

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

Almost all Oregon regions covered in this report were near their average growth rates in December. The Rogue Valley area remains an exception; relative to the long period of steady, solid growth prior to the recession, the region’s rebound remains tepid. Note that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. There has been some unusual volatility in some of the underlying components—particularly initial unemployment claims and waste—of the Eugene-Springfield measure during the last two months. In such cases it is important to focus on the moving average measure, which indicates the pace of activity in the area is close to normal. Residential construction activity is having a nearly neutral impact in most areas in December, although in contrast to previous months a spike in residential building permits boosted the Salem measure. Initial unemployment claims in Eugene-Springfield and the Portland Metro areas contributed positively to the measures; the impact in Bend was neutral. Initial claims are at levels traditionally associated with solid job growth. The recovery of housing continues to be evident in the generally neutral contributions from residential units sold.

Contributions to Regional Indexes – December 2013

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.08	0.00	-0.03	-0.25	0.12
Educational and Health Services Employment	-0.02	0.02	0.03	-0.08	-0.02
Financial Activities Employment	0.07	-0.06	0.03	-0.07	-0.04
Government Employment	0.00	0.00	0.00	0.00	-0.01
Information Employment	-0.05	0.01	-0.02	0.00	0.00
Leisure and Hospitality Employment	-0.06	0.07	-0.19	0.29	0.00
Manufacturing Employment	0.02	-0.04	0.02	0.04	0.00
Construction Employment	-0.01	-0.65	-0.27	-0.37	0.06
Professional and Business Services Employment	-0.03	-0.06	0.03	-0.01	0.07
Other Services Employment	0.16	-0.01	0.12	0.02	-0.05
Trade, Transportation, and Utilities Employment	0.01	-0.03	0.00	0.00	-0.21
Civilian Labor Force	-0.02	-0.02	-0.01	0.04	-0.04
Unemployment Rate	0.02	0.05	-0.02	-0.11	0.03
Lodging Revenue, Inflation Adjusted	0.00	0.00	0.03		0.00
Airport Passengers	0.03	0.02	0.01	-0.01	
Initial Unemployment Claims	0.13	0.15	0.00		
Residential Units Sold	-0.03	-0.05	0.05		0.04
Municipal Waste	-0.02	-0.35	-0.03		
Home Price Index	-0.04				
Total	0.07	-0.96	-0.24	-0.51	-0.06
Moving Average of Recent Observations	-0.02	0.06	-0.11	-0.58	-0.15



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