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August 1997

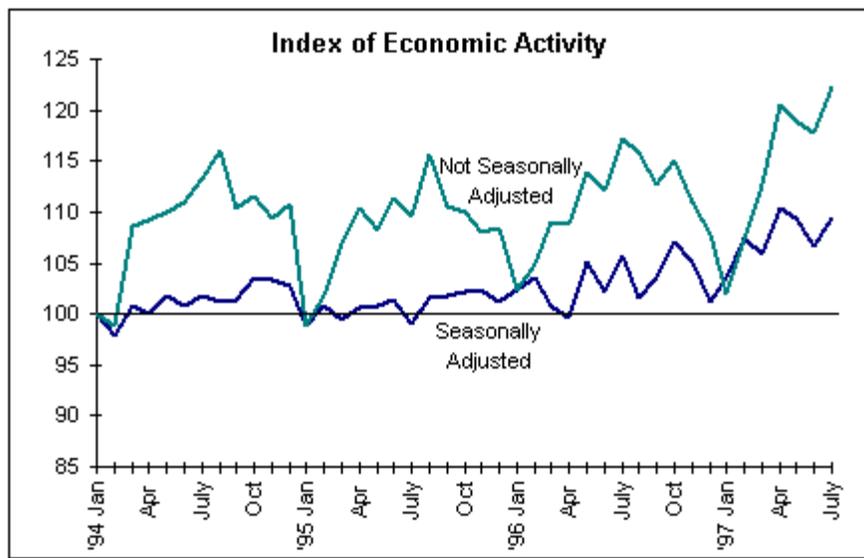
Key Statistics		Leading Indicators	
County:		<i>Seasonally Adjusted</i>	% Change in July
Median Home Price (July)*	\$121,000	Help Wanted Advertising	27.67
30 Yr. Mortgage Rate (8/26)	7.75%	Building Permits	17.01
Prime Rate (8/26)	8.50%	Unemployment Claims	-13.51
Unemployment Rate (July)	7.0%	Manufacturing Orders	-16.48

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

Monthly Change

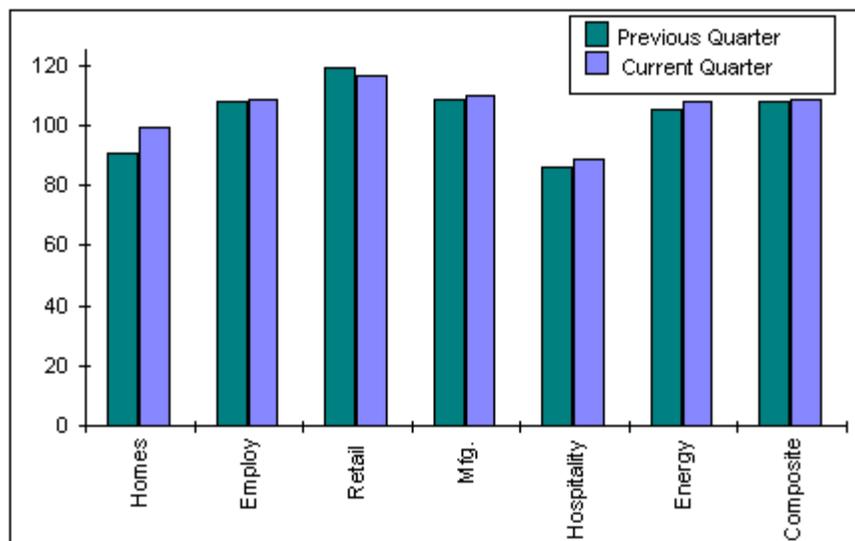
The *index of economic activity for Humboldt County* increased during the month of July, maintaining the high level of activity and strong growth of the past few months. The seasonally adjusted index grew from 106.7 in June to 109.5 in July, an increase of 2.6 percent. The base month for the index is January 1994 in which the index value is set at 100. The housing market boomed with a growth rate of 7.7 percent, retail sales and manufacturing showed strong increases of 10 percent and 13 percent respectively, and energy use increased as well. Employment and hospitali ty dropped.

The non-seasonally adjusted index also experienced an increase from 117.7 to 122.3. This is normal, as logging and tourism are in full swing this time of year. After dropping slightly last month, the economy is again operating at a high level and maintaining strong growth. The chart below plots the seasonally adjuste d and non-seasonally adjusted index values from January 1994 to June 1997. The seasonally adjusted series corrects for seasonal 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. The current quarter (May, June, and July) increased as compared with the previous quarter (February, March, and April). The composite index increased slightly from 107.9 to 108.5, an increase of 0.56 percent. All the components of the index, except retail sales, experienced growth this quarter. The small amount of actual variation shows the stability, and consistent growth of the Humboldt economy. 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 coming month. These are help-wanted advertising, building permits issued, manufacturing orders, and claims for unemployment insurance. As the table above shows, help wanted advertising increased sharply this month and unemployment insurance claims declined. However, demand for building permits and manufacturing orders decreased. Given the mixed signals from these leading indicators, we predict that the seasonally adjusted *index of economic activity for Humboldt County* will not change significantly in August. The economy should maintain its relatively strong level of activity.

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