INDEX OF ECONOMIC ACTIVITY FOR HUMBOLDT COUNTY

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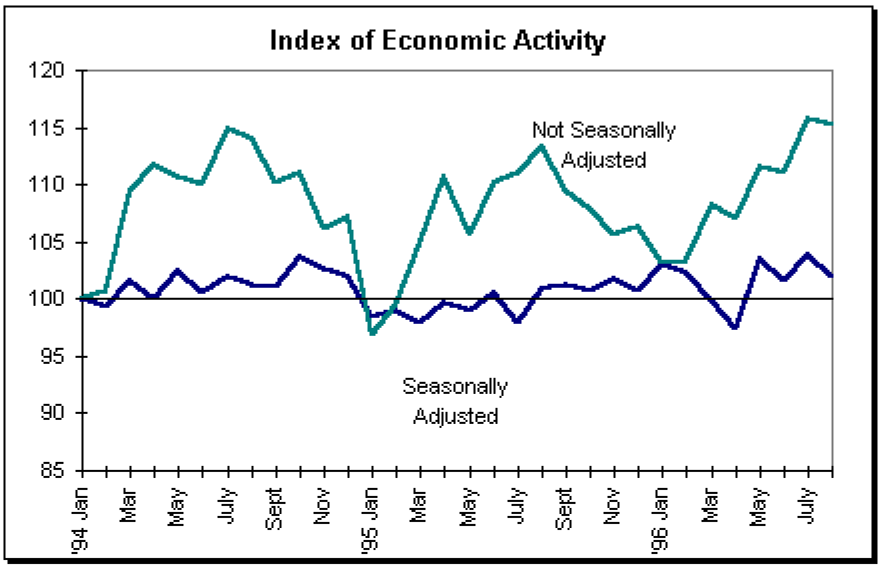
Historical Index Series: January 1994 to August 1996

The Humboldt County Index of Economic Activity monitors economic activity from January 1994 to the present. This summary describes the trends in the County over the past two and a half years. The base month for the index is January, 1994. All activity is measured relative to that month. The national economy came out of its last recession in the Spring of 1991 though unemployment peaked in June of 1992. California's economic recovery was slower in developing than the rest of the United States; California unemployment actually peaked in 1993. Nevertheless, by 1994 the state economy was growing again. By 1994, much of the rebound from the recession had occurred, therefore, we should not expect to see large growth in the index of economic activity based on the effects of the past recession.



Some clear county economic trends are evident from the index. First, 1994 was a year of slow but steady growth. By December the economy had grown 2 percent from its January level. The economy then took a rather severe dip in the first quarter of 1995, remaining below the January level every month but one until August. That winter was a harsh one and every sector except energy experienced a steeper decline than usual. Severe rains slowed timber harvesting and construction, and flooding closed roads slowing tourism, shipping, and distribution. The economy recovered in the latter half of 1995 and by January of 1996 economic activity was slightly higher than it was in 1995. There was a fairly sharp dip in the first quarter of 1996 as well, mirroring the weath er-related drop in the first quarter of 1995. Despite the fact that the drop in February and March of 1996 was sharper than in the first quarter of 1995, the economy recovered very quickly and has seen modest growth since then. The composite index stands at 102.1 in August of 1996, 2.1 percent above the January 1994 level. Overall, the economy has not shown big movements in either direction. The average value of the index declined 1.5 percent in 1995, and grew 1.8 percent through August of this year. This paints a picture of an economy that is steady and growing slowly. The non-seasonally adjusted series also gives some insights into the dynamics of Humboldt County. Economic activity peaks in July and bottoms out in January. This is consistent with an economy that is driven by natural resources and tourism, both of which are highly seasonal and peak in the summer. It seems that we have peaked once again in July of 1996 and are in the process of our normal decline.

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