

Oregon Regional Economic Indexes™



February 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

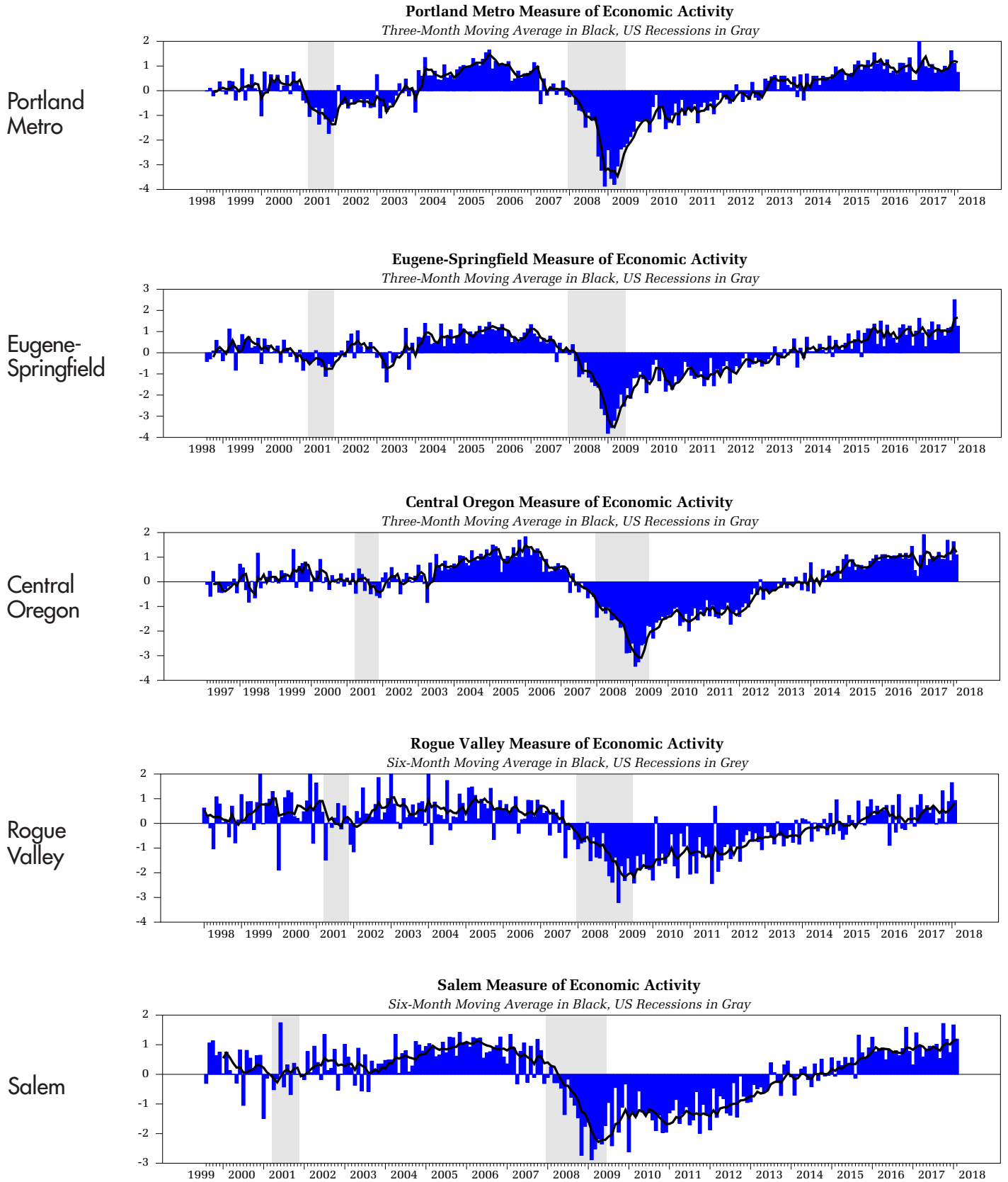
Oregon’s largest metropolitan economies remain strong as the expansion approaches its ninth year. For all regions covered by this report, both raw and moving average measures (which smooth monthly volatility) remained above zero in February, indicating an above-trend pace of activity. New home permits made negative contributions in the Eugene-Springfield and Salem regions; in general, new housing construction continues to disappoint outside of the Portland metro and Bend areas. Broad labor market indicators—the unemployment rate, labor force growth, and initial unemployment claims—all remain consistent with very strong labor markets that will likely continue to support ongoing job growth. Home prices continue to rise; the Portland Case-Schiller measure of home prices for Portland made a substantial positive contribution (similar data on a monthly basis is not available for other regions). The Rogue Valley airport activity measure made an unusually large negative contribution, but is not a cause for concern. The weaker number follows a pattern of very strong gains in the measure; the general uptrend remains intact.

Contributions to Regional Indexes – February 2018

| | Portland-Vancouver-Beaverton | Eugene-Springfield | Central Oregon | Rogue Valley | Salem |
|---|------------------------------|--------------------|----------------|--------------|-------------|
| New Private Housing Units Authorized by Permits | 0.10 | -0.12 | 0.13 | 0.00 | -0.06 |
| Educational and Health Services Employment | -0.05 | -0.09 | -0.05 | -0.09 | -0.10 |
| Financial Activities Employment | -0.03 | -0.04 | 0.03 | 0.18 | 0.01 |
| Government Employment | 0.00 | 0.00 | 0.00 | 0.01 | -0.01 |
| Information Employment | -0.04 | -0.01 | 0.01 | 0.00 | 0.00 |
| Leisure and Hospitality Employment | -0.15 | -0.06 | -0.02 | -0.01 | 0.02 |
| Manufacturing Employment | 0.04 | 0.08 | 0.07 | -0.01 | 0.01 |
| Construction Employment | -0.02 | 0.32 | 0.10 | 0.03 | 0.02 |
| Professional and Business Services Employment | -0.03 | -0.10 | 0.00 | 0.02 | -0.07 |
| Other Services Employment | 0.09 | -0.03 | -0.01 | -0.02 | 0.07 |
| Trade, Transportation, and Utilities Employment | 0.03 | 0.17 | -0.01 | 0.10 | 0.38 |
| Civilian Labor Force | 0.01 | 0.06 | 0.00 | 0.42 | 0.08 |
| Unemployment Rate | 0.15 | 0.28 | 0.25 | 0.40 | 0.43 |
| Lodging Revenue, Inflation Adjusted | -0.01 | 0.00 | -0.17 | | 0.00 |
| Airport Passengers | 0.01 | 0.01 | 0.00 | -0.11 | |
| Initial Unemployment Claims | 0.25 | 0.29 | 0.29 | | |
| Residential Units Sold | 0.16 | 0.39 | 0.32 | | 0.41 |
| Municipal Waste | 0.16 | 0.12 | 0.16 | | |
| Home Price Index | 0.07 | | | | |
| Total | 0.75 | 1.26 | 1.10 | 0.93 | 1.19 |
| Moving Average of Recent Observations | 1.16 | 1.66 | 1.20 | 0.84 | 1.17 |

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