

OREGON REGIONAL ECONOMIC INDEXES™



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JANUARY 2014

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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.

Contact

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

Review

Most regions in Oregon began the year on a strong note with measures of activity indicating above average paces of growth. Note that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. Low levels of initial jobless claims in the Portland and Eugene-Springfield areas made substantial positive contributions to those measures. Low levels of claims tend to be an indicator of strong job growth. Residential building permits continue to have a neutral to positive impact across most regions. Similarly, improving economic activity is also evident in the neutral to positive contributions from the manufacturing and construction employment components. The civilian labor force component made a positive contribution across all areas, perhaps suggesting that the post-recession decline in the labor force is drawing to a close and marking the beginning of an accelerated pace of activity going forward. Unemployment rates have declined to the point that their contribution is generally neutral to positive across most regions. Still, unemployment remains somewhat elevated in the Rogue Valley area. Measures of activity have improved for most regions since January of last year; the Rogue Valley measure has been generally steady.

Contributions to Regional Indexes – January 2014

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.00	0.03	-0.05	-0.16	0.08
Educational and Health Services Employment	0.00	0.07	-0.02	0.00	0.07
Financial Activities Employment	-0.06	0.08	-0.05	-0.26	-0.03
Government Employment	0.00	0.00	-0.01	-0.01	0.02
Information Employment	-0.13	-0.02	-0.01	-0.03	0.05
Leisure and Hospitality Employment	0.16	0.01	0.11	0.03	0.02
Manufacturing Employment	0.09	0.08	0.03	0.04	0.07
Construction Employment	0.35	0.26	0.30	-0.04	0.16
Professional and Business Services Employment	0.21	-0.03	0.01	-0.01	0.01
Other Services Employment	-0.11	0.00	0.05	0.01	0.22
Trade, Transportation, and Utilities Employment	0.25	0.09	0.04	-0.06	-0.15
Civilian Labor Force	0.04	0.17	0.09	0.15	0.31
Unemployment Rate	0.02	0.04	-0.02	-0.10	0.04
Lodging Revenue, Inflation Adjusted	0.00	0.00	0.01		0.00
Airport Passengers	-0.01	-0.02	-0.01	0.02	
Initial Unemployment Claims	0.14	0.19	-0.01		
Residential Units Sold	-0.01	-0.12	-0.03		-0.21
Municipal Waste	0.01	0.06	0.00		
Home Price Index	0.13				
Total	1.08	0.88	0.44	-0.41	0.68
Moving Average of Recent Observations	0.67	0.30	0.11	-0.54	0.06



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 Released: April 3, 2014.

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