

OREGON REGIONAL ECONOMIC INDEXES™



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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?

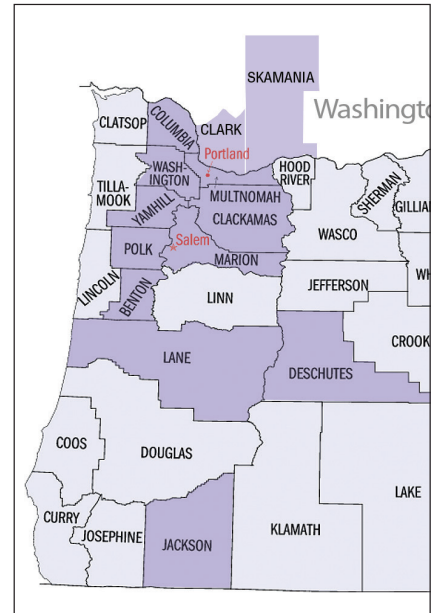
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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Review

Regional indicators have largely converged such that all regions in Oregon are growing somewhat below their respective average growth rates. The moving average measures of the regional indexes all stand in a range of -0.41 to -0.18, where zero represents average growth over the 1998–2012 period. Convergence occurred as the Portland and Eugene-Springfield measures softened in recent months while other regions continued to see improvement. Softer construction and information sector employment numbers weighed down the Portland Metro regional measure. Housing data continued to be a drag on the Eugene-Springfield measure, while manufacturing employment provided a boost. Residential housing sales made a positive contribution to the Central Oregon measure. High unemployment continues to be a challenge in Central Oregon, the Rogue Valley, and Salem. Still, the Rogue Valley measure posted a second consecutive reading above zero, supported by the leisure and hospitality and construction employment measures. Professional and business services employment supported the Salem region measure in December.



Contributions to Regional Indexes – December 2012

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.06	-0.16	-0.06	-0.34	-0.21
Educational and Health Services Employment	0.01	0.00	-0.11	0.17	0.00
Financial Activities Employment	-0.08	-0.13	-0.17	0.04	-0.04
Government Employment	0.00	0.00	0.00	-0.02	-0.02
Information Employment	-0.14	0.00	-0.03	0.02	-0.07
Leisure and Hospitality Employment	0.00	-0.14	-0.11	0.26	-0.03
Manufacturing Employment	-0.09	0.24	0.04	0.15	0.03
Construction Employment	-0.23	0.00	0.10	0.37	0.12
Professional and Business Services Employment	0.02	0.14	0.00	0.02	0.21
Other Services Employment	0.05	0.02	0.03	-0.01	-0.01
Trade, Transportation, and Utilities Employment	-0.04	0.10	-0.12	0.09	-0.24
Civilian Labor Force	-0.01	0.02	-0.02	0.01	-0.07
Unemployment Rate	-0.04	-0.06	-0.14	-0.26	-0.20
Lodging Revenue, Inflation Adjusted	-0.01	0.01	0.00		0.00
Airport Passengers	0.00	0.00	-0.02	0.00	
Initial Unemployment Claims	0.10	0.30	0.03		
Residential Units Sold	-0.04	-0.18	0.09		-0.21
Municipal Waste	-0.09	-0.31	-0.09		
Home Price Index	-0.04				
Total	-0.70	-0.15	-0.57	0.49	-0.74
Moving Average of Recent Observations	-0.41	-0.34	-0.18	-0.34	-0.38



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