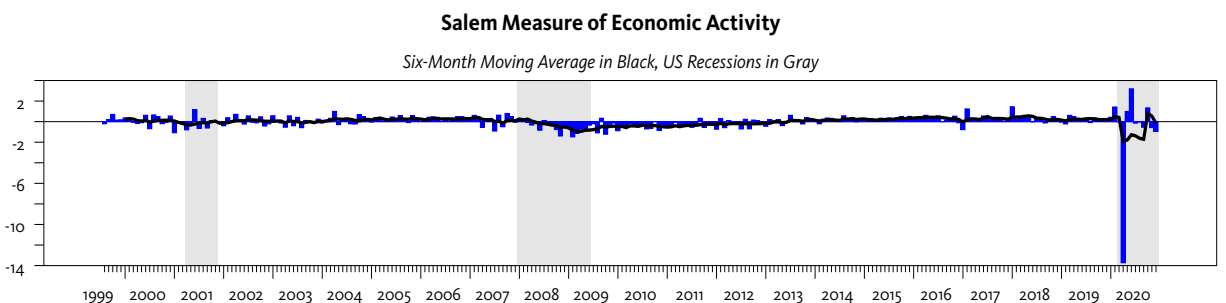
Central Oregon



Rogue Valley



Salem



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