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December 1997

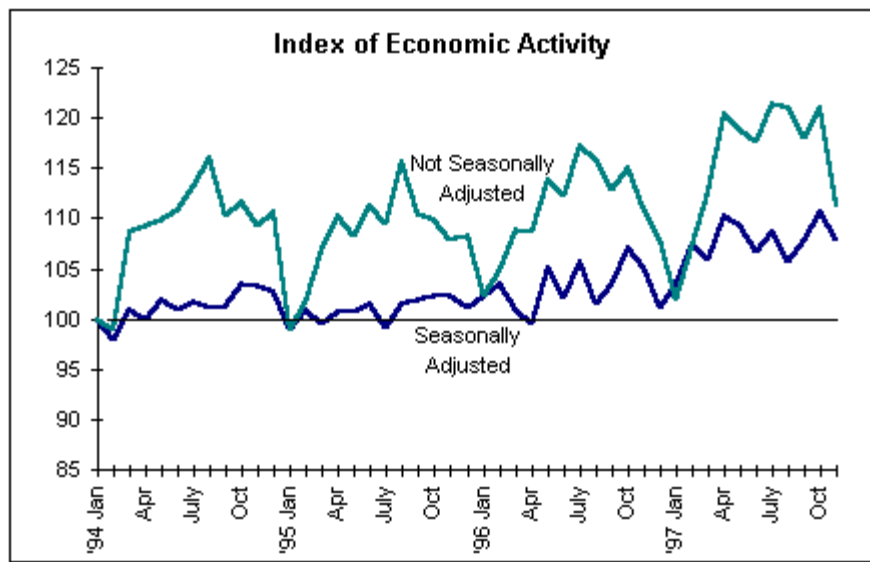
Key Statistics		Leading Indicators	
County:		<i>Seasonally Adjusted</i>	%Change in November
Median Home Price (November)*	\$123,300	Help Wanted Advertising	-17.50
30 Yr. Mortgage Rate (12/01)	NA	Building Permits	11.18
Prime Rate (12/01)	NA	Unemployment Claims	-31.52
Unemployment Rate (November)	6.6%	Manufacturing Orders	0.89

*Home price data are provided by the Humboldt County Board of Realtors.

Monthly Change

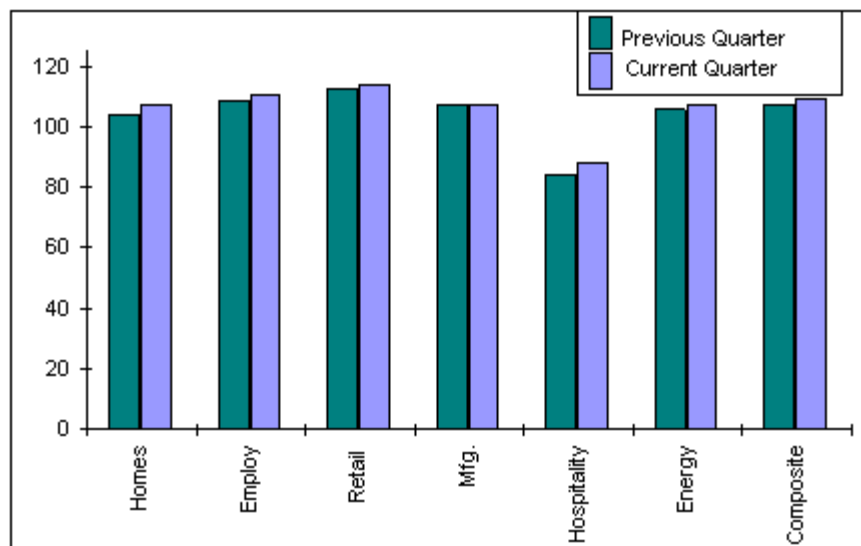
The *Index of Economic Activity for Humboldt County* decreased during the month of December. The seasonally adjusted index decreased from 110.6 in October to 107.9 in November, a fall of 2.5 percent. The housing market plummeted this month, suffering a 45 percent decrease. It is important to note that this element of the index is normally quite volatile and so has only a small role in the composition of the index. Retail sales, manufacturing, and energy consumption all decreased as well. The hospitality and employment components both increased.

The non-seasonally adjusted Index decreased by about 5.5 percent from 121.1 to 114.4. Such a decrease is to be expected, since the tourism, resource extraction, and transportation sectors of the local economy decline in the winter. The chart below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to November 1997. The seasonally adjusted series corrects for monthly variation in the data, therefore it is a better measure of fundamental change in the economy.



Quarterly Change

We also look at the performance of the county economy over a longer period of time by comparing the current and previous rolling quarters of seasonally adjusted data. Output in the last full quarter of 1997 (September, October, and November) increased compared with the previous quarter (June, July, and August). The composite index rose 1.6 percent from 107.1 to 108.8. All the components of the index increased this quarter, showing the stability and strong growth of the Humboldt economy. The chart below plots the quarterly index values for each sector in the index.



Leading Indicators

We track four leading indicators to get a sense of the direction of change in the county economy in the near future. The four leading indicators are help-wanted advertising, building permits issued, manufacturing orders, and claims for unemployment insurance. As the table above shows, help wanted advertising decreased after a strong increase last month, while both manufacturing orders and the demand for building permits increased. The nearly 32 percent decline in claims for unemployment insurance (after two months of increases) suggests a decline in layoffs and thus is a positive signal for the economy. The overall positive signals from these leading indicators suggests that the seasonally adjusted *Index of Economic Activity for Humboldt County* will increase for December. The economy overall should remain at a relatively strong level of activity.

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