INDEX OF ECONOMIC ACTIVITY FOR HUMBOLDT COUNTY

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Key Statistics		Leading Indicators	
Humboldt County:		*Seasonally Adjusted*	%Change in March
Median Home Price (March)*	$124,225	Help Wanted Advertising	7.77
30 Yr. Mortgage Rate (04/23)	7.133%	Building Permits	4.55
Prime Rate (04/23)	7.75%	Unemployment Claims	16.99
Unemployment Rate (March)	8.1%	Manufacturing Orders	-27.78

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

Monthly Change

The seasonally adjusted *Index of Economic Activity for Humboldt County* experienced a slight decrease during the month of March, dropping from a revised February *Index* value of 112.7 to 110.7. There was some variability in the performance of the various sectors of the Humboldt County economy during March. For example, home sales were up a seasonally-adjusted 43.66 percent, likely a continuing indication of low interest rates and relatively good economic times, and the hospitality sector (as measured by hotel/motel occupancy rates) was up by a seasonally-adjusted 3.17 percent. In contast, the manufacturing sector was down by about 6.7 percent. As will be discussed in greater detail below, the employment, retail sales, and energy sectors all changed by less than two percent during March.

In the month-over-month comparison with April reports from the recent past, the seasonally adjusted *Index* for April 1999 was up by 6.7 percent over April 1998, and up from 3.9 to 9.6 percent over levels observed for the same month of 1994 - 97. Note that a small part of this growth reflects a recent change in how manufacturing data are reported, and not an underlying increase in economic activity.

Monthly Sectoral Analysis:

Home Sales: The Humboldt County Board of Realtors reported 102 residential home sales during March 1999, up a seasonally-adjusted 43.66 percent over February '99. Home sales were strong relative to recent past years. In particular, in a month-over-month comparison, seasonally adjusted home sales for March were far greater than in any March since the *Index* began, with the exception of only a slight 3.1 percent increase relative to 1994. Thus seasonally-adjusted March 1999 home sales were 75.9 percent above those of March and 1998, and 64.5 percent above those of March 1995.

Employment: In their preliminary report for March 1999, the Employment Development Department reported that 56700 people were employed in Humboldt County, up by only 100 from the revised February 1999 report. Retail employment was estmated to be unchanged during March 1999, while manufacturing employment was down by 200 jobs. In a month-over-month comparison, seasonally adjusted county employment was up 1.8 percent over March 1998, a gain of 3 percent over March 1995, and an increase of 5 percent over levels observed in March 1994.

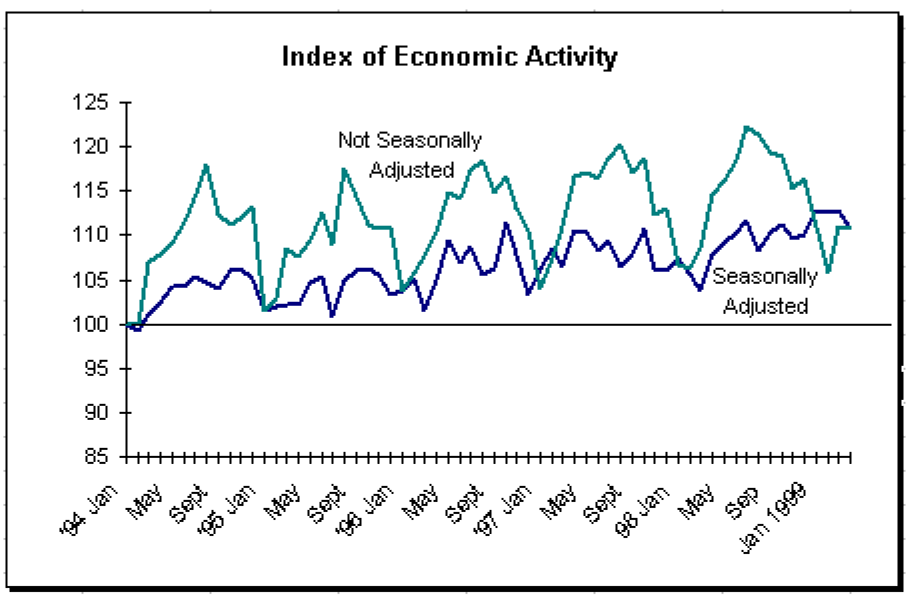
Retail Sales: Our participating county retailers showed strong growth throughout 1998. This trend seems to be slowing in the first quarter of 1999. Retail sales declined during March, down a seasonally-adjusted 0.13 percent from the previous month (February '99). Despite this slight dropoff, data provided by our participating retailers suggest that retail sales are a continuing source of economic growth for Humboldt county. For example, month-over-month comparisons show retail sales for March 1999 up a seasonally-adjusted 18 percent over the same month in 1998, 23.4 percent over 1997, and a range between 41 and 61 percent over 1994-96 figures.

Manufacturing: We use a combination of payroll employment and board feet of lumber production at major County lumber companies as our indicator of the manufacturing sector for the Humboldt county economy. Lumber-based manufacturing generates about 75 percent of total County manufacturing income. Seasonally adjusted manufacturing in March 1999 declined by 6.7 percent over February 1999. Note: Previous month-over-month comparisons for this sector are no longer applicable due to significant changes in reported data at the end of 1998.

Hospitality: We use occupancy rates at participating county hotels and motels as the indicator of this sector's performance. Although the last few months have been slow for the hospitality sector, the current trend is reversing with seasonally adjusted occupancy rates in March 1999 up by 3.2 percent over previous month.

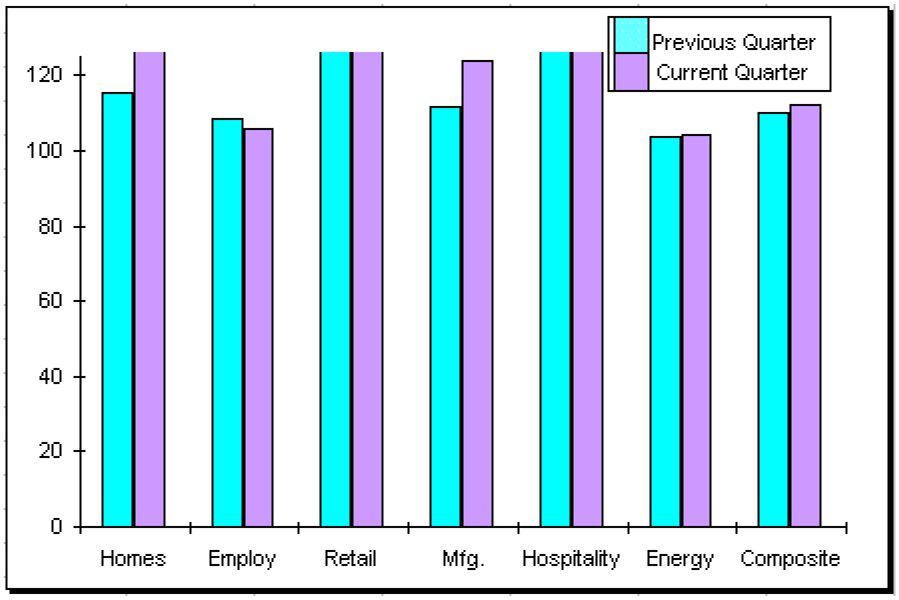
Energy: We use kilowatts of electricity consumed as our indicator of the energy sector of the Humboldt county economy. Energy and employment are the most stable of the sectors that we track, usually varying by no more than a few percentage points from month to month. This sector's performance remained stable during February 1999--seasonally-adjusted electricity consumption reflect a slight decrease of 11.8 percent over February 1999's index. Historical monthly comparisons show this sector to be up by 2 percent over March 1998, up a slight by .3 percent over 1997, up 3.8 percent over 1996, down .48 percent over 1995.

For those of you who are new or less familiar with the Index, the chart below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to March 1999. Each sector of 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. This month's report reflects data gathered from the previous month, and so the "April 1999" report reflects data from March 1999. As is common, our initial report is preliminary, and as we receive final data we revise our reports accordingly.



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. The quarterly index value for the current rolling quarter (January through March) is 112.1, which is up a scant 1.5 percent from the previous rolling quarter (October through December).



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 (i) number of help-wanted advertisements in the *Times Standard*, (ii) number of building permits issued, (iii) volume of manufacturing orders, and (iv) number of claims for unemployment insurance.

As is usually the case in the County economy, the leading indicators are mixed, with 2 out of 4 showing negative numbers. On one hand, help-wanted ads increased by 7.8 percent during March 1999, and building permits increased by 4.6 percent. On the other hand, manufacturing orders were sharply down by 27.8 percent and claims for unemployment insurance were up by 17 percent.

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