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## January 1998

Key Statistics		Leading Indicators	
County:		<i>Seasonally Adjusted</i>	% Change in December
Median Home Price (December)*	\$124,450	Help Wanted Advertising	16.66
30 Yr. Mortgage Rate (01/30)	7.375%	Building Permits	64.6
Prime Rate (01/30)	8.5%	Unemployment Claims	10.84
Unemployment Rate (December)	6.4%	Manufacturing Orders	5.10

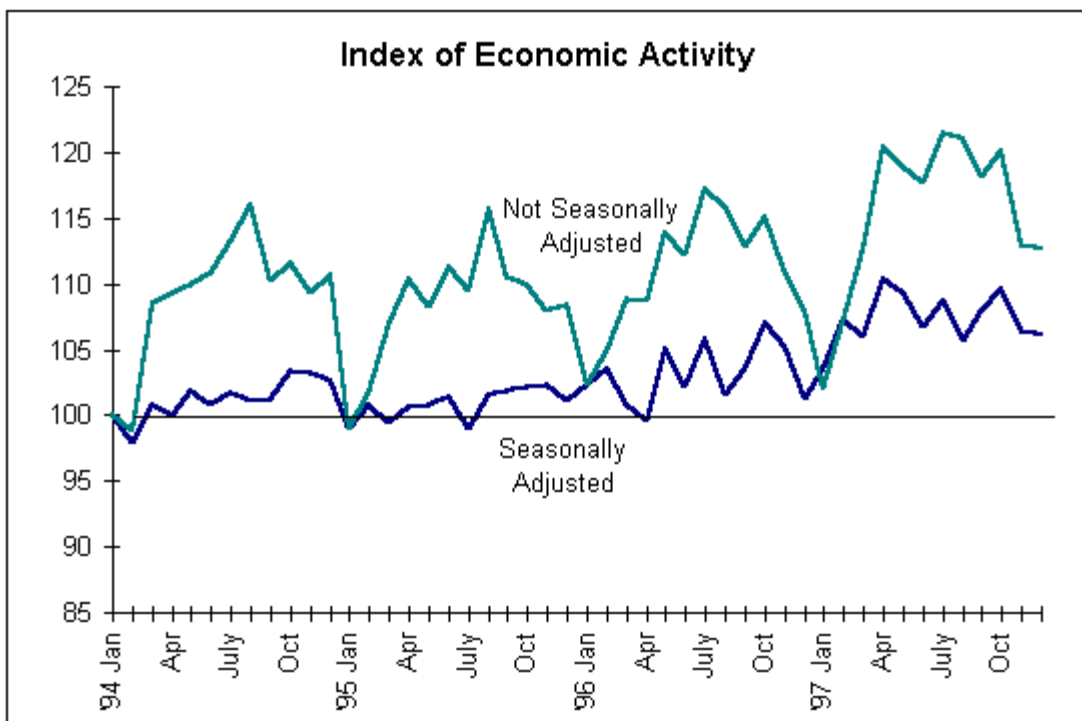
\*Home price data are provided by the Humboldt County Board of Realtors.

### Monthly Change

The *Index of Economic Activity for Humboldt County* increased very slightly during the month of December. The seasonally adjusted index rose from 106.4 in November to 106.7 in December, an increase of 0.28 percent. The housing sector increased 16.5 percent, partially recovering some from last month's 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 gained 7 percent and energy consumption rose as well. The hospitality, manufacturing and employment components all decreased.

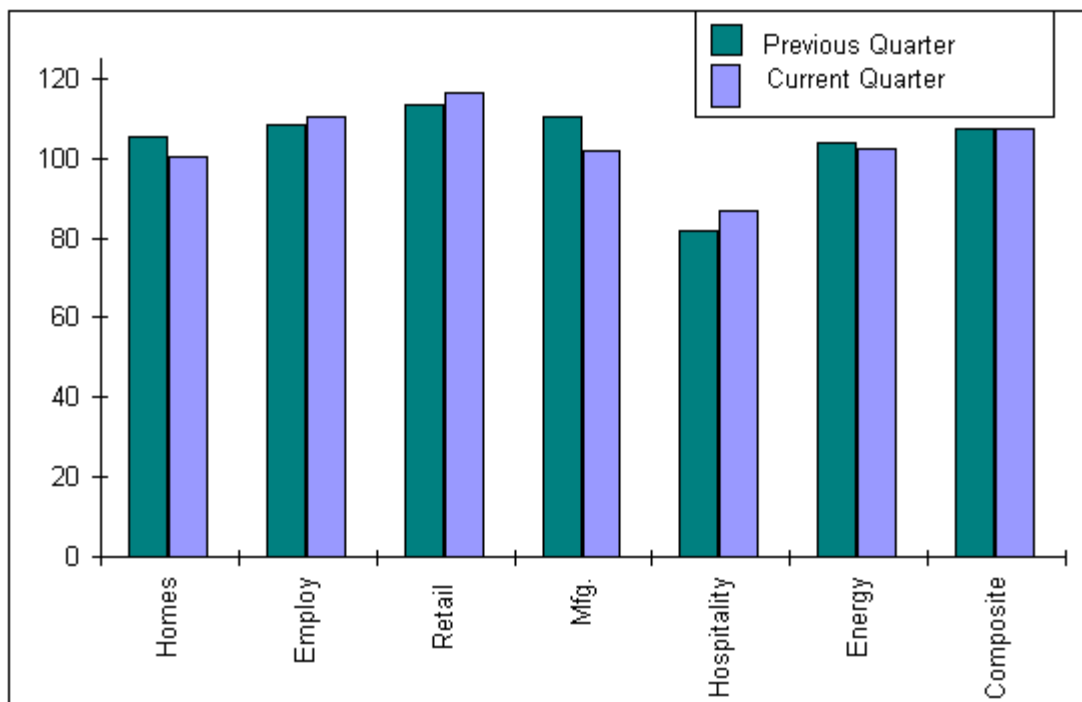
The raw (non-seasonally adjusted) index increased very slightly, rising from 113.0 to 113.6 (less than 1 percent). This is not unusual, since the index normally rises from January, peaks in July or August and then declines through December as tourism, resource extraction, and transportation sectors of the local economy slow. The chart below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to December 1997. The seasonally adjusted series is weighted to correct for "normal" monthly variation in the data, and so trends in the

seasonally-adjusted index provide a better indication of underlying growth and 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 (October, November, and December) remained at the same level as the third quarter (July, August, September)--The composite index stayed at 107.6. Half of the components increased this quarter (employment, retail sales, and hospitality), while the other half declined. The most significant increase was an 11 percent rise in the hospitality sector, while the most significant decreases were in home sales and manufacturing, with 4 and 8 percent drops respectively. 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, orders were up, the demand for building permits increased strongly for the second month in a row, and help wanted advertising recovered from a strong decrease last month. However, unemployment insurance claims also rose by almost 11 percent after a decrease of nearly 32 percent last month. The overall positive signals from these leading indicators suggests that the seasonally adjusted *Index of Economic Activity for Humboldt County* will increase during the month of January. The economy overall should remain at a relatively strong level of activity.

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