

# OREGON REGIONAL ECONOMIC INDEXES™



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

MARCH 2013

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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?

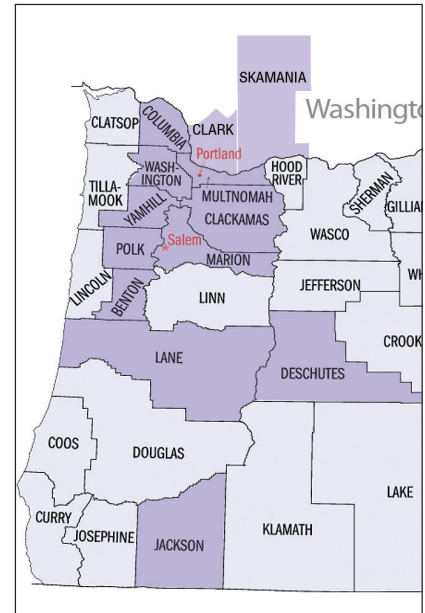
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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## Review

Economic fortunes continued to differ across Oregon, although note that all regions show improvement over the past year. The moving-average measures—which smooth out the month-to-month volatility in the indexes—range from 0.73 in the Portland region to -0.77 in the Rogue Valley, where “zero” represents average growth in each region, respectively. The Portland area is growing above its long-run average, while the Eugene-Springfield area is growing at a pace near its own average. In the Portland Metro and Eugene-Springfield regions, residential permit activity has risen such that it has a roughly neutral impact on the indexes, a sign of improving housing markets. In contrast, permits remain a drag in the other regions, although residential home sales supported the Central Oregon index. Initial unemployment claims, where available, contribute positively to indexes and indicate labor market conditions will continue to improve. The Rogue Valley and Salem measures were negatively impacted by labor force declines in March; this trend has been evident recently across Oregon and may suggest lower longer-term growth if not reversed.



### Contributions to Regional Indexes – March 2013

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.01	-0.03	-0.19	-0.19	-0.13
Educational and Health Services Employment	0.02	0.01	-0.09	-0.13	0.01
Financial Activities Employment	0.12	0.03	-0.16	0.10	-0.04
Government Employment	0.00	0.00	0.00	-0.01	-0.02
Information Employment	0.12	0.16	-0.01	0.00	0.00
Leisure and Hospitality Employment	-0.02	0.01	0.00	0.01	-0.01
Manufacturing Employment	0.02	-0.05	-0.02	0.06	0.01
Construction Employment	0.32	-0.02	-0.05	0.24	0.08
Professional and Business Services Employment	0.08	0.00	-0.03	0.02	0.03
Other Services Employment	0.02	0.00	0.06	0.04	-0.06
Trade, Transportation, and Utilities Employment	-0.08	0.08	-0.16	0.01	-0.17
Civilian Labor Force	-0.03	-0.12	-0.04	-0.41	-0.30
Unemployment Rate	-0.02	-0.05	-0.13	-0.22	-0.13
Lodging Revenue, Inflation Adjusted	0.02	0.00	0.05		0.00
Airport Passengers	0.00	0.00	-0.01	0.01	
Initial Unemployment Claims	0.13	0.36	0.08		
Residential Units Sold	-0.03	-0.08	0.06		-0.16
Municipal Waste	-0.04	-0.29	-0.06		
Home Price Index	-0.04				
<b>Total</b>	<b>0.61</b>	<b>0.00</b>	<b>-0.73</b>	<b>-0.49</b>	<b>-0.88</b>
<b>Moving Average of Recent Observations</b>	<b>0.73</b>	<b>0.04</b>	<b>-0.33</b>	<b>-0.77</b>	<b>-0.38</b>



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