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November 1997

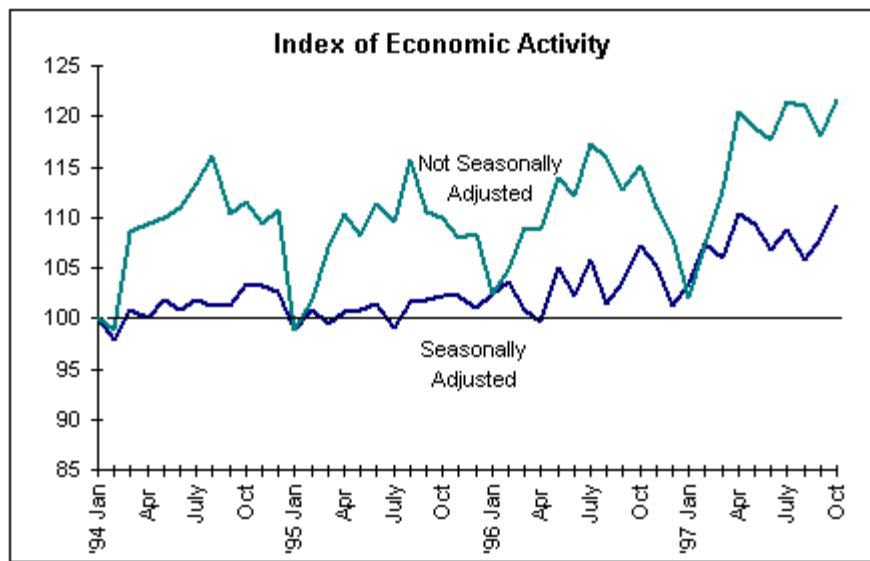
Key Statistics		Leading Indicators	
County:		<i>Seasonally Adjusted</i>	% Change in October
Median Home Price (October)*	\$116,000	Help Wanted Advertising	18.70
30 Yr. Mortgage Rate (12/01)	7.625%	Building Permits	-19.52
Prime Rate (12/01)	8.50%	Unemployment Claims	20.1
Unemployment Rate (October)	7.1%	Manufacturing Orders	-22.08

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

Monthly Change

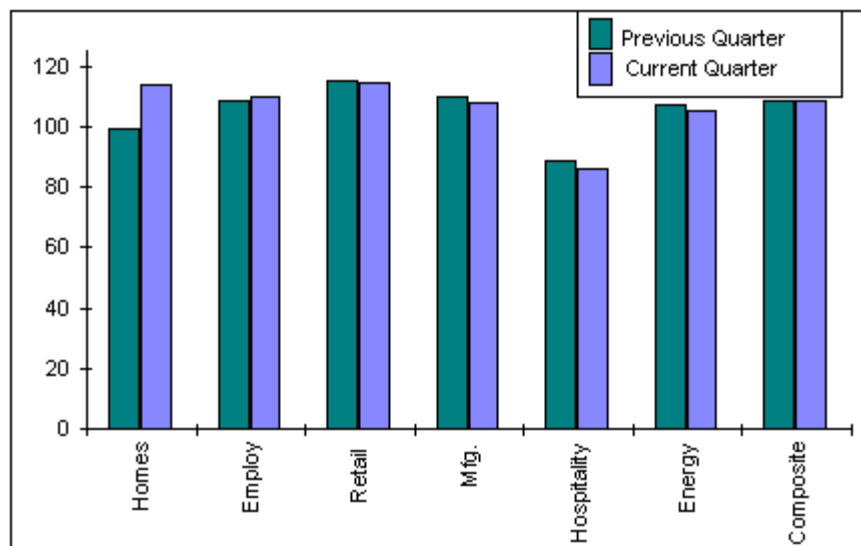
The *index of economic activity for Humboldt County* rose during the month of November. The seasonally adjusted index increased from 107.9 in September to 111.1 in October, an increase of about 3 percent. The housing market increased for the second month in a row with a rise of 26 percent, though it is important to note that this component's volatility causes it to play a small role in the overall index value. Retail sales, the hospitality component, energy use, and employment all increased during the month. The manufacturing component declined 4 percent.

The non-seasonally adjusted index increased by about 3 percent as well from 118.1 to 121.6. This is unusual as we expect the index to decline in the fall season as the tourist season comes to an end and timber harvesting slows. This rise in the index complements the strong growth in the Humboldt economy represented in the seasonally adjusted index values. The chart below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to October 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 economy's performance over a longer period of time by comparing the two previous rolling quarters. Output in the current quarter of 1997 (August, September, and October) was exactly the same as compared with the previous quarter (May, June, and July). The composite index showed no change and remained at a constant 108.2. All the components of the index except home sales and employment declined slightly this quarter. Home sales increased by 14.7 percent and employment by one percent. The chart below plots the quarterly index values for each sector in the index.



Leading Indicators

We track four leading indicators to indicate direction of change in the economy in the near future. These are help-wanted advertising, building permits issued, manufacturing orders, and claims for unemployment insurance. As the table above shows, help wanted advertising increased after a two month slump while both manufacturing orders and the demand for building permits declined. Claims for unemployment insurance continued to rise significantly for the second month in a row. Given the overall negative signals from these leading indicators, we predict that the seasonally adjusted *index of economic activity for Humboldt County* will decrease for November. The economy overall, however, should remain at a relatively strong level of activity.

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