Economic growth in Humboldt County, as tracked by the Index of Economic Activity, was generally positive up until the shock caused by the events of September 11th. The Composite Index fell sharply in the aftermath, and has since levelled off at a value just under 105. The Index began with a value of 100 in January 1994.

**Home Sales, 2001**

*Home Sales* was the strongest sector of the local economy in 2001 despite its huge 41 percent drop in September. The sector experienced a net gain of 17.2 percent over the year.
Retail Sales was another of the stronger sectors of our economy. It gained only 4.9 percent over the year, but was less volatile than Home Sales. Additionally, this sector remains higher than any other relative to where the Index began eight years ago.

Hospitality performed well in 2001 all the way through October. At that point, it began to be seriously affected by the same conditions plaguing the travel and tourism industry all across the nation. The local sector ended the year 9.9 percent lower than where it was at the beginning of 2001.

Energy, as measured by electricity consumption, experienced some wide fluctuations in 2001. This sector actually began a steep decline in October 2000, as prices in California's wholesale electricity market started to rise dramatically. Even though these increases were not apparent in consumers's retail bills, they probably began to conserve energy in response to price spikes in the market for natural gas. The increase through early 2001 is not unusually during the winter months. The steep drop in May and June probably reflects rising retail electricity rates and the continuation of the state's aggressive conservation program. The equally steep increase in
consumption over the summer months may indicate a rising level of overall economic activity. Performance of the Composite Index over this period provides corroborating evidence. This trend reached its peak in September, when activity plummeted in the aftermath of the September 11th events. This sector ended up 3.6 percent lower than it was in December 2000.

![Employment, 2001](chart)

**Employment** fell steadily from May to October, then levelled off. From July through October, the labor market in Humboldt County outperformed the statewise market, based on unemployment rates. In September and October, the local rate was also lower than the national unemployment rate. This indicates the recession didn't initially effect the local economy as quickly as it did elsewhere. Changes in the county's unemployment rate don't always match behavior of this sector's Index value due to fluctuations in the size of the labor force. The sector had a net loss of 0.2 percent for the year, and is now only 0.8 percent higher than it was in January 1994.

![Manufacturing, 2001](chart)

**Manufacturing** had a rough year. The American lumber industry is in a structural decline due primarily to the comparative advantages enjoyed by its Canadian competition. This sector registered the poorest performance of any in the local economy with a staggering 22.7 percent decrease over the year.

**Leading Indicators**

Due to the volatility of the Building Permits and Claims for Unemployment Insurance indicators, it is often difficult to ascertain how useful they are for predicting future economic activity. On the other hand, Help-wanted Advertising seems to accurately reflect subsequent performance in the local labor market. That said, the Leading Indicators all ended the year on a generally positive note.

**Employment-Based Economic Indicators:**
A count of help-wanted ads indicates the number of new job openings.

Claims for unemployment insurance indicate the number of newly unemployed people in Humboldt County. Thus the number of new unemployment claims is a negative indicator of economic activity.

Manufacturing Economic Indicator:

Manufacturing orders are a leading indicator of production activity and employment in the County.

Home Sales Economic Indicator:
The number of building permits indicates residential construction activity.