

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 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?

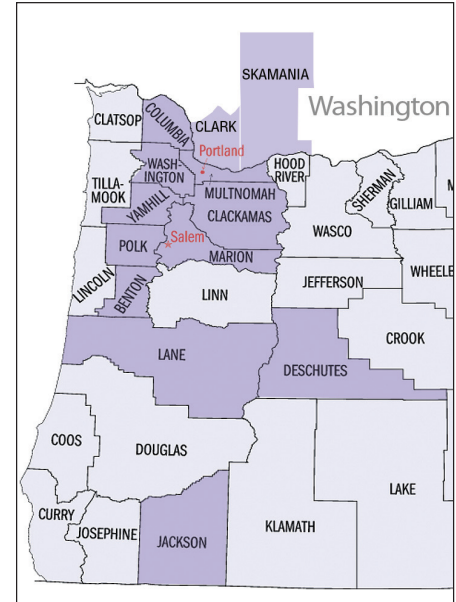
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

Contact

Timothy A. Duy
 Director, Oregon Economic Forum
 Department of Economics, University of Oregon
 541-346-4660 • duy@uoregon.edu
 econforum.uoregon.edu

Review

Regional activity in Oregon was mixed in February. As expected, the January improvement in the Eugene-Springfield and Central Oregon regions was reversed in February, putting both measures back into negative territory. That said, the moving average for both regions has trended upward since the beginning of the year, suggesting some underlying improvement. Still, growth in both areas remains below its average over the 1998–2011 period. Similarly, the Salem measure continued to slowly grind higher as conditions improve. The Rogue Valley measure, however, has edged downward in recent months, with low levels of building permits and high unemployment being a significant drag on the index in February. The Portland region continues to outperform the rest of the state, and is growing near its average. Recent employment data is likely underestimating job growth in Oregon; future upward revisions may indicate Portland is actually growing somewhat faster than average.



Contributions to Regional Indexes – February 2012

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.13	-0.07	-0.38	-0.50	
Educational and Health Services Employment	-0.07	0.00	-0.04	-0.17	0.00
Financial Activities Employment	0.09	-0.07	-0.05	-0.28	0.02
Government Employment	0.00	0.00	0.00	0.02	0.01
Information Employment	-0.04	-0.01	0.11	0.01	0.00
Leisure and Hospitality Employment	0.12	-0.03	-0.03	-0.11	0.00
Manufacturing Employment	0.08	0.17	0.08	0.08	-0.04
Construction Employment	-0.12	-0.78	0.08	-0.04	-0.14
Professional and Business Services Employment	-0.10	0.17	-0.06	-0.38	-0.02
Other Services Employment	0.12	0.04	0.01	-0.12	0.68
Trade, Transportation, and Utilities Employment	0.16	-0.08	-0.13	-0.01	-0.30
Civilian Labor Force	-0.02	-0.02	-0.02	-0.10	-0.04
Unemployment Rate	-0.06	-0.09	-0.20	-0.36	-0.24
Lodging Revenue, Inflation Adjusted	0.01	0.00	0.02		0.00
Airport Passengers	0.00	0.01	0.01	0.00	
Initial Unemployment Claims	0.06	0.16	-0.07		
Residential Units Sold	-0.04	-0.23	0.12		-0.17
Municipal Waste	-0.15		0.04		
Home Price Index	0.03				
Total	-0.06	-0.84	-0.53	-1.97	-0.26
Moving Average of Recent Observations	-0.06	-0.51	-0.41	-1.31	-0.52



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