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February 1998

Key Statistics		Leading Indicators	
County:		<i>Seasonally Adjusted</i>	% Change in January
Median Home Price (January)*	\$109,950	Help Wanted Advertising	31.22
30 Yr. Mortgage Rate (03/04)	7.508%	Building Permits	-65.01
Prime Rate (03/04)	8.5%	Unemployment Claims	-14.91
Unemployment Rate (January)	9.5%	Manufacturing Orders	12.72

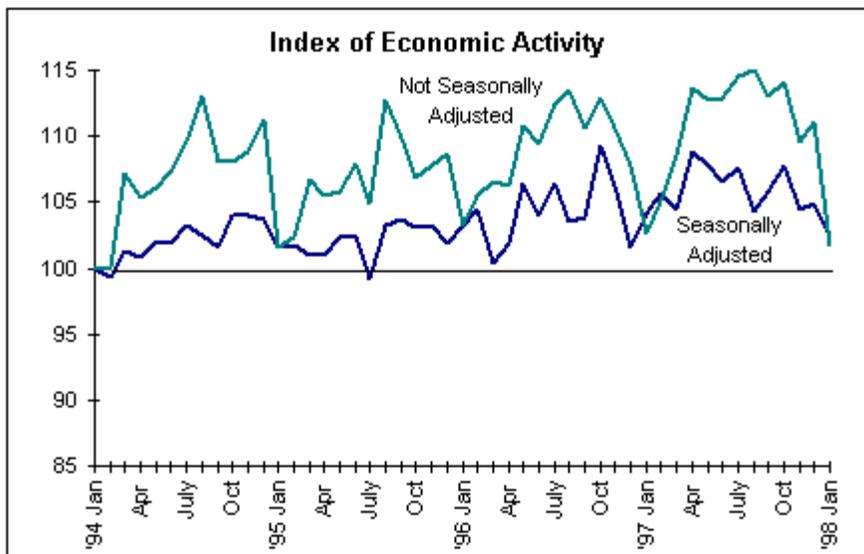
*Home price data are provided by the Humboldt County Board of Realtors.

Note: Based on information we have accumulated on the Humboldt County economy, we have revised the index by changing the weights assigned to various economic sectors. Careful readers will notice the change by comparing the plotted index values in the chart below to the chart from previous months. This revision will result in the index being a more stable reflection of the Humboldt County economy.

Monthly Change

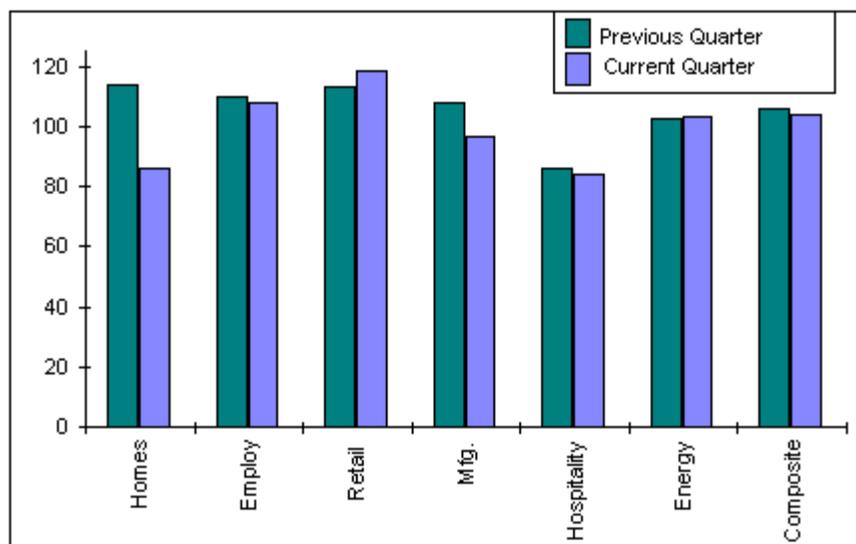
The seasonally-adjusted *Index of Economic Activity for Humboldt County* decreased somewhat during the month of January, falling from a revised value of 104.9 in December to 102.3 in January, a decrease of 2.5 percent. The housing sector moved counter to this trend, building on December's growth with a 6.7 percent rise in January. Retail sales and energy consumption also rose to a lesser extent. In contrast the hospitality sector experienced a rather dramatic 21 percent decline in January (likely reflecting prevailing weather conditions), and the manufacturing and employment sectors declined by 4 and 6.7 percent respectively.

The raw (non-seasonally adjusted) index reveals once again the traditional winter dropoff in economic activity that characterizes the Humboldt County economy. Key sectors of the County economy--transportation, forest products, construction, and tourism--are adversely impacted by wet winter weather. The non-seasonally adjusted index declined sharply from a revised 111.0 to 101.7, an 8.4% drop. Interestingly, this year the winter dropoff came in January, while in the last several years it has come in December. The chart below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to January 1998. 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. Output in the current quarter (November, December, January) decreased by 2 percent--from 106 to 103.9--as compared to the previous quarter (August, September, October). Energy consumption increased slightly and retail sales were up by 5 percent. However, home sales and manufacturing saw significant decreases of 25 and 11 percent respectively. The employment and hospitality sectors dropped as well. The chart below plots the quarterly index values for each sector in the index.



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 help-wanted advertising, building permits issued, manufacturing orders, and claims for unemployment insurance. As indicated in the table at the top of the page, orders are up for the third month in a row, help wanted advertising increased for the second month in a row, and unemployment insurance claims dropped. Only the rather large decline in building permits undermines the positive signals from the other three leading indicators. Probably the single most important factor affecting the index in February and March will be the extent to which the El Nino weather pattern continues to generate above-normal rainfall for the region.

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