

OREGON REGIONAL ECONOMIC INDEXES™



A program of the College of Arts and Sciences and its Department of Economics

APRIL 2013

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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.

Review

April measures of economic activity continue to reveal the disparity in the pace of recovery across different regions of Oregon. The moving-average measure—which smooths out the month-to-month volatility in the indexes—stands at 0.7 for the Portland Metro area, where zero represents average growth in each region, respectively. At the other end of the spectrum stands the Rogue Valley: -0.74. Similar to last month, the Portland area is growing above its long-run average, while the Eugene-Springfield area is growing at a pace near its own average. Central Oregon is growing at or somewhat below its average, while Salem’s growth is lagging below average. Where available, initial unemployment claims are having a substantial positive impact on the measures; further improvement in jobs numbers will likely follow. In a sign of continuing improvement in the housing market, residential housing sales are having a generally neutral to positive impact. Improvement in this sector, however, has yet to spread into substantial improvement in construction in the Rogue Valley and Salem regions as measured by the impact of housing permits. Unemployment has fallen such that it has an essentially neutral impact on the Portland Metro and Eugene-Springfield measures. In contrast, high unemployment remains a weight on the Rogue Valley and Salem measures of activity.

Contributions to Regional Indexes – April 2013

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.01	0.03	-0.05	-0.25	-0.24
Educational and Health Services Employment	0.01	-0.04	0.05	-0.01	0.01
Financial Activities Employment	0.13	0.00	-0.09	-0.07	0.06
Government Employment	0.00	0.00	0.00	-0.02	-0.02
Information Employment	-0.05	0.02	-0.01	-0.01	0.00
Leisure and Hospitality Employment	0.08	0.07	0.02	-0.06	0.00
Manufacturing Employment	0.06	-0.05	-0.07	-0.18	-0.01
Construction Employment	-0.20	0.08	0.12	-0.04	0.02
Professional and Business Services Employment	0.11	-0.04	-0.01	-0.09	-0.03
Other Services Employment	-0.03	-0.04	-0.01	0.09	-0.03
Trade, Transportation, and Utilities Employment	-0.03	-0.21	-0.01	-0.02	0.06
Civilian Labor Force	-0.01	-0.02	0.01	0.08	-0.06
Unemployment Rate	-0.01	-0.02	-0.10	-0.18	-0.11
Lodging Revenue, Inflation Adjusted	-0.02	0.00	0.01		0.00
Airport Passengers	0.00	0.00	0.01	0.00	
Initial Unemployment Claims	0.17	0.33	0.13		
Residential Units Sold	0.00	0.03	0.09		-0.03
Municipal Waste	-0.03	-0.22	-0.03		
Home Price Index	-0.04				
Total	0.15	-0.08	0.06	-0.74	-0.39
Moving Average of Recent Observations	0.70	-0.04	-0.20	-0.74	-0.51

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