

OREGON REGIONAL ECONOMIC INDEXES™



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OCTOBER 2011

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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?

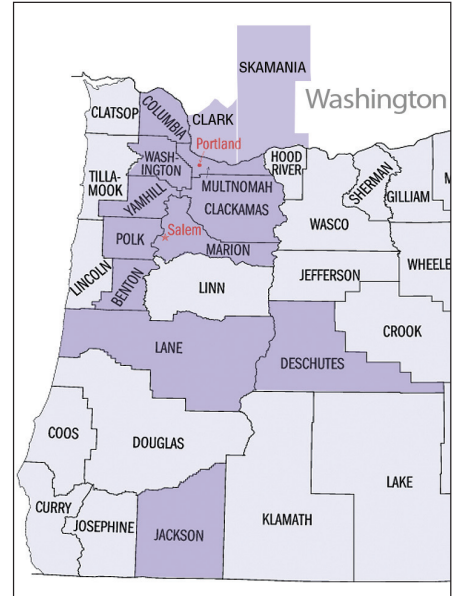
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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Review

Regional activity remained generally below trend growth in October. The Portland region, with a three-month moving average of -0.5, continued to outperform the rest of the state and is close to regaining the average growth rate of the 1997–2011 period. The Eugene–Springfield area reversed the gains of the previous month as multifamily housing permits fell back after spiking in September. The Central Oregon region—heavily dependent on housing prior to the recession—continued to struggle with well below trend growth. Similarly, growth is returning slowly in the Rogue Valley area, albeit showing steadier improvement compared to Central Oregon. The Salem area measure jumped, although caution is warranted, as the Salem data tends to be very volatile; the six-month moving average remains well below zero.



Contributions to Regional Indexes - October 2011

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.04	-0.42	-0.33	-0.79	
Educational and Health Services Employment	-0.03	0.01	-0.24	-0.02	0.11
Financial Activities Employment	-0.01	-0.03	-0.01	-0.07	0.06
Government Employment	0.00	0.01	0.00	-0.03	0.00
Information Employment	-0.07	-0.01	0.00	0.00	0.12
Leisure and Hospitality Employment	-0.23	-0.05	0.06	0.03	0.11
Manufacturing Employment	-0.05	-0.07	-0.12	-0.04	0.29
Construction Employment	0.30	-0.05	0.03	0.10	-0.12
Professional and Business Services Employment	0.25	-0.14	-0.02	0.04	0.34
Other Services Employment	-0.20	-0.01	-0.01	0.01	0.05
Trade, Transportation, and Utilities Employment	0.28	-0.05	-0.05	0.02	0.50
Civilian Labor Force	-0.01	0.00	-0.01	0.00	0.07
Unemployment Rate	-0.10	-0.17	-0.26	-0.44	-0.35
Lodging Revenue, Inflation Adjusted	-0.01	0.00	-0.16		0.00
Airport Passengers	-0.08	0.01	-0.02	-0.02	
Initial Unemployment Claims	-0.06	0.01	-0.16		
Residential Units Sold	-0.19	-0.32	-0.01		-0.45
Municipal Waste	-0.24		-0.01		
Home Price Index	-0.03				
Total	-0.43	-1.29	-1.31	-1.22	0.72
Moving Average of Recent Observations	-0.50	-0.87	-1.03	-0.88	-0.75



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