

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?

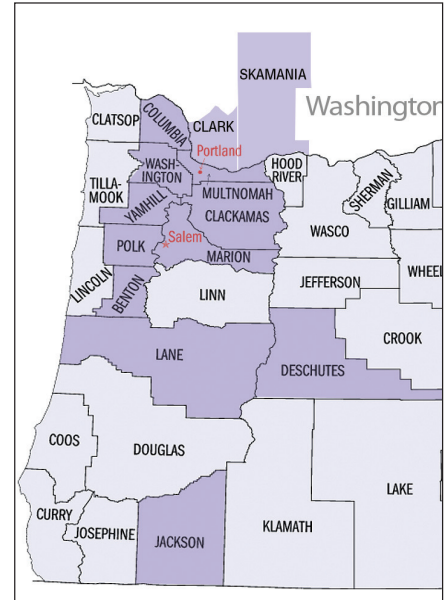
The monthly measures can be very volatile, and volatility will increase for smaller regions or those with less data included in the estimation process. To reduce the noise, it is helpful to focus on the average of the most recent data. For the areas with more indicators available, Portland, Eugene–Springfield,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

Review

The Portland-area economy continued to outperform the rest of the state in June. As noted in previous reports, the regional measures are prone to potentially large swings due to the volatility of some of the underlying data, particularly measures of employment. The moving-average measures smooth out much of that volatility. The moving-average measures indicate the Portland economy is growing somewhat above its average pace over the 1998–2012 period. The Eugene-Springfield area lost some momentum in June as building permits sagged, although note that low levels of unemployment claims bolstered the measure. Central Oregon was weak on the back of soft employment growth, but residential home sales were positive. The Rogue Valley area continues to slowly grind higher; the moving-average measures for the region stand at -0.54, compared to -1.2 last June. The Salem region currently lags the rest of the state, with growth well below the average pace since 1999.



Contributions to Regional Indexes – June 2012

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.10	-0.56	-0.09	-0.38	-0.29
Educational and Health Services Employment	0.07	0.03	-0.25	-0.06	-0.03
Financial Activities Employment	0.12	-0.02	-0.18	-0.03	0.00
Government Employment	0.00	0.00	0.00	-0.04	-0.01
Information Employment	0.15	-0.01	-0.01	-0.01	0.00
Leisure and Hospitality Employment	0.14	-0.08	0.01	-0.03	0.02
Manufacturing Employment	0.22	0.12	-0.06	0.05	-0.08
Construction Employment	-0.03	0.11	-0.13	0.00	-0.31
Professional and Business Services Employment	0.09	0.06	-0.02	0.13	-0.08
Other Services Employment	-0.48	0.00	-0.03	-0.01	-0.14
Trade, Transportation, and Utilities Employment	0.06	0.00	-0.16	-0.01	0.01
Civilian Labor Force	0.00	0.01	-0.03	-0.06	-0.18
Unemployment Rate	-0.06	-0.10	-0.18	-0.32	-0.22
Lodging Revenue, Inflation Adjusted	0.00	-0.01	0.03		0.00
Airport Passengers	0.01	-0.02	0.01	-0.02	
Initial Unemployment Claims	0.08	0.19	-0.03		
Residential Units Sold	-0.07	-0.37	0.09		-0.41
Municipal Waste	-0.23	-0.29	-0.07		
Home Price Index	-0.03				
Total	-0.05	-0.95	-1.08	-0.78	-1.73
Moving Average of Recent Observations	0.24	-0.53	-0.87	-0.54	-1.22

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