

Oregon Regional Economic Indexes™



December 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

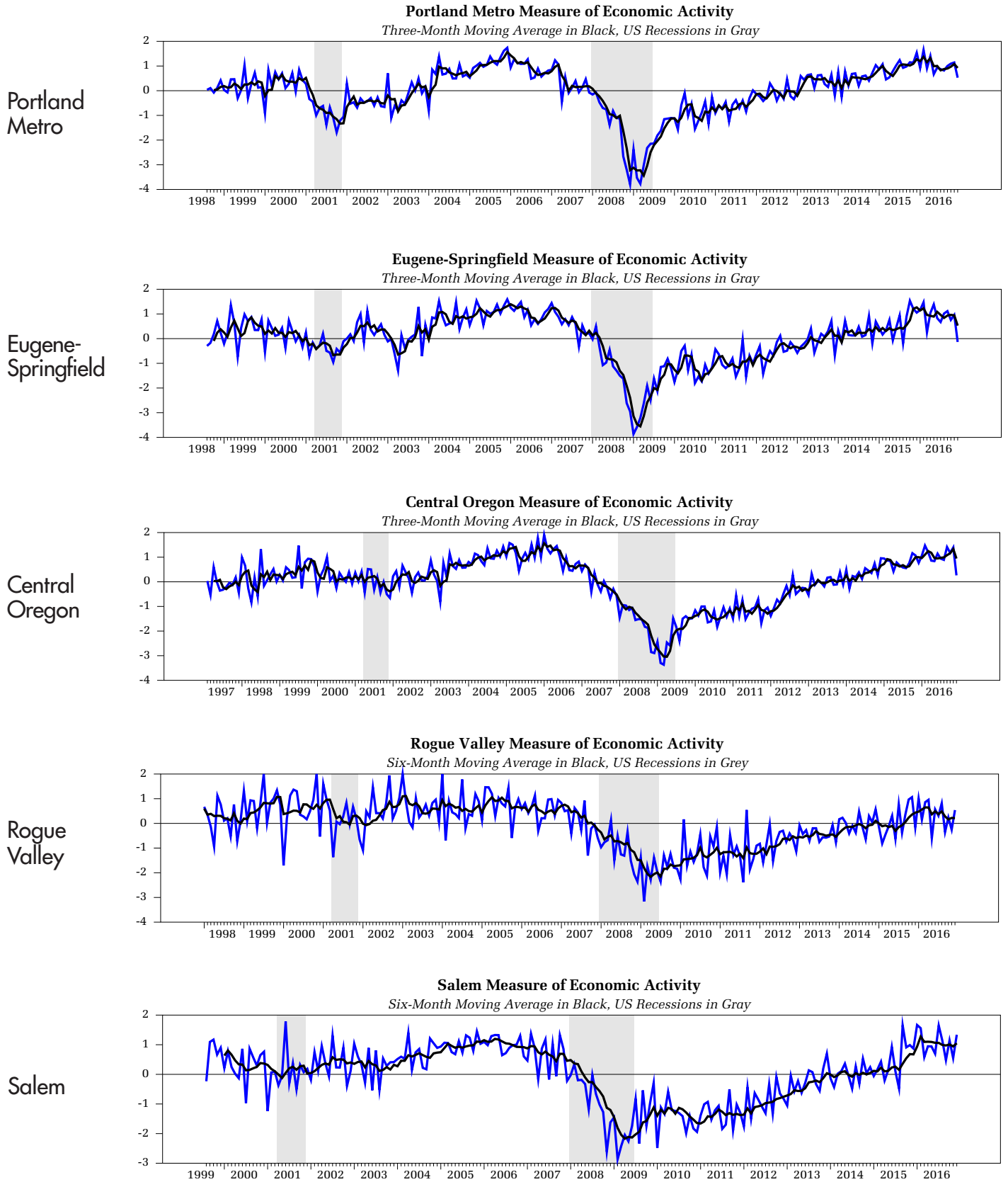
Regional economies in Oregon posted mixed numbers in December, although for all regions, moving average measures (which smooth monthly volatility) remain above zero, indicating above average activity. Recall that these figures measure relative average growth; each region has its own underlying growth rate. The Portland metro number slid noticeably. In addition to some softer employment components, winter weather appears to have impacted airport activity and municipal waste. A similar situation emerged in the Eugene-Springfield numbers, in addition to a soft reading on the civilian labor force. The Bend region was negatively impacted by a swing in initial unemployment claims, which rose during the month. The factors negatively impacting all three areas appear to be largely temporary and not reflective of a change in the business cycle. In contrast, both the Rogue Valley and Salem areas saw firmer numbers compared to the previous month. Both areas benefited from higher new home permits, an indication that steady housing demand is translating, albeit slowly, into new construction activity.

Contributions to Regional Indexes – December 2016

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.02	-0.07	0.04	0.05	0.05
Educational and Health Services Employment	-0.01	-0.07	0.02	-0.01	0.01
Financial Activities Employment	0.41	-0.17	0.01	0.02	0.03
Government Employment	0.00	-0.01	0.00	0.00	0.04
Information Employment	0.00	-0.01	-0.01	0.01	0.00
Leisure and Hospitality Employment	-0.13	-0.19	0.04	0.01	-0.04
Manufacturing Employment	-0.11	-0.19	-0.04	0.03	-0.01
Construction Employment	0.04	0.15	-0.11	-0.11	-0.07
Professional and Business Services Employment	-0.03	-0.02	-0.04	0.01	0.02
Other Services Employment	-0.07	-0.09	-0.01	0.00	0.11
Trade, Transportation, and Utilities Employment	-0.36	-0.02	-0.09	-0.01	-0.01
Civilian Labor Force	0.01	-0.14	0.00	0.15	0.24
Unemployment Rate	0.15	0.28	0.27	0.42	0.48
Lodging Revenue, Inflation Adjusted	0.00	-0.03	-0.03		0.00
Airport Passengers	-0.02	-0.09	0.00	-0.02	
Initial Unemployment Claims	0.25	0.25	-0.09		
Residential Units Sold	0.19	0.31	0.23		0.49
Municipal Waste	0.12	-0.03	0.09		
Home Price Index	0.06				
Total	0.53	-0.13	0.26	0.54	1.34
Moving Average of Recent Observations	0.92	0.53	0.94	0.22	1.05

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