

[skip navigation](#)[Current Issue](#)[Archive](#)[Projects](#)[Sponsors](#)[Links](#)[Home](#)[Readers Comments](#)[Frequently Asked Questions](#)[Acknowledgements and Past Participation](#)[HSU Economics Department](#)

INDEX OF ECONOMIC ACTIVITY FOR HUMBOLDT COUNTY

Professor Steven Hackett, Director

June 1998

Key Statistics		Leading Indicators	
County:		<i>Seasonally Adjusted</i>	% Change in May
Median Home Price (May)*	\$116,000	Help Wanted Advertising	-2.03
30 Yr. Mortgage Rate (06/23)	7.373%	Building Permits	-6.57
Prime Rate (06/23)	8.5%	Unemployment Claims	1.30
Unemployment Rate (May)	6.7%	Manufacturing Orders	1.34

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

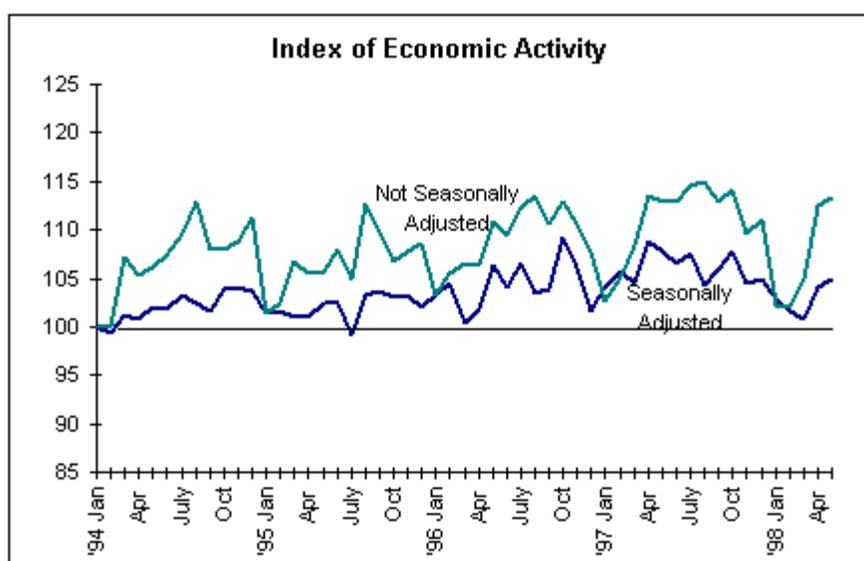
Monthly Change

The seasonally adjusted Index of Economic Activity for Humboldt County grew very slightly in the month of May, rising by 0.87 percent from 104 to 104.9. Most sectors of the county economy exhibited a small amount of seasonally adjusted growth; for example, economic activity in the retail sector grew by 1.8 percent, while activity in the hospitality sector increased by 2.3 percent. Yet this modest growth in economic activity was largely offset in the overall Index by a more pronounced (8.9 percent) dropoff in seasonally adjusted manufacturing activity. The decline in manufacturing was largely driven by a 15 to 20 percent reduction in lumber production experienced by several large lumber companies operating in the County.

The raw (non-seasonally adjusted) Index of Economic Activity also increased very modestly in May, rising a mere 0.89 percent to a value of 113.4. It is "normal" for there to be little change in economic activity during May, perhaps because the gradual increase in tourism and other weather-related economic activity is offset by the economic impact of thousands of Humboldt State University students leaving the area.

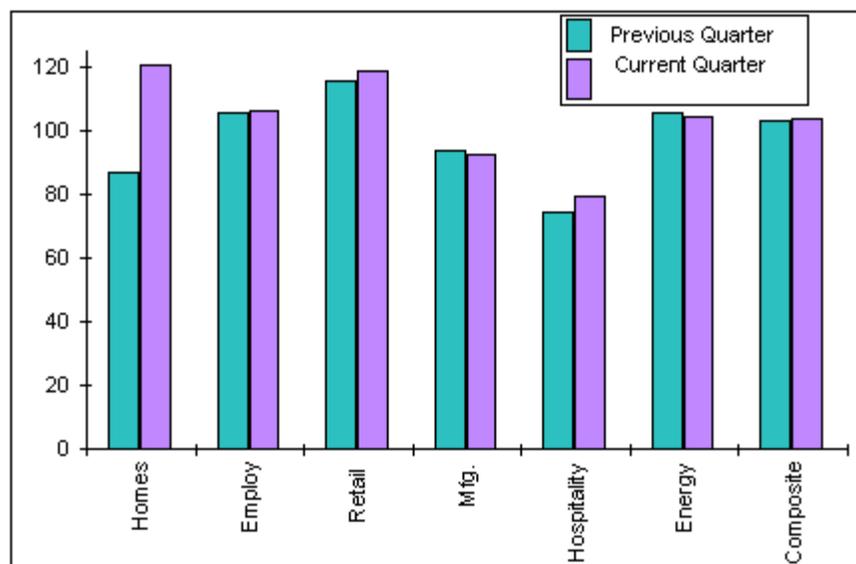
Note in the figure below that the Index of Economic Activity was initially set at a value of 100 for January 1994, and so one can interpret the current Index value of 113.4 as indicating that economic activity has increased by about 13 percent since the base month of January 1994. Much of that increase can "normally" be attributed to seasonal differences (comparing a January to a May in Humboldt County is hardly fair, as any resident can attest)--the *seasonally adjusted* Index has increased by only 4.9 percent since the base month of January 1994. This 4.9 percent growth in seasonally adjusted activity more closely reflects underlying increases in economic activity that cannot be attributed to the normal summer increase due to tourism, logging, and unimpeded travel.

For those of you who are new to the Index, the figure below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to May 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. The quarterly index value for the current rolling quarter (March through May) is 103.2, registering a small 1 percent increase over the previous rolling quarter (December through February). All sectors except manufacturing and energy contributed to this increase in quarterly economic activity.



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 in the County, (iii) volume of manufacturing orders, and (iv) number of claims for unemployment insurance. These indicators are seasonally adjusted, and so changes in an indicator cannot be attributed to "normal" seasonal variation in economic activity.

As indicated in the table at the top of the page, three of the four leading indicators show a slight or at best only a modest decline, with the largest decline being a nearly 6.6 percent drop in building permits. The one positive indicator--manufacturing orders--rose by only a very small amount (1.34 percent). What conclusions can we draw from these small changes in the indicators? At most they suggest a very modest decline in seasonally adjusted activity for next month, and more likely they will not have a noticeable influence on the economy for the near future.

[Back to Main Index Page](#)

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

