

OREGON REGIONAL ECONOMIC INDEXES™



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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?

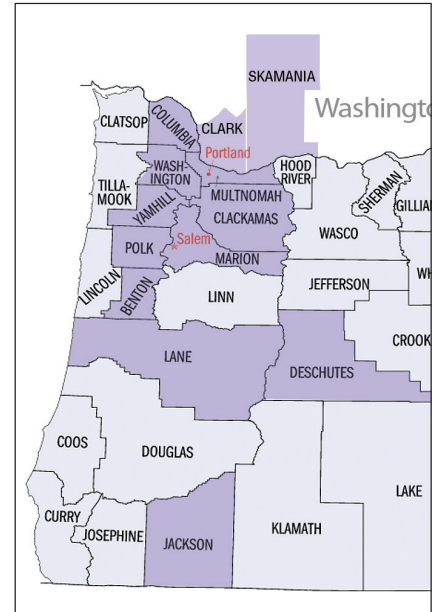
Yes, the Chicago Federal Reserve Bank uses the same basic approach to measure both national and regional economic activity.

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Review

September measures of regional activity were mixed. Notably, the Portland area measure dropped sharply from -0.29 to -0.92, dragging the three-month moving average down to -0.42 (zero represents average growth over the 1998–2012 period). This decline, however, is largely the consequence of unusually weak employment data that is likely to be revised upward in future releases. The Eugene-Springfield is showing more consistent improvement, with the last three readings all near or above zero. A sharp decline in initial unemployment claims supported this month's number. The Central Oregon region continues to experience slow improvement. Although housing sales have improved for existing homes, there is only modest improvement in new construction. The Rogue Valley region continues to make steady, albeit slow gains. The six-month moving average now stands at -0.62, compared to -0.83 a year ago. Like Central Oregon, high rates of unemployment and limited new residential construction continue to weigh on the measure. Recent data for Salem has been promising. Although the six-month moving average continues to hover near -1, the last two months have improved to an average of -0.31, much closer to normal growth.



Contributions to Regional Indexes – September 2012

	Portland-Vancouver-Beaverton	Eugene-Springfield	Central Oregon	Rogue Valley	Salem
New Private Housing Units Authorized by Permits	0.02	-0.10	-0.23	-0.25	-0.25
Educational and Health Services Employment	-0.06	-0.01	-0.04	0.07	-0.01
Financial Activities Employment	-0.08	-0.01	-0.05	0.11	0.03
Government Employment	0.01	0.03	0.00	0.01	0.04
Information Employment	-0.19	0.01	-0.01	-0.28	-0.04
Leisure and Hospitality Employment	-0.03	0.18	-0.05	-0.06	-0.07
Manufacturing Employment	-0.07	0.07	0.00	0.16	-0.11
Construction Employment	-0.23	0.02	-0.09	-0.05	0.16
Professional and Business Services Employment	-0.08	-0.02	0.01	-0.02	0.04
Other Services Employment	0.16	0.04	0.02	0.07	0.24
Trade, Transportation, and Utilities Employment	-0.18	0.08	-0.06	-0.05	-0.09
Civilian Labor Force	-0.03	0.10	-0.02	0.11	-0.05
Unemployment Rate	-0.03	-0.05	-0.15	-0.25	-0.19
Lodging Revenue, Inflation Adjusted	-0.01	-0.01	0.00		0.00
Airport Passengers	-0.01	0.00	-0.01	0.00	
Initial Unemployment Claims	0.07	0.32	0.09		
Residential Units Sold	-0.03	-0.07	0.02		-0.11
Municipal Waste	-0.09	-0.08	-0.09		
Home Price Index	-0.03				
Total	-0.92	0.49	-0.67	-0.44	-0.40
Moving Average of Recent Observations	-0.42	0.32	-0.68	-0.62	-0.94



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