

Oregon Regional Economic Indexes™



January 2018

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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

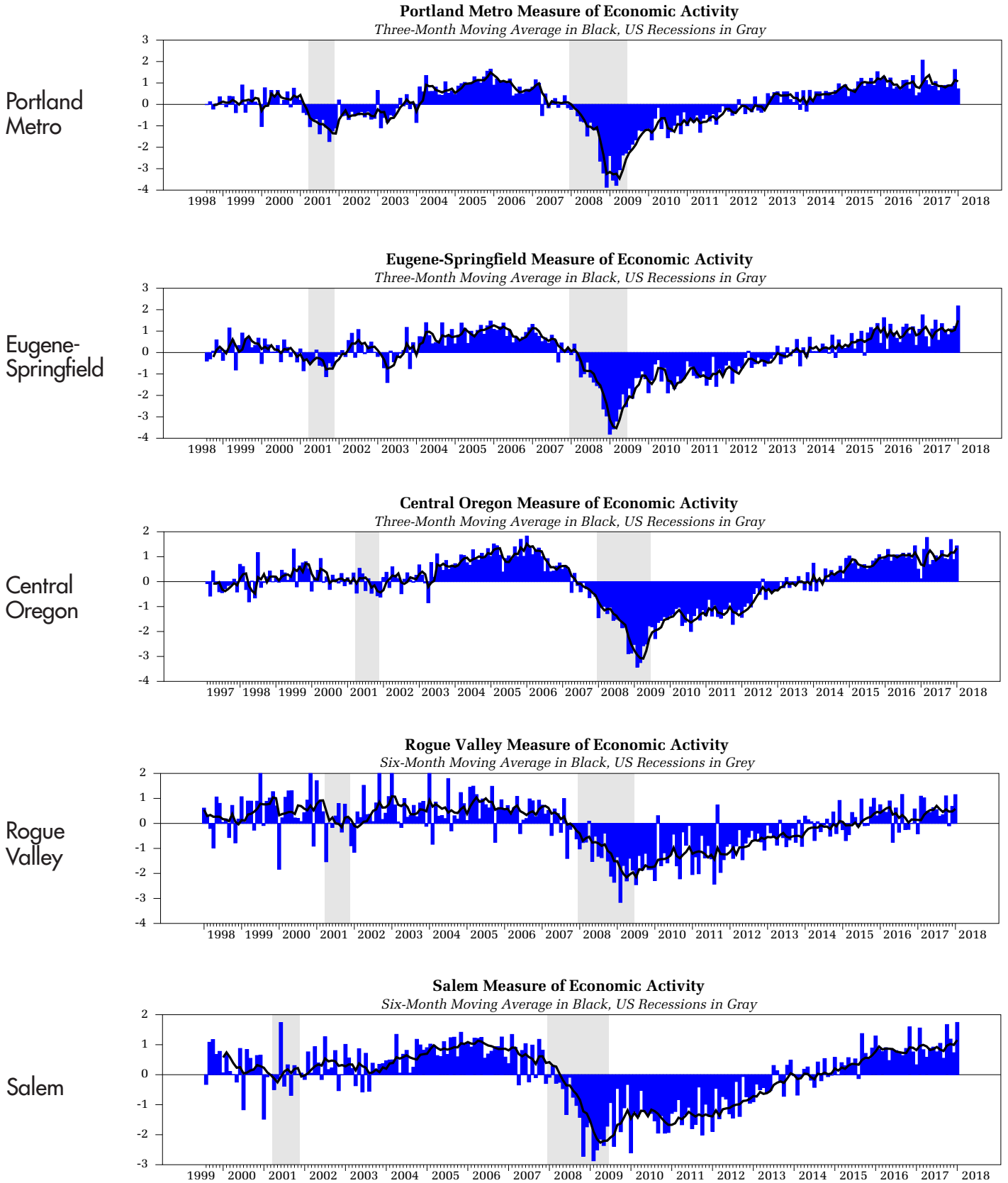
Regional economies continued to show strength as 2018 began. For all regions covered by this report, both raw and moving average measures (which smooth monthly volatility) remained above zero in January, indicating an above trend pace of activity. Housing activity was generally stronger. New home permits contributed positively in most areas, and the negative contributions experienced in Eugene-Springfield and Salem were fairly modest. That said, home sales in both those areas made particularly large contributions; with new construction not coming on the market fast enough to meet housing demand, prices will likely continue to rise. Very low unemployment rates supported measures for all regions, and low initial unemployment claims indicates that job growth will likely continue across Oregon’s metro regions (although the pace of job growth is slowing now that the economy has moved into a more mature stage of the business cycle). Labor force growth was particularly supportive of the Eugene-Springfield and Rogue Valley measures. Strong economic activity and increasing population translated into solid contributions from the municipal waste component.

Contributions to Regional Indexes – January 2018

| | Portland-Vancouver-Beaverton | Eugene-Springfield | Central Oregon | Rogue Valley | Salem |
|---|------------------------------|--------------------|----------------|--------------|-------------|
| New Private Housing Units Authorized by Permits | 0.16 | -0.06 | 0.12 | 0.10 | -0.03 |
| Educational and Health Services Employment | -0.16 | 0.11 | 0.03 | 0.05 | 0.12 |
| Financial Activities Employment | 0.28 | 0.15 | 0.06 | 0.08 | 0.04 |
| Government Employment | 0.08 | -0.01 | 0.00 | 0.14 | -0.02 |
| Information Employment | -0.03 | 0.02 | 0.01 | -0.29 | 0.00 |
| Leisure and Hospitality Employment | 0.05 | 0.04 | 0.04 | -0.10 | -0.01 |
| Manufacturing Employment | -0.05 | -0.01 | 0.04 | 0.01 | 0.02 |
| Construction Employment | 0.04 | 0.02 | 0.13 | 0.10 | 0.32 |
| Professional and Business Services Employment | -0.37 | 0.18 | 0.07 | 0.33 | 0.00 |
| Other Services Employment | 0.12 | 0.08 | -0.03 | 0.12 | 0.07 |
| Trade, Transportation, and Utilities Employment | -0.16 | 0.04 | 0.03 | -0.04 | 0.27 |
| Civilian Labor Force | -0.01 | 0.19 | 0.01 | 0.19 | 0.03 |
| Unemployment Rate | 0.16 | 0.28 | 0.24 | 0.40 | 0.45 |
| Lodging Revenue, Inflation Adjusted | 0.00 | 0.01 | -0.13 | | -0.01 |
| Airport Passengers | 0.00 | 0.00 | 0.00 | 0.05 | |
| Initial Unemployment Claims | 0.28 | 0.31 | 0.39 | | |
| Residential Units Sold | 0.08 | 0.49 | 0.20 | | 0.47 |
| Municipal Waste | 0.23 | 0.20 | 0.24 | | |
| Home Price Index | 0.04 | | | | |
| Total | 0.73 | 2.18 | 1.44 | 1.15 | 1.74 |
| Moving Average of Recent Observations | 1.07 | 1.50 | 1.34 | 0.58 | 1.16 |

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