

OREGON REGIONAL ECONOMIC INDEXES™



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

NOVEMBER 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.

Review

Almost all Oregon regions covered in this report were growing at or above their average rates during November. The sole exception was the Rogue Valley area; the rebound in that area remains tepid in comparison to previous growth. Note that “zero” for these measures indicates relative average growth; each region has its own underlying growth rate. A recovery in housing construction has been slow to arrive in both the Salem and Rogue Valley regions; low levels of building permits continue to contribute negatively to these measures. In contrast, building permits have a nearly neutral impact in the remaining regions. The Rogue Valley measure is also weighed down by a still-elevated unemployment rate. The Portland Metro region lost some of the momentum from earlier in the year and now appears to be growing near its average. The Eugene-Springfield region saw unusually large positive contributions from both the waste and initial unemployment claims components, likely overstating activity in the region; the moving average for the region suggests growth is close to normal. The Salem area continues to make steady progress in its return to more normal rates of activity.

Contributions to Regional Indexes – November 2013

| | Portland-Vancouver-Beaverton | Eugene-Springfield | Central Oregon | Rogue Valley | Salem |
|---|------------------------------|--------------------|----------------|--------------|--------------|
| New Private Housing Units Authorized by Permits | -0.03 | -0.01 | -0.04 | -0.25 | -0.21 |
| Educational and Health Services Employment | -0.01 | -0.02 | -0.03 | -0.08 | 0.01 |
| Financial Activities Employment | -0.25 | 0.00 | 0.02 | -0.07 | 0.00 |
| Government Employment | 0.00 | 0.00 | 0.00 | 0.00 | -0.03 |
| Information Employment | -0.13 | 0.01 | -0.01 | 0.00 | 0.00 |
| Leisure and Hospitality Employment | 0.08 | -0.02 | -0.02 | 0.29 | 0.00 |
| Manufacturing Employment | 0.04 | 0.06 | 0.03 | 0.04 | 0.13 |
| Construction Employment | 0.05 | 0.15 | 0.02 | -0.37 | -0.09 |
| Professional and Business Services Employment | 0.11 | -0.01 | 0.01 | -0.01 | 0.08 |
| Other Services Employment | -0.01 | -0.08 | 0.00 | 0.02 | 0.05 |
| Trade, Transportation, and Utilities Employment | 0.08 | -0.05 | 0.28 | 0.00 | 0.43 |
| Civilian Labor Force | 0.01 | 0.01 | 0.00 | 0.04 | -0.05 |
| Unemployment Rate | 0.02 | 0.05 | -0.03 | -0.11 | 0.00 |
| Lodging Revenue, Inflation Adjusted | 0.00 | 0.00 | 0.01 | | 0.00 |
| Airport Passengers | -0.01 | -0.01 | -0.01 | -0.01 | |
| Initial Unemployment Claims | 0.17 | 0.46 | 0.09 | | |
| Residential Units Sold | 0.01 | -0.10 | 0.09 | | -0.02 |
| Municipal Waste | -0.01 | 0.21 | -0.03 | | |
| Home Price Index | -0.04 | | | | |
| Total | 0.09 | 0.64 | 0.40 | -0.51 | 0.29 |
| Moving Average of Recent Observations | -0.14 | 0.20 | 0.00 | -0.62 | -0.24 |

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