

# OREGON REGIONAL ECONOMIC INDEXES™



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JULY 2012

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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?

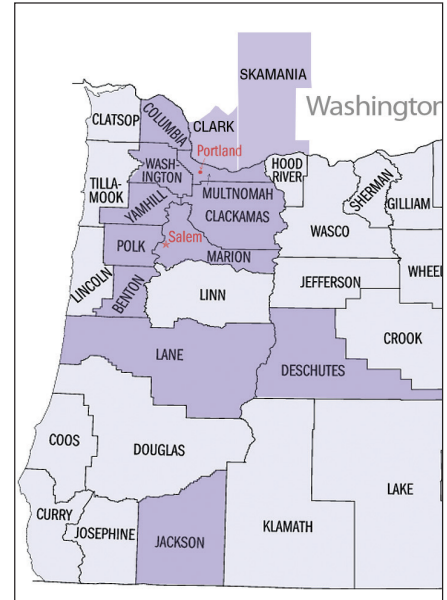
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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## Review

Following the trend of the past year, the Portland region continues to outperform the rest of the state. The moving average measure (which reduces the volatility of the monthly reading) indicates the Portland economy is growing somewhat above its average pace over the 1998–2012 period. While the Eugene-Springfield data reversed some of June’s decline, data still suggest the economy is growing at a below-average rate. Residential building permits weighed on the measure, while leisure and hospitality employment made a large positive contribution. Central Oregon continues to grow at a below-average pace. Note that residential sales made a positive contribution, while the high unemployment rate remains a drag. The Rogue Valley area continues to underperform, with only gradual improvement in the past year. Construction employment boosted the Salem-area measure, but the volatility of the underlying employment data suggests this improvement is temporary; the moving-average measure continues to track well below zero.



## Contributions to Regional Indexes – July 2012

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.07	-0.24	-0.13	-0.11	-0.26
Educational and Health Services Employment	-0.03	0.02	0.02	-0.01	-0.01
Financial Activities Employment	0.21	0.07	-0.12	0.10	0.01
Government Employment	0.00	0.00	0.00	-0.20	0.07
Information Employment	0.14	-0.04	-0.01	-0.04	0.00
Leisure and Hospitality Employment	0.13	0.25	-0.09	0.09	0.03
Manufacturing Employment	0.14	0.14	0.01	-0.12	0.11
Construction Employment	0.05	0.05	0.12	-0.16	0.53
Professional and Business Services Employment	-0.10	-0.04	-0.04	0.00	-0.02
Other Services Employment	-0.14	-0.02	0.01	0.08	-0.14
Trade, Transportation, and Utilities Employment	-0.05	0.12	-0.13	0.06	-0.03
Civilian Labor Force	-0.02	-0.07	-0.04	-0.23	-0.09
Unemployment Rate	-0.07	-0.14	-0.23	-0.37	-0.30
Lodging Revenue, Inflation Adjusted	0.00	0.01	-0.05		0.00
Airport Passengers	0.00	0.01	0.00	0.01	
Initial Unemployment Claims	0.00	0.05	-0.21		
Residential Units Sold	-0.07	-0.21	0.10		-0.13
Municipal Waste	-0.15	-0.19	-0.06		
Home Price Index	-0.03				
<b>Total</b>	<b>-0.04</b>	<b>-0.24</b>	<b>-0.83</b>	<b>-0.90</b>	<b>-0.23</b>
<b>Moving Average of Recent Observations</b>	<b>0.34</b>	<b>-0.52</b>	<b>-0.68</b>	<b>-0.71</b>	<b>-1.04</b>



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