

OREGON REGIONAL ECONOMIC INDEXES™



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AUGUST 2012

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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 areas with more indicators available, 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?

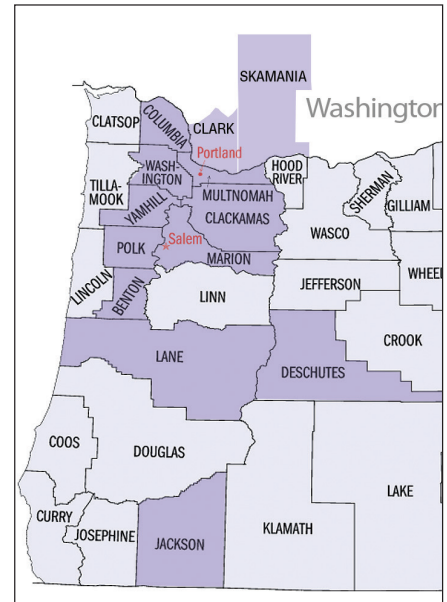
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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Review

August measures of economic activity indicated growth at or above the average rate over the 1998–2012 period in all covered regions with the exception of the Rogue Valley. That said, it remains important to pay attention to the moving average measure, which smooths out the month-to-month variability. On that basis, only the Portland and Eugene-Springfield areas have returned to their respective average growth rates. The Eugene-Springfield measure jumped into response to strong residential building permits and manufacturing and construction employment. Residential housing sales bolstered the Central Oregon measure. A bump in manufacturing hiring supported the Salem measure, but the volatility of the recent employment data suggests this improvement is temporary; the moving average measure continues to track well below zero. The Rogue Valley area continues to underperform, with only gradual improvement in the past year. High unemployment continues to weigh on the Central Oregon, Rogue Valley, and Salem regions. In contrast, the Portland area is now experiencing minimal drag from the unemployment measure.



Contributions to Regional Indexes – August 2012

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.04	0.16	-0.17	-0.37	-0.07
Educational and Health Services Employment	-0.01	-0.04	-0.04	0.08	0.00
Financial Activities Employment	0.16	-0.01	0.12	-0.02	0.05
Government Employment	0.00	-0.02	0.00	0.05	0.06
Information Employment	0.09	0.00	-0.01	-0.01	0.00
Leisure and Hospitality Employment	0.04	0.01	-0.02	0.00	-0.05
Manufacturing Employment	0.08	0.17	0.02	-0.05	0.33
Construction Employment	0.04	0.35	0.10	-0.05	-0.25
Professional and Business Services Employment	-0.06	0.17	0.00	-0.03	0.04
Other Services Employment	0.03	0.00	-0.01	-0.03	0.18
Trade, Transportation, and Utilities Employment	-0.09	0.03	0.03	0.01	0.03
Civilian Labor Force	-0.05	-0.01	-0.02	-0.30	0.06
Unemployment Rate	-0.06	-0.12	-0.20	-0.34	-0.28
Lodging Revenue, Inflation Adjusted	0.00	0.01	0.04		0.00
Airport Passengers	0.00	0.00	-0.01	0.00	
Initial Unemployment Claims	-0.02	0.06	-0.05		
Residential Units Sold	0.01	-0.02	0.14		-0.13
Municipal Waste	-0.13	-0.01	-0.06		
Home Price Index	-0.03				
Total	-0.04	0.74	-0.15	-1.05	-0.03
Moving Average of Recent Observations	-0.02	-0.08	-0.86	-0.70	-0.95



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