

OREGON REGIONAL ECONOMIC INDEXES™



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DECEMBER 2011

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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?

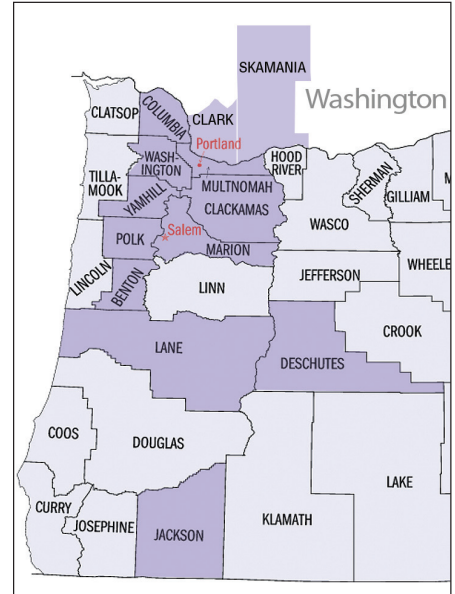
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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Review

Regional activity was mixed in December 2011. The standout remains the Portland region, where the three-month moving average continues to edge higher and now stands at -0.34, just below the “zero” level that marks average growth over the 1998–2011 period. Activity improved in the Salem area with readings of zero or higher in two of the last three months, helping to raise the three-month moving average to -0.70, a welcome improvement from the -1.23 reading of September 2011. The Eugene-Springfield area improved, rebounding somewhat from weakness in October and November, but the three-month moving average remains below -1. Central Oregon and the Rogue Valley lagged behind other regions in the state. The measure for the latter area dropped substantially as some improvements in labor market conditions earlier in the year reversed. Note that upcoming employment data revisions will likely result in some revisions to the regional measures.



Contributions to Regional Indexes – December 2011

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.00	-0.34	-0.39	-0.17	
Educational and Health Services Employment	0.04	-0.02	-0.18	-0.53	0.01
Financial Activities Employment	0.18	0.05	-0.23	0.03	0.00
Government Employment	0.00	0.00	0.00	0.01	0.01
Information Employment	-0.02	-0.01	-0.01	-0.28	0.00
Leisure and Hospitality Employment	0.00	0.09	0.02	-0.17	0.02
Manufacturing Employment	-0.05	0.11	-0.03	-0.22	0.26
Construction Employment	-0.01	0.04	0.05	0.01	0.13
Professional and Business Services Employment	0.03	-0.15	-0.03	-0.14	0.07
Other Services Employment	0.07	-0.02	-0.02	-0.05	0.04
Trade, Transportation, and Utilities Employment	0.03	-0.12	-0.08	-0.10	-0.07
Civilian Labor Force	0.00	-0.11	-0.02	-0.39	0.18
Unemployment Rate	-0.07	-0.12	-0.22	-0.36	-0.24
Lodging Revenue, Inflation Adjusted	0.00	0.00	-0.02		0.00
Airport Passengers	0.00	0.00	-0.01	0.00	
Initial Unemployment Claims	0.04	0.23	-0.06		
Residential Units Sold	-0.07	-0.22	0.07		-0.41
Municipal Waste	-0.23		-0.03		
Home Price Index	-0.03				
Total	-0.07	-0.59	-1.17	-2.37	0.00
Moving Average of Recent Observations	-0.34	-1.15	-1.20	-1.19	-0.70



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