

OREGON REGIONAL ECONOMIC INDEXES™



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MAY 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?

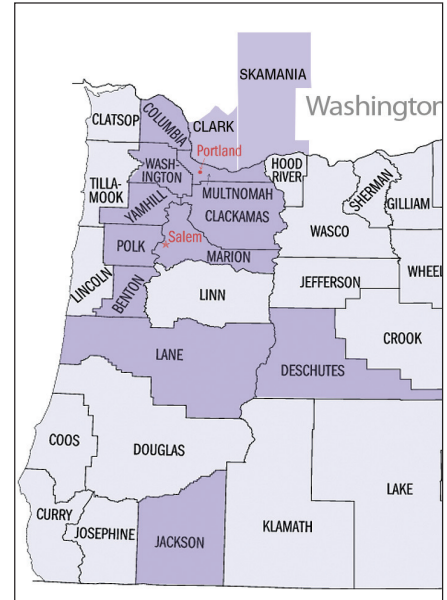
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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Review

May saw a reversion to familiar trends, with the Portland area outperforming the rest of the state. Recent volatility in the Central Oregon index, a consequence of volatility in underlying employment measures, highlights the importance of watching the moving average measure. That measure now stands at -0.61, which signals that the region continues to experience below-average growth. The story is similar in all other regions except Portland, where the moving average measure indicates the economy is growing near its average over the 1998–2012 period. April’s improvement in the Eugene-Springfield area reversed on the back of weaker construction employment. Central Oregon, the Rogue Valley, and Salem continue to experience low levels of building permits. Relatively high unemployment rates were a particularly significant drag in those same three areas. The Rogue Valley measure was lifted by gains in the labor force. Overall, despite some modest improvements over the past year, growth remains disappointing outside the Portland area.



Contributions to Regional Indexes – May 2012

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	-0.03	0.03	-0.26	-0.52	-0.32
Educational and Health Services Employment	-0.09	-0.04	0.00	0.16	0.01
Financial Activities Employment	0.16	0.08	0.06	-0.03	-0.02
Government Employment	0.00	0.00	0.00	0.03	-0.02
Information Employment	0.12	0.03	-0.01	-0.01	0.03
Leisure and Hospitality Employment	0.09	0.00	0.06	-0.01	-0.07
Manufacturing Employment	0.12	-0.12	0.17	0.01	-0.06
Construction Employment	-0.18	-0.40	0.13	-0.04	-0.07
Professional and Business Services Employment	0.34	-0.06	0.05	0.00	-0.09
Other Services Employment	0.36	0.00	-0.01	-0.01	-0.08
Trade, Transportation, and Utilities Employment	0.15	0.11	0.18	0.08	0.06
Civilian Labor Force	0.02	-0.07	0.00	0.11	0.06
Unemployment Rate	-0.05	-0.10	-0.18	-0.30	-0.20
Lodging Revenue, Inflation Adjusted	0.00	-0.01	0.00		0.00
Airport Passengers	0.00	0.00	0.01	0.02	
Initial Unemployment Claims	0.04	0.12	-0.08		
Residential Units Sold	-0.07	-0.20	0.07		-0.22
Municipal Waste	-0.14	0.01	-0.06		
Home Price Index	-0.03				
Total	0.82	-0.60	0.12	-0.50	-0.97
Moving Average of Recent Observations	0.04	-0.44	-0.61	-0.79	-1.06



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