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September 1997

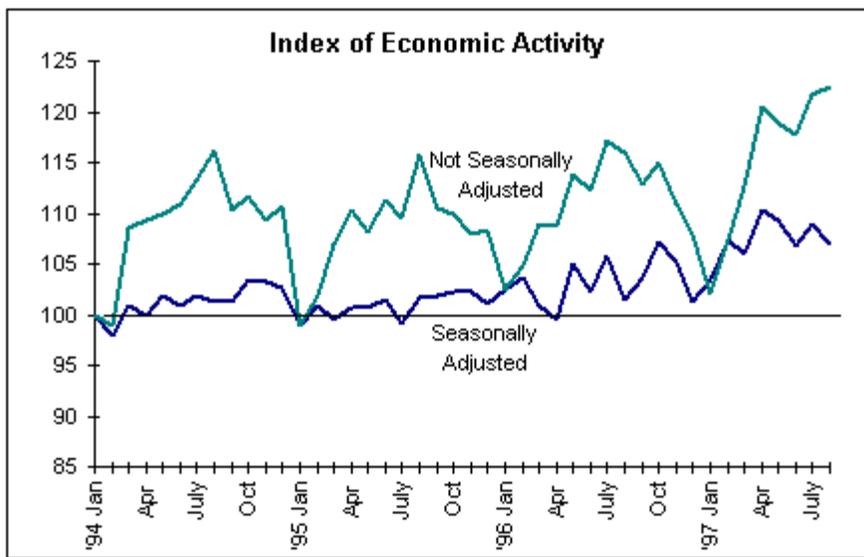
Key Statistics		Leading Indicators	
County:		<i>Seasonally Adjusted</i>	% Change in August
Median Home Price (August)*	\$117,000	Help Wanted Advertising	-24.25
30 Yr. Mortgage Rate (9/22)	7.50%	Building Permits	23.95
Prime Rate (9/22)	8.50%	Unemployment Claims	-0.70
Unemployment Rate (August)	6.2%	Manufacturing Orders	16.17

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

Monthly Change

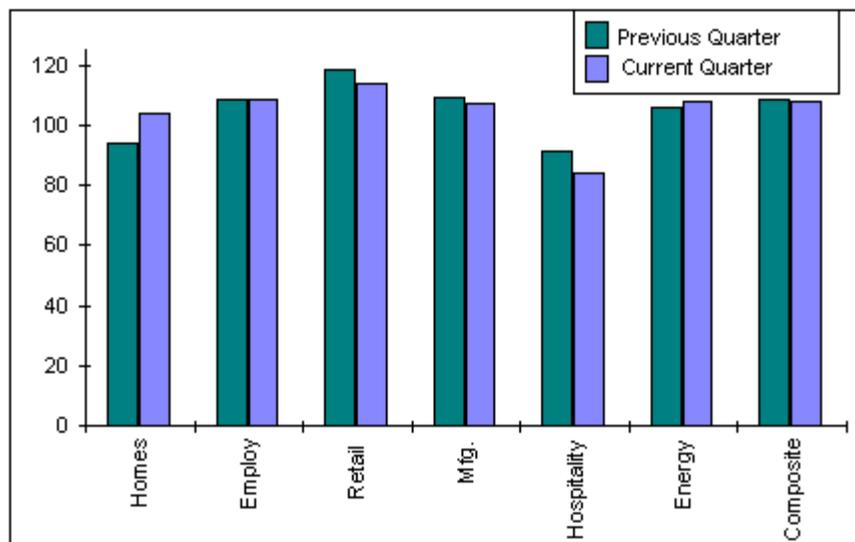
The *index of economic activity for Humboldt County* decreased during the month of August. The seasonally adjusted index declined from 108.9 in July to 107.0 in August, a decrease of 1.7 percent. This pattern is consistent with the month to month fluctuations in the index data, and does not necessarily suggest a downward trend for the economy in the coming months. The housing market slumped with a decline of 14.5 percent, manufacturing experienced an 11.8 percent decrease, and retail sales and energy use dropped as well. Hospitality and employment increased by 7.62 percent and 1.4 percent respectively.

The non-seasonally adjusted index increased from 121.6 to 122.4. This is normal as the index rises from January, peaks in August, and declines through December as the tourist season comes to an end and timber harvesting slows. The chart below plots the seasonally adjusted and non-seasonally adjusted index values from January 1994 to June 1997. The seasonally adjusted series corrects for seasonal variation in the data, therefore it is a better measure of fundamental change in the economy.



Quarterly Change

We also look at the economy's performance over a longer period of time by comparing the two previous rolling quarters. The current quarter (June, July, and August) decreased slightly as compared with the previous quarter (March, April, and May). The composite index fell from 108.3 to 107.5, a decrease of 0.74 percent. All the components of the index except home sales and energy use declined this quarter. The most significant decreases were in retail sales and hospitality with 4.1 percent and 7.5 percent declines respectively. The chart below plots the quarterly index values for each sector in the index.



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. As the table above shows, help wanted advertising dropped sharply this month. However, unemployment insurance claims declined slightly, and demand for building permits and manufacturing orders increased. Given the overall positive signals from these leading indicators, we predict that the seasonally adjusted *index of economic activity for Humboldt County* will increase slightly in September. The economy should remain at a relatively strong level of activity.

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