

OREGON REGIONAL ECONOMIC INDEXES™



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

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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

Similar to recent months, the pace of expansion varies across different regions of the state. The Portland region remains in the lead, with a moving-average measure (used to smooth monthly volatility) of 0.93 in June, where zero represents a region’s average growth. The Portland measure suggests that the region’s economy is growing at a rate near that of the previous expansion. The moving-average measure of activity in the Eugene-Springfield region slipped due to volatility in the building permits, professional and business services employment, and waste components. Still, the region is growing close to its average pace. The Central Oregon measure indicates growth is only slightly below normal. Housing sales provided a solid contribution during the month; the Central Oregon housing market has been very strong this summer. The Rogue Valley area continues to lag relative to its historical pace of growth. High unemployment and low levels of new permits continue to weigh on that region’s measure of activity. The Salem area continues to hold the middle ground with below normal growth for the region. Like the Rogue Valley, low levels of permits continue to weigh on the measure, although the negative contribution from unemployment has lessened. Overall, measures for all regions improved over the past year.

Contributions to Regional Indexes – June 2013

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.00	-0.22	-0.01	-0.31	-0.32
Educational and Health Services Employment	-0.05	-0.05	-0.11	-0.22	0.01
Financial Activities Employment	0.16	-0.07	-0.07	-0.03	0.00
Government Employment	0.01	-0.04	0.00	-0.01	0.01
Information Employment	0.03	-0.11	-0.04	-0.03	0.00
Leisure and Hospitality Employment	0.27	0.06	0.02	0.02	0.01
Manufacturing Employment	0.18	-0.04	-0.03	0.10	-0.01
Construction Employment	0.29	0.12	0.03	-0.07	0.10
Professional and Business Services Employment	0.11	-0.18	-0.01	-0.03	0.09
Other Services Employment	0.00	-0.09	-0.11	0.06	0.00
Trade, Transportation, and Utilities Employment	0.05	-0.03	-0.07	-0.02	0.10
Civilian Labor Force	0.03	-0.07	0.00	-0.02	0.02
Unemployment Rate	-0.02	-0.06	-0.11	-0.22	-0.14
Lodging Revenue, Inflation Adjusted	0.00	0.00	-0.01		0.00
Airport Passengers	0.00	0.02	0.01	-0.01	
Initial Unemployment Claims	0.12	0.27	0.12		
Residential Units Sold	0.01	-0.02	0.19		-0.15
Municipal Waste	-0.05	-0.27	-0.07		
Home Price Index	-0.04				
Total	1.11	-0.80	-0.27	-0.79	-0.27
Moving Average of Recent Observations	0.93	-0.10	-0.27	-0.63	-0.48

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