

[skip navigation](#)



[Current Issue](#)

[Archive](#)

[Projects](#)

[Sponsors](#)

[Links](#)

[Home](#)

[Readers Comments](#)

[Frequently Asked Questions](#)

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October 2000

Key Statistics		Leading Indicators	
Humboldt County:		<i>Seasonally Adjusted</i>	% Change in October
Median Home Price*	\$137,000	Help Wanted Advertising	18.14
30 Yr. Mortgage Rate (10/24)	7.75%	Building Permits	83.52
Prime Rate (10/24)	9.5%	Unemployment Claims	-18.01
Unemployment Rate**	4.9%	Manufacturing Orders	0.94

* 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.

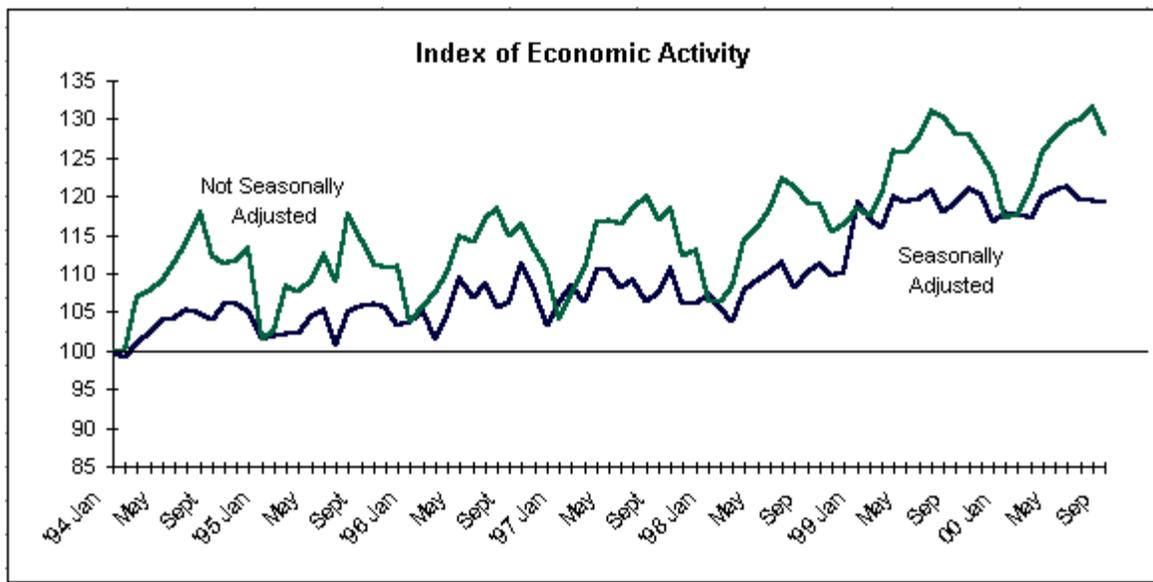
** Preliminary EDD data. See the [EDD Website](#) for updates.

Monthly Change

The seasonally adjusted *Index of Economic Activity for Humboldt County* declined a slight 0.19 percent during the month of September to a value of 119.26. In the month-over-month comparison, the seasonally adjusted *Index* was down 0.12 percent over October 1999, up 8.22 percent over October 1998, and up 10.63 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 "October 2000" report reflects data from September 2000. As is common, our initial report is preliminary, and as we receive final data we revise our reports accordingly.



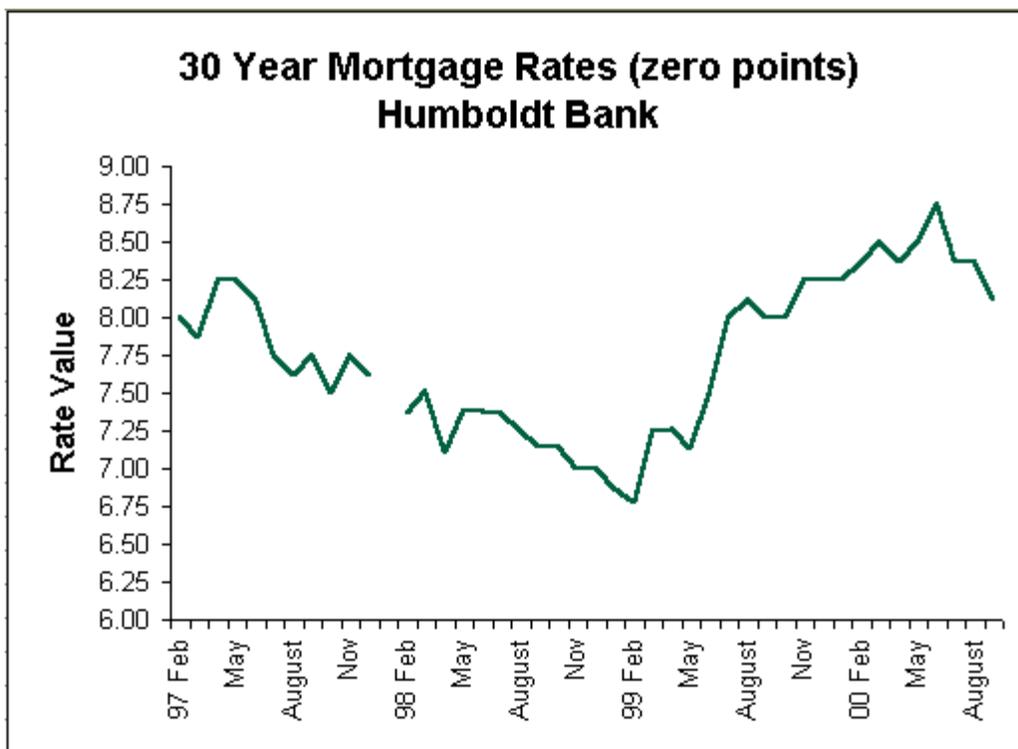
The seasonally-adjusted *Index of Economic Activity* remains on the plateau that began in January 1999. The *Index* has only experienced relatively minor month-to-month variation since that time. As discussed in last month's report, the non-seasonally adjusted *Index* tends to follow a "peak and valley" pattern, reaching its high point in the summer and its low point in the winter. Based on August's preliminary data, it appeared last month that the 2000 peak was rather flat. Corrections to some preliminary data reported last month has caused the revised *Index* curve to reflect a more prominent peak, however. This month's non-seasonally adjusted data shows the expected downward trend as we head into the wet winter months.

Monthly Sectoral Analysis:

Home Sales: The Home Sales sector of this month's *Index* decreased 33.54 percent over the previous month. The strength of the decline was not totally unexpected, as last month's home sales reached 150 units sold -- the highest since we have been keeping track through the *Index*. September's sales were more modest at 107 units sold. In the month-over-month comparison, the sector declined 4.25 percent over 1999, declined 4.78 percent over 1998 and increased 2.84 percent over 1997.

Across the country existing home sales fell by 2.7 percent in the month of September. The Western region was the only region to see an increase, at 2.0 percent. Most realtors expect that the national home sales high reached in June will stand as the sales peak for the year.

The 30-year fixed mortgage rate (zero points) in Humboldt County fell from 8.125 percent at the end of September to 7.75 percent at the end of October. This rate is comparable to the average rate across Northern California. The graph below reflects the decline in the mortgage rate over the previous month.



Employment: In their preliminary report for September 2000, the Employment Development Department (EDD) reported that 58,900 people were employed in Humboldt county, up by 600 from the revised figure for August 2000 (1.0%). September's employment figures are up a healthy 3.7 percent over the previous year. Preliminary EDD data indicate the following changes in Humboldt county employment:

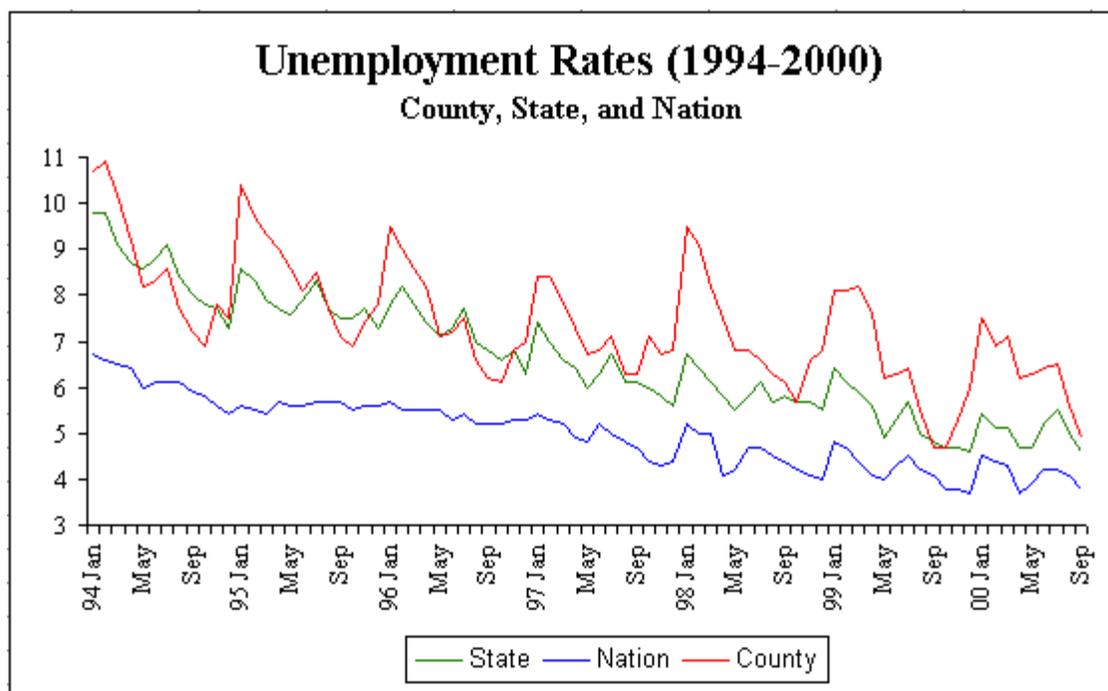
- Total county employment in the various services industries increased from a revised 41,800 during the month of August to 42,800 for the month of September (2.4%). This sector is up 3.1 percent over the previous year's figures. The retail subsector of services increased from a revised 10,900 for the month of August to a preliminary 11,000 for the month of September (0.9%). This subsector is also up 0.9 percent over the previous year.
- Total county employment in manufacturing remained unchanged at 6,500. This subsector is up a strong 6.6 percent over the previous year.

The employment sector of the *Index* was up in all comparisons for the month of September. Specifically, the sector increased 1.03 percent over the previous month's report. In the month-over-month comparison, the sector increased 0.82 percent over 1999, increased 1.75 percent over the 1998 report, and increased 4.05 percent over 1997.

Nationally, employment was stronger than expected for the month of September. After adjusting for the return of 75,000 striking Verizon workers and the layoff of 27,000 Census workers, 204,000 jobs were created during the month. The strongest gains came from the services subsector, adding 200,000 jobs. For the second month in a row, the manufacturing subsector laid off workers.

The unemployment rate in Humboldt County declined 0.7 percent from a revised 5.6 percent for the month of August to a preliminary 4.9 percent for the month of September. In California as a whole, the unemployment rate dropped to 4.8 percent. A record number of people in the state had jobs in September -- 16.3 million. The number of jobless people in the state dropped by 58,000, making it the single biggest one month decline since June 1983. The good news is not evenly spread among California's 58 counties, however. Ten counties had unemployment rates below 3 percent, with Marin and San Mateo counties tying for 1.5 percent. On the other end of the spectrum five rural counties experienced double-digit unemployment rates -- Imperial County (32.0%), Tulare (12.7%), Alpine (11.8%), Fresno (11.3%) and Kings (10.6%).

The graph below depicts changes in County, State and National unemployment rates since 1994.



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 showed mixed results for the month of September. The sector increased 1.79 percent over the previous month. In the month-over-month comparison of October reports from the recent past manufacturing is up 2.76 percent over 1999, down 6.25 percent over 1998, and down 12.20 percent over 1997.

Hospitality: We use occupancy rates at participating county hotels and motels as the indicator of this sector's performance. The sector increased 8.79 percent over last month's report. In the month-over-month comparison seasonally-adjusted occupancy rates were mixed for the month of September. While occupancy rates were down 1.64 percent over 1999 and down 2.49 percent over 1998, they were up 17.31 percent over 1997.

Retail Sales: The retail sales sector of the *Index* declined 4.05 percent over last month. In the month-over-month comparison with August reports from the recent past, retail sales were down 7.14 percent over 1999, down 2.30 percent over 1998, and up 6.94 percent over 1997.

National retail sales bounced back from weak sales in August to stronger than expected sales in September. September's sales grew by 0.9 percent over the previous month. Economists believe that the strong housing market is fueling demand for home furnishings and big-ticket durable goods.

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 in the October report varied only slightly from the previous month, with an increase of 0.10 percent. Similarly, the sector showed an increase of 0.11 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 September. The sector increased 18.14 percent over the previous month. In the month-over-month comparison, help wanted advertising was up 12.49 percent over 1999, up 54.27 percent over 1998 and up 66.30 percent over 1997.

Contrary to Humboldt County's strong performance, the Conference Board's national help wanted index increased only slightly over the previous month, and is below the value of the index at the beginning of the year. As discussed in a recent *Index* report, economists believe that the decline in help wanted advertising may better reflect employers discouragement at not receiving responses to advertisements, rather than a slow-down in available work.

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 were down in all comparisons for the month of September. Unemployment claims were down 18.01 percent over the previous month, down 8.14 percent over September 1999, down 6.28 percent over 1998, and down 41.70 percent over 1997.

Manufacturing Economic Indicator:

Manufacturing orders, a leading indicator of activity and employment in the County, showed mixed results in September. Specifically, while the sector was up a slight 0.94 percent over the previous month, and up 2.99 percent over 1999, manufacturing orders were down 11.96 percent over 1998 and down 19.81 percent over 1997.

Home Sales Economic Indicator:

The Building permit leading indicator increased an incredible 83.52 percent over the previous month's revised figures. The jump was largely due to an increase in residential construction in unincorporated parts of the County. Despite the sizeable increase in permit activity over the previous month, all month-over-month comparisons showed declines. Building permits were down 7.12 percent over 1999, down 17.03 percent over 1998, and down 22.43 percent over 1997.

New building permits across the country rose 1.3 percent in September. Most of the permits are for single-family units, as opposed to multi-family units. Total housing starts across the country also rose in September by 0.3 percent.

[Back to Main Index Page](#)

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