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**Professor Steven Hackett, Executive Director  
Deborah Keeth, Managing Director**

**November 2000**

Key Statistics		Leading Indicators	
Humboldt County:		<i>Seasonally Adjusted</i>	% Change in November
Median Home Price*	\$137,800	Help Wanted Advertising	7.02
30 Yr. Mortgage Rate (11/28)	7.875%	Building Permits	-2.16
Prime Rate (11/28)	9.5%	Unemployment Claims	35.20
Unemployment Rate**	4.6%	Manufacturing Orders	-3.97

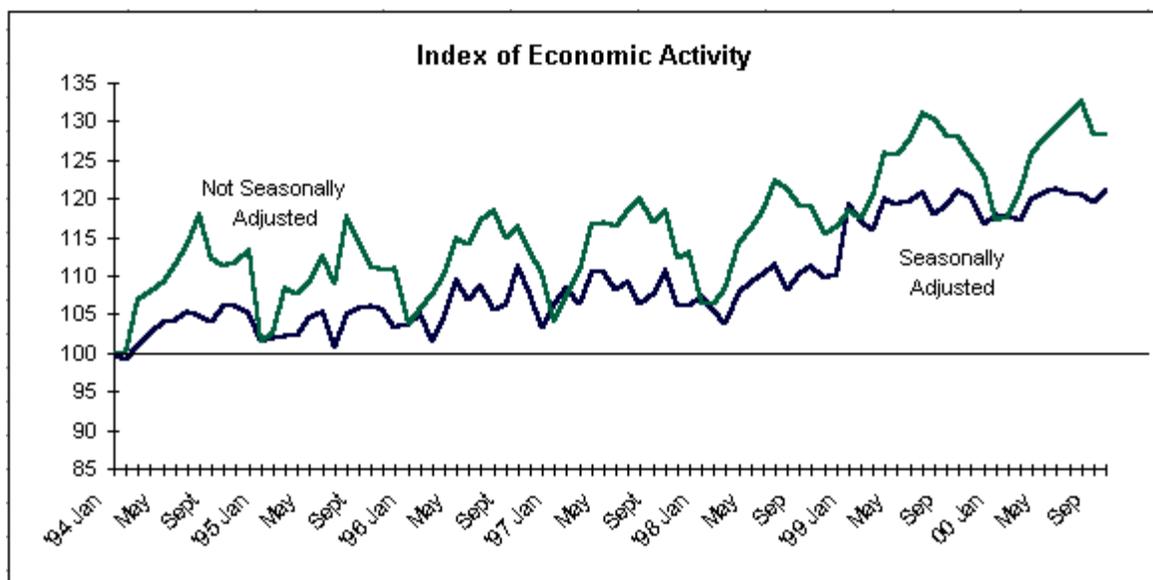
\* Home price data are provided by the Humboldt County Board of Realtors. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated verbatim, without change by the Service, as filed with the Service by the Participant. The Service does not verify such information provided and disclaims any responsibility for its accuracy. Each Participant agrees to hold the Service harmless against any liability arising from any inaccuracy or inadequacy of the information.

\*\* Preliminary EDD data. See the [EDD Website](#) for updates.

### Monthly Change

The seasonally adjusted *Index of Economic Activity for Humboldt County* was up in all comparisons for the month of October. The *Index* increased 1.28 percent over the previous month, a slight 0.09 percent over 1999, 8.81 percent over 1998 and 9.40 percent over 1997.

For those of you who are new or less familiar with the *Index*, we have been tracking seasonally-adjusted economic activity since January 1994, at which time the *Index* began at a value of 100. 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. This month's report reflects data gathered from the previous month, and so the "November 2000" report reflects data from October 2000. As is common, our initial report is preliminary, and as we receive final data we revise our reports accordingly.



While the non-seasonally adjusted *Index* values appear to be following their usual peak-and-valley pattern as we move from fall into winter, the seasonally-adjusted *Index* has held fairly steady since January 1999.

#### Monthly Sectoral Analysis:

**Home Sales:** The Home Sales sector of this month's *Index* increased 21.14 percent over the previous month. In the month-over-month comparison, the sector increased 26.35 percent over 1999, increased 48.03 percent over 1998 and declined a slight 1.29 percent over 1997. During the month of October 111 units were sold.

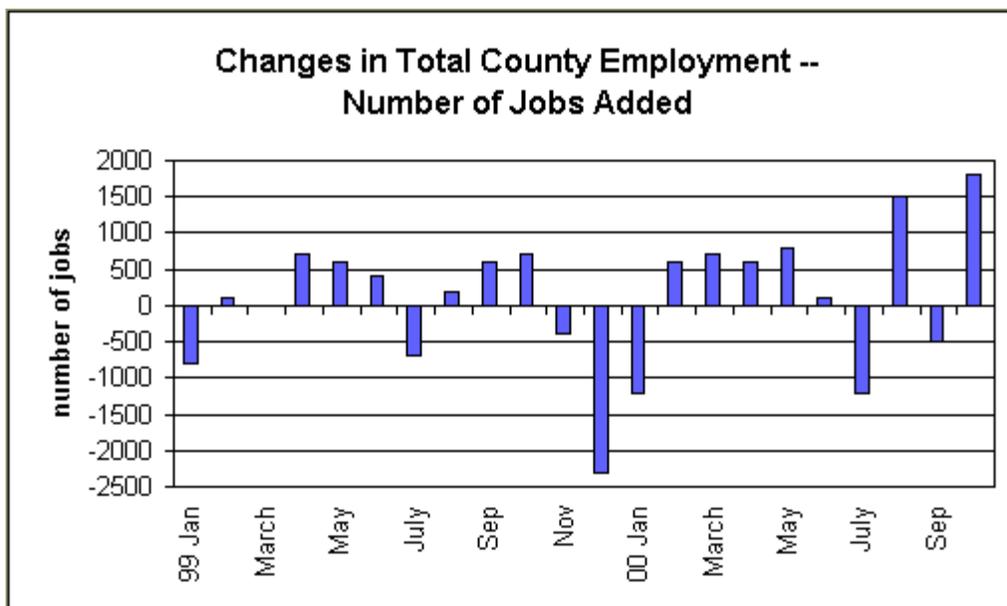
Existing home sales fell 3.9 percent across the nation in the month of October. The sales are still strong, however, and many economists feel there is still room for a greater decline in this sector. The Western region of the US experienced brisker home sales than the rest of the nation.

The national median home price also fell last month to \$138,200. This value is still 4.3 percent higher than October of last year, however. Humboldt County's median home price for the month was nearly identical to the nation's at \$137,800. The average home price in the county, on the other hand, jumped to \$217,994 for the month. The sale of a few upper-end homes probably skewed the figure upward.

The 30-year fixed mortgage rate (zero points) in Humboldt County inched up from 7.75 percent in October to 7.875 percent this month.

**Employment:** In their preliminary report for October 2000, the Employment Development Department (EDD) reported that 59,600 people were employed in Humboldt county, up by a remarkable 1,800 from the revised figure for September 2000 (3.1%). October's employment figures are up a healthy 4.2 percent over the previous year.

The graph below depicts changes in total county employment since January 1999.



Preliminary EDD data indicate the following changes in Humboldt county employment:

- Total county employment in the various services industries increased from a revised 41,900 during the month of September to 43,600 for the month of October, or a remarkable 4.1 percent. This sector is up 3.3 percent over the previous year's figures. The retail subsector of services increased from a revised 11,000 for the month of September to a preliminary 11,100 for the month of October (0.9%). This subsector is up 1.8 percent over the previous year. While the increase in jobs was broad-based, the government employment subsector accounted for a large portion of the increase.
- Total county employment in manufacturing declined from a revised 6,500 for the month of September to 6,200 for the month of October (-4.6%). While down over the previous month, this subsector is up 3.3 percent over the previous year.

For the second month in a row the employment sector of the *Index* was up in all comparisons. Specifically, the sector increased 3.15 percent over the previous month's report. In the month-over-month comparison, the sector increased 0.81 percent over 1999, increased 1.74 percent over the 1998 report, and increased 3.15 percent over 1997.

Across the nation, fewer jobs were created in the month of October than were anticipated. Total payroll employment rose by 137,000, while predictions were just under 200,000. The strongest gains in employment were in the service subsector. With the holiday season approaching, most economists expect to see an increase in labor demand in the retail subsector for November and December. Consistent with the decline in manufacturing employment in the county, regional manufacturing employment has also declined in recent months.

In other national employment news, the average weekly hours worked dropped slightly to 34.3. Meanwhile, earnings per hour rose from \$13.83 to \$13.89.

Preliminary unemployment figures for the month of October indicate that the county unemployment rate has fallen once again. The rate of 4.6 percent is the lowest unemployment rate of any month since at least 1983! The state unemployment rate also fell from 4.7 percent in September to 4.5 percent in October. Nationally, the unemployment rate fell from 3.8 percent to 3.6 percent.

**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 for the Humboldt county economy. Lumber-based manufacturing generates about 75 percent of total county manufacturing income.

The manufacturing sector of the *Index* declined across all comparisons for the month of October. Specifically, the sector declined 7.04 percent over the previous month, declined 7.47 percent over 1999, declined 17.30 percent over 1998 and declined 16.47 percent over 1997.

While overall manufacturing activity across the nation was steady for the month, paper and lumber mill production slowed in several regions. The Federal Reserve reports that lumber exports in the Pacific Northwest have fallen in recent weeks and inventories are building up in a few regions.

The winter months are generally a slower time period for the lumber industry. Our seasonally-adjusted index value for the manufacturing sector takes this factor into account, however. Declines in the manufacturing sector index value indicate declines in the sector beyond what would be seasonally expected.

**Hospitality:** We use occupancy rates at participating county hotels and motels as the indicator of this sector's performance. The hospitality sector of the *Index* was up in all comparisons for the month of October. The sector increased 5.01 percent over last month's report. In the month-over-month comparison seasonally-adjusted occupancy rates were up 10.64 percent over 1999, up 4.63 percent over 1998, and up 11.68 percent over 1997.

At the regional scale, healthy tourism in the West, especially trips to Hawaii, has boosted hotel occupancy rates in San Francisco.

**Retail Sales:** The retail sales sector of the *Index* was up by a small margin over the previous month. Specifically, there was a 1.58 percent increase over the October report. In the month-over-month comparisons, the sector shows no clear trend. For example, the sector declined 6.46 percent over 1999, and declined 6.98 percent over 1998, but increased 3.46 percent over 1997.

Throughout the nation retail sales growth slowed in the month of October. Economists are blaming sluggish vehicle sales and slow chain store sales for the tiny 0.1 percent growth. The Federal Reserve reports that the overall retail outlook has become more conservative since their last report in September.

**Energy:** We use kilowatts of electricity consumed as our indicator of the energy sector of the Humboldt county economy. Energy and employment have been the most stable of the sectors that we track, usually varying by no more than a few percentage points from month to month. The seasonally-adjusted energy sector increased a tiny 0.02 percent over the previous month's final report. The sector declined 0.30 percent over the previous year.

## 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 claims for unemployment insurance, (iii) volume of manufacturing orders, and (iv) number of building permits issued.

## Employment-Based Economic Indicators:

A count of help-wanted ads indicates the number of new job openings. Help-wanted advertising in the county was strong across all comparisons for the month of October. The sector increased 7.02 percent over the previous month. In the month-over-month comparison, help wanted advertising was up 33.29 percent over 1999, up 74.42 percent over 1998 and up 49.95 percent over 1997. We may see even stronger performance in the next two months as retailers seek extra help for the holidays.

Claims for unemployment insurance indicate the number of newly unemployed people in Humboldt County. Thus the number of new unemployment claims is a negative indicator of economic activity.

Claims for unemployment insurance rebounded after last month's decline. Specifically, the sector increased 35.20 percent over the previous month. In the month-over-month comparison, the sector increased 26.89 percent over 1999, increased 12.07 percent over 1998 and declined 34.38 percent over 1997.

### **Manufacturing Economic Indicator:**

**Manufacturing orders, a leading indicator of activity and employment in the County, were down for the most part in October. Specifically, the sector was down 3.97 percent over the previous month, up 4.53 percent over 1999, down 10.73 percent over 1998 and down 5.01 percent over 1997.**

### **Home Sales Economic Indicator:**

**The Building permit leading indicator also showed mixed reviews for the month of October. While the permits were down 2.16 percent over the previous month and down 8.90 percent over 1999, they were up a slight 0.13 percent over 1998 and a strong 14.94 percent over 1997.**

**Housing starts across the country rose 0.1 percent in October. This increase is nearly the same as the increases that occurred in August and September. While housing starts remain strong, they are much lower than last year's incredible pace. Many homebuilders are not participating in speculative building, because they have little confidence that home sales will increase over current levels.**

**In the next couple of months we will be tracking employment and help-wanted advertising to see what effect, if any, the holiday preparations will have on our local labor market. We will also be looking to see what affect increasing prices for energy and petroleum-based products will bring. There have been reports in the Western region that energy prices have begun to affect input costs for many firms. As of yet it seems that strong competition has kept firms from passing those costs on to consumers, with the notable exception of the transportation sector. Additionally, rising energy costs are expected to raise home heating bills.**

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