

[skip navigation](#)



[Current Issue](#)

[Archive](#)

[Projects](#)

[Sponsors](#)

[Links](#)

[Home](#)

[Readers Comments](#)

[Frequently Asked Questions](#)

[Acknowledgements and Past Participation](#)

[HSU Economics Department](#)

The Index of Economic Activity for Humboldt County



[Current Issue](#)

[Archive](#)

[Projects](#)

[Sponsors](#)

[Links](#)

[Home](#)

[Readers Comments](#)

[Frequently Asked Questions](#)

[Acknowledgements and Past Participation](#)

[HSU Economics Department](#)

Professor Steven Hackett, Director

December 1998

Key Statistics		Leading Indicators	
Humboldt County:		<i>Seasonally Adjusted</i>	%Change in November
Median Home Price (November)*	\$130,000	Help Wanted Advertising	9.28
30 Yr. Mortgage Rate (12/29)	6.875%	Building Permits	-3.26
Prime Rate (12/29)	7.25%	Unemployment Claims	-16.45
Unemployment Rate (November)	6.4%	Manufacturing Orders	-10.87

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

Monthly Change

The seasonally adjusted *Index of Economic Activity for Humboldt County* decreased from 107.4 to 104.7 during the month of November, a decrease of 2.2 percent. There was considerable variability in the performance of the various sectors of the Humboldt County economy during November. Most prominent was a sharp 30 percent increase in seasonally-adjusted home sales during November, matched by a seasonally adjusted 24 percent dropoff in the manufacturing sector. As will be discussed in greater detail below, all the other sectors that we monitor changed by less than five percent during November.

The raw or non-seasonally adjusted *Index* also decreased slightly--by 1.8 percent--during November.

In the month-over-month comparison with Novembers in the recent past, the seasonally adjusted *Index* for November 1998 was down by a modest 1.6 percent relative to November 1997, essentially unchanged from November 1996, and up by 2.3 percent and 1.4 percent over levels observed in November 1995 and 1994, respectively.

Monthly Sectoral Analysis:

Home Sales: The Humboldt County Board of Realtors reported 97 residential home sales during November, rebounding strongly from the 80 homes sold in October. Overall, 1998 (through November) has been a very strong year for home sales, no doubt a reflection in part of mortgage interest rates that are nearly a full percentage point lower than in the recent past. Lower mortgage interest rates reduce the cost of owning a home, and consequently leads to an increase in both first-time home sales and home upgrades. In a month-over-month comparison, seasonally adjusted home sales for November 1998 were far greater than in any November since 1994. For example, seasonally-adjusted November 1998 home sales were 57.2 percent above those of November 1997, 29.7 percent above November 1996, and approximately 18-20 percent above those of November 1994 and 1995.

Employment: The Employment Development Department reported that 57,400 people were employed in Humboldt County in November 1998, down by 1000 from October 1998. Nearly 1/3 of the decline in County employment during November occurred in the manufacturing sector. Overall, County employment in 1998 (through November) has been lower than the very strong showing in 1997. While employment in the retail sector continued its growth trend in 1998, employment in the manufacturing sector declined by roughly 1000 jobs in 1998 relative to 1997. In a month-over-month comparison, seasonally adjusted county employment was down by 3.1 percent relative to November 1997, down 2 percent from November 1996, and up slightly from levels observed in November 1994 and 1995.

Retail Sales: Our participating county retailers reported relatively strong retail sales during November 1998, up a seasonally-adjusted 4.4 percent from October. Results from our participating retailers suggest that retail sales are a continuing source of economic growth for Humboldt county. November 1998 retail sales were up a seasonally adjusted 13.5 percent over November 1997, and approximately 30 percent over levels observed in November 1994, 1995, and 1996.

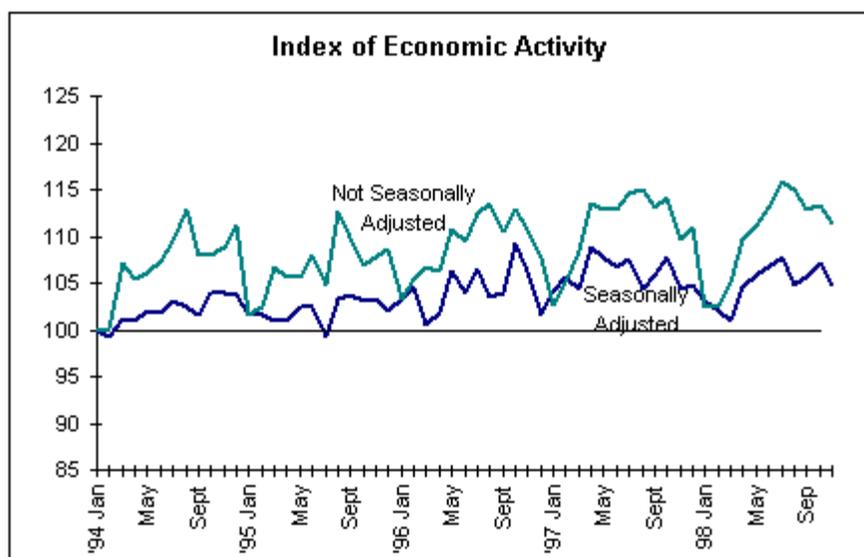
Manufacturing: We use a combination of payroll employment and board feet of lumber production at major County lumber companies as our indicator of the manufacturing sector of the Humboldt county economy. As mentioned above, seasonally adjusted manufacturing in November 1998 was down sharply--by 24.3 percent-- relative to that of October 1998. In the month-over-month comparison, seasonally-adjusted manufacturing in November 1998 was down by 18.3 percent relative to November 1997, down by 19.3 percent relative to November 1996, down 13 percent relative to November 1995, and down 17 percent relative to November 1994. Overall, 1998 (through November) has been a weaker year than 1997, both in terms of payroll and in terms of board-feet of lumber production. Not all the major County lumber companies experienced a decline in 1998.

Hospitality: We use occupancy rates at participating county hotels and motels as our indicator of the county hospitality sector. Seasonally adjusted occupancy rates in November 1998 were down 2.8 percent over October 1998. In the month-over-month

comparison with Novembers in the recent past, November 1998 was up by 10.4 percent in seasonally adjusted terms relative to November 1997, up by 14.6 percent relative to November 1995, up by 21.9 percent relative to November 1995, and essentially unchanged from November 1994.

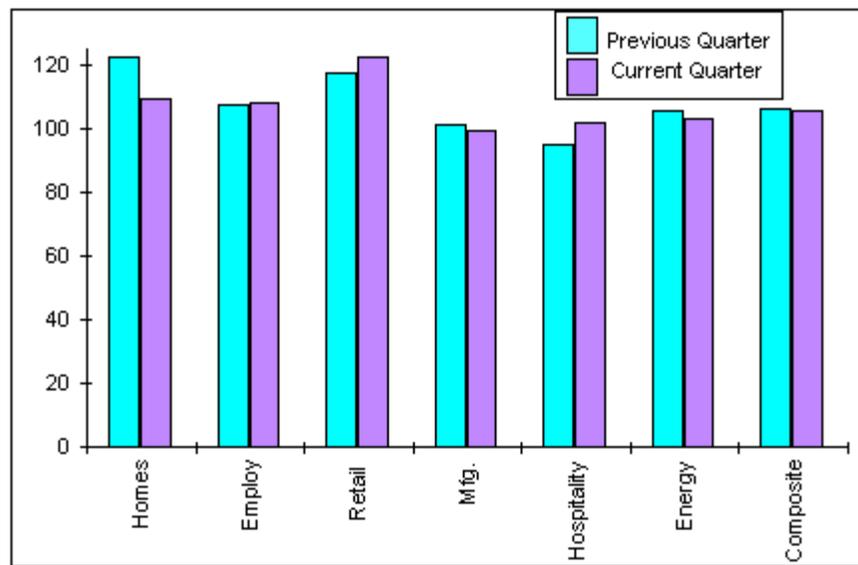
Energy: We use kilowatts of electricity consumed as our indicator of the energy sector of the Humboldt county economy. Seasonally-adjusted electricity consumption in November 1998 was up 0.8 percent from October 1998. In the month-over-month comparison, seasonally-adjusted energy was up 3.4 percent relative to November 1997, down 4.2 percent relative to November 1996, down 2.2 percent relative to November 1995, and essentially unchanged from November 1994.

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 November 1998. 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.



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 (September through November) is 105.8, which is exactly the same as the previous rolling quarter (June through August).



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. The number of people who filed for unemployment insurance was down by a seasonally-adjusted 16.45 percent in November, and the seasonally-adjusted number of help-wanted ads was up by more than 9 percent, both positive indicators. In contrast, manufacturing orders were down by nearly 11 percent, and building permits were down by around 3 percent, both negative indicators.

The California state forecast is for continued economic growth, but at a lower rate than in 1998, due in part to continued softness in Asian demand for goods and services exported from California.

[Back to Main Index Page](#)

Copyright © 2003 [Erick Eschker](#). All Rights Reserved.

