

OREGON REGIONAL ECONOMIC INDEXES™



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MARCH 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?

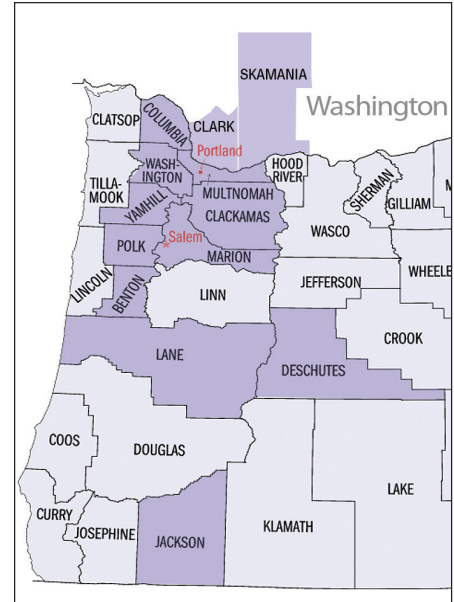
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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Review

Recent trends indicate that the Eugene-Springfield and Central Oregon regions have joined the Portland metro area and are now growing at close to trend growth, defined as their respective average underlying trends over the 1998–2011 period. The three-month moving averages for all three areas are now just slightly negative; as noted last month, these numbers may be revised somewhat higher when underlying employment data is revised. In contrast, the recovery in Salem and the Rouge Valley remains muted, although the former does appear to be improving somewhat in recent months. Relatively low levels of building permits remain a drag across all regions. The unemployment drag is most pronounced in Central Oregon, the Rogue Valley, and Salem. The Eugene-Springfield index was revised to include landfill waste, and the Salem index was revised to include residential building permits.



Contributions to Regional Indexes – March 2012

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.16	-0.33	-0.30	-0.50	-0.47
Educational and Health Services Employment	-0.02	0.01	0.08	-0.17	0.00
Financial Activities Employment	0.01	0.00	0.05	-0.28	-0.02
Government Employment	0.00	0.00	0.00	0.02	0.01
Information Employment	0.03	0.05	-0.03	0.01	0.00
Leisure and Hospitality Employment	-0.09	0.14	0.02	-0.11	0.00
Manufacturing Employment	0.03	-0.22	0.04	0.08	0.06
Construction Employment	-0.01	-0.22	-0.04	-0.04	0.00
Professional and Business Services Employment	-0.08	-0.03	0.01	-0.38	-0.11
Other Services Employment	0.08	0.00	0.08	-0.12	0.16
Trade, Transportation, and Utilities Employment	-0.06	0.25	0.07	-0.01	0.00
Civilian Labor Force	-0.03	-0.03	0.00	-0.10	-0.08
Unemployment Rate	-0.04	-0.06	-0.18	-0.36	-0.19
Lodging Revenue, Inflation Adjusted	0.00	0.00	0.01		0.00
Airport Passengers	-0.01	-0.04	-0.01	0.00	
Initial Unemployment Claims	0.09	0.21	-0.10		
Residential Units Sold	-0.10	-0.19	0.05		-0.10
Municipal Waste	-0.24	-0.26	-0.05		
Home Price Index	-0.03				
Total	-0.63	-0.73	-0.30	-1.97	-0.28
Moving Average of Recent Observations	-0.21	-0.36	-0.10	-1.16	-0.91



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