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## May 1997

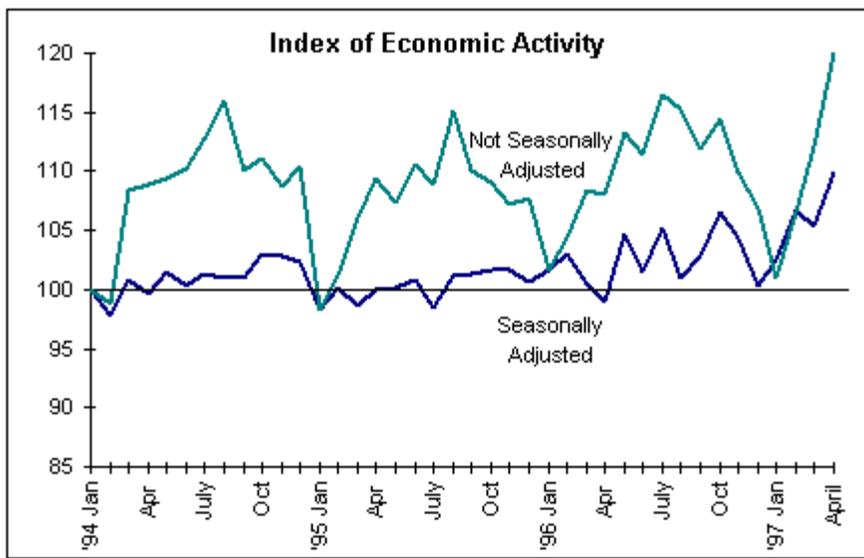
| Key Statistics              |           | Leading Indicators         |                   |
|-----------------------------|-----------|----------------------------|-------------------|
| County:                     |           | <i>Seasonally Adjusted</i> | % Change in April |
| Median Home Price (April)*  | \$115,000 | Help Wanted Advertising    | 1.18              |
| 30 Yr. Mortgage Rate (5/22) | 8.125%    | Building Permits           | 26.75             |
| Prime Rate (5/23)           | 8.50%     | Unemployment Claims        | 17.61             |
| Unemployment Rate (April)   | 7.1%      | Manufacturing Orders       | -3.59             |

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

### Monthly Change

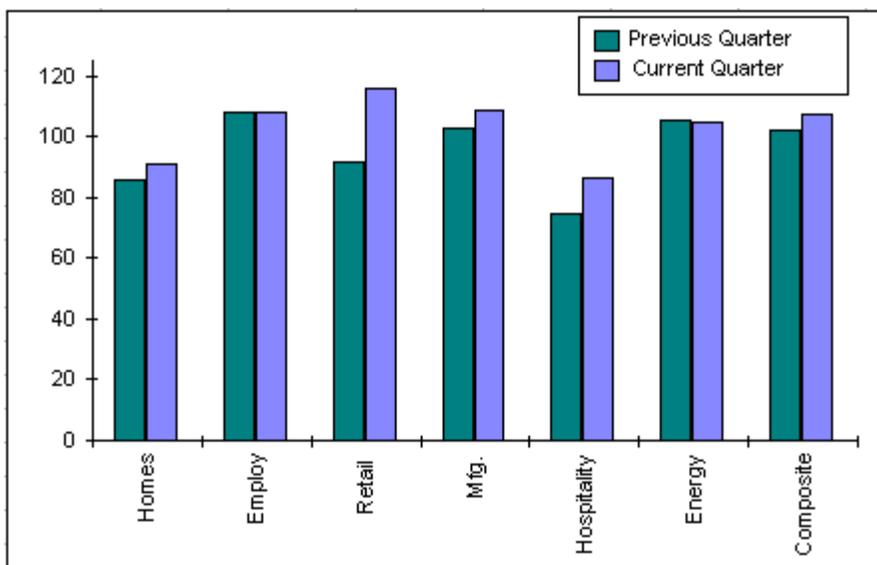
The *index of economic activity for Humboldt County* grew strongly in the month of April, reaching its highest recorded value since we began tracking the County's economy in January 1994. The seasonally adjusted index increased from 105.4 in March to 109.9 in April, an increase of 4.5 percent. Nearly two percentage points of the increase is due to growth in retail sales, while another percentage point is due to an exceptionally strong housing market. The base month for the index is January 1994 in which the index value is set at 100.

The housing, employment, retail sales, hospitality, and energy sectors increased strongly in April. Only the manufacturing sector declined slightly. The non-seasonally adjusted index also grew strongly from 112 to 120, its highest recorded level as well. The start of the summer tourist season, a strong housing market, and exceptionally strong retail sales are important factors in explaining this surge in output. The chart below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to April 1997.



### 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 (February, March, and April) increased as compared with the previous rolling quarter (November, December, and January). The composite index increased from 102.4 to 107.3, an increase of 4.9 percent. This reflects the strong growth in the retail sales and manufacturing sectors of the economy during the past months. The chart below plots the quarterly index values for each sector in the index. All sectors except for energy and employment increased in the current quarter relative to the previous quarter. Employment was essentially unchanged.



### 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 increased slightly in April and demand for permits grew significantly. However, orders declined and claims for unemployment insurance rose. 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 May, implying stability but not economic growth.

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