

OREGON REGIONAL ECONOMIC INDEXES™



A program of the College of Arts and Sciences and its Department of Economics

JANUARY 2013

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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?

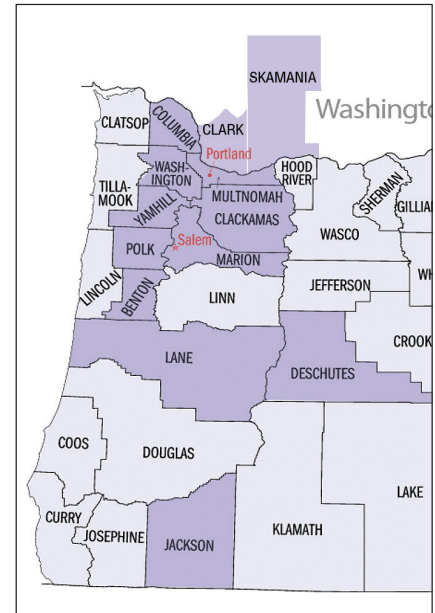
The monthly measures can be very volatile, and volatility will increase for smaller regions or those with less data included in the estimation process. To reduce the noise, it is helpful to focus on the average of the most recent data. For the larger areas, Portland, Eugene–Springfield, and Bend, a three-month 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.

Review

The regional divergence that has been a characteristic of the recovery partially re-emerged in January. The moving average measures of the regional indexes—where zero represents a region’s average growth since 1998—are in a range of -0.44 for Salem to -0.14 for Portland Metro, with the Rogue Valley’s -0.96 standing as an outlier. Employment indicators and falling initial unemployment claims supported activity measures in the Portland Metro and Eugene-Springfield regions. Central Oregon is close to average growth rates, although high unemployment continues to weigh on the region. The Rogue Valley measure suffered from a decline in the labor force. Ongoing declines in labor force would negatively impact a region’s long-term growth prospects as it suggests a more limited labor pool for potential employers; this is a trend that is evident in statewide measures as well. Low levels of housing permits continue to weigh on the Rogue Valley and Salem measures of activity; note that permits made a positive contribution to the Portland Metro measure.



Contributions to Regional Indexes – January 2013

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.08	-0.16	-0.09	-0.51	-0.42
Educational and Health Services Employment	0.01	0.00	0.00	-0.11	0.00
Financial Activities Employment	0.29	-0.13	0.04	0.02	0.07
Government Employment	0.00	0.00	0.00	0.02	-0.02
Information Employment	-0.07	0.00	0.01	0.02	0.01
Leisure and Hospitality Employment	0.04	-0.14	0.09	-0.01	0.02
Manufacturing Employment	-0.02	0.24	-0.02	0.01	0.08
Construction Employment	-0.03	0.00	-0.03	-0.07	-0.10
Professional and Business Services Employment	0.13	0.14	-0.02	0.00	0.10
Other Services Employment	0.05	0.02	-0.04	-0.01	-0.01
Trade, Transportation, and Utilities Employment	0.09	0.10	0.07	-0.07	-0.28
Civilian Labor Force	-0.02	0.02	-0.01	-0.72	-0.11
Unemployment Rate	-0.06	-0.06	-0.18	-0.33	-0.24
Lodging Revenue, Inflation Adjusted	0.01	0.01	0.02		0.00
Airport Passengers	0.00	0.00	0.02	-0.02	
Initial Unemployment Claims	0.08	0.30	-0.08		
Residential Units Sold	-0.02	-0.18	0.02		-0.03
Municipal Waste	-0.03	-0.31	-0.02		
Home Price Index	-0.03				
Total	0.49	-0.15	-0.21	-1.78	-0.92
Moving Average of Recent Observations	-0.14	-0.31	-0.39	-0.96	-0.44

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