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March 1997

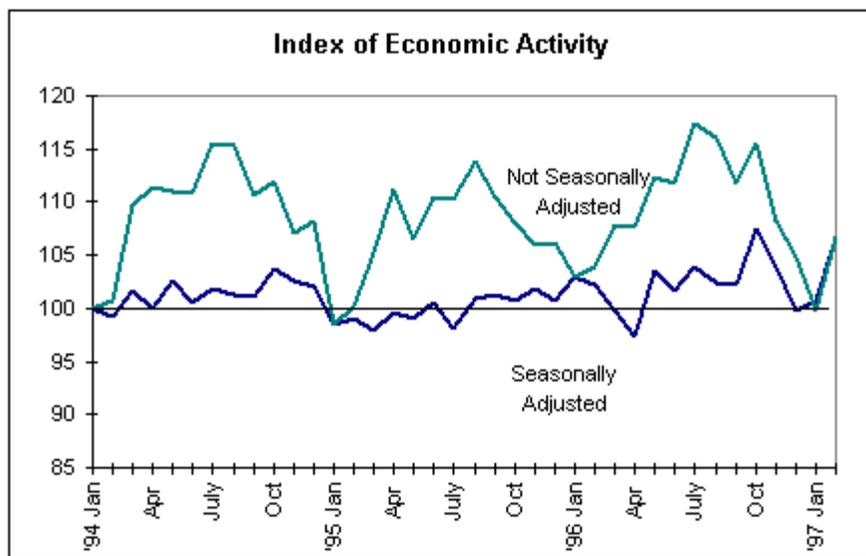
| Key Statistics | | Leading Indicators | |
|-----------------------------|-----------|----------------------------|------------------|
| County: | | <i>Seasonally Adjusted</i> | % Change in Feb. |
| Median Home Price (Feb)* | \$105,000 | Help Wanted Advertising | -12.88 |
| 30 Yr. Mortgage Rate (3/31) | 8.25% | Building Permits | 24.18 |
| Prime Rate (3/31) | 8.50% | Unemployment Claims | -22.69 |
| Unemployment Rate (Feb) | 8.1% | Manufacturing Orders | 6.56 |

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

Monthly Change

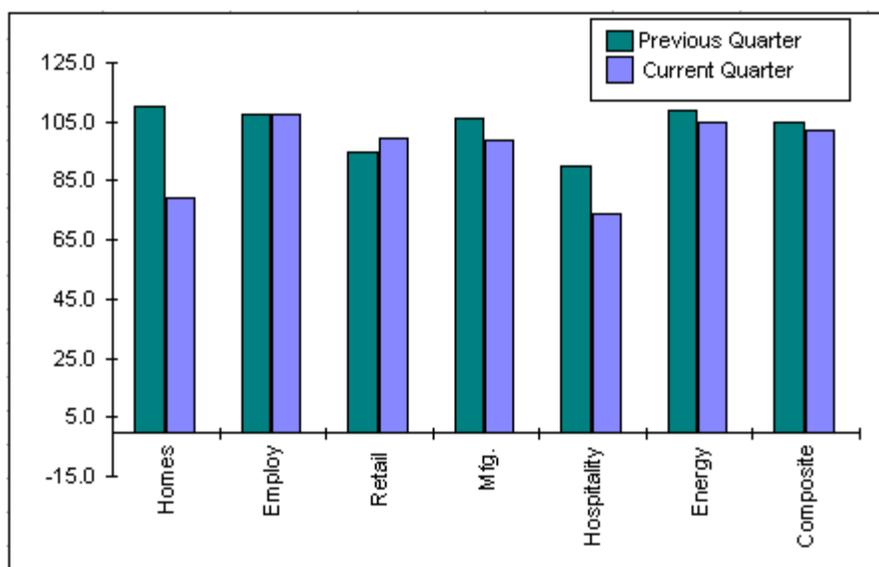
The *index of economic activity for Humboldt County* increased strongly in the month of February. The seasonally adjusted index increased from 100.7 in January to 106.7, an increase of 5.91 percent. Part of the increase in February was due to a dramatic one-time increase in sales of one of our reporting retailers due to an expansion in store size. But even without this expansion, the index still would have increased a healthy 3.08 percent. The base month for the index is January 1994 in which the index value is set at 100.

The housing, manufacturing, retail sales, and hospitality sectors were all up in February. The employment and energy sectors declined very slightly. Other than the one-time increase in retail sales, the construction industry and orders for durable goods seemed to be driving much of February's increase. The unusually dry weather is undoubtedly an important factor explaining this surge in demand. The chart below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to February 1997. The non-seasonally adjusted index also increased strongly from 99.8 to 106.7.



Quarterly Change

We also look at the economy's performance over a longer period of time by comparing the two previous "rolling" quarters. The economy in the current rolling quarter (December, January, and February) decreased as compared with the previous rolling quarter (September, October, and November). The composite index decreased from 104.5 to 102.4, a decline of 2.01 percent. This reflects the weak economy in the months of December and January. The chart below plots the quarterly index values for each sector in the index. All sectors except for employment and retail sales decreased in the current quarter relative to the previous quarter.



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. Help-wanted advertising decreased by nearly 13 percent in February, suggesting a slowing economy. However, permits and orders were up, and claims for unemployment insurance fell. These three indicators suggest that the economy will continue its growth trend. Given the strong signals from these leading indicators, we predict that the seasonally adjusted *index of economic activity for Humboldt County* will increase in March, implying continued economic growth.

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