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## January 1997

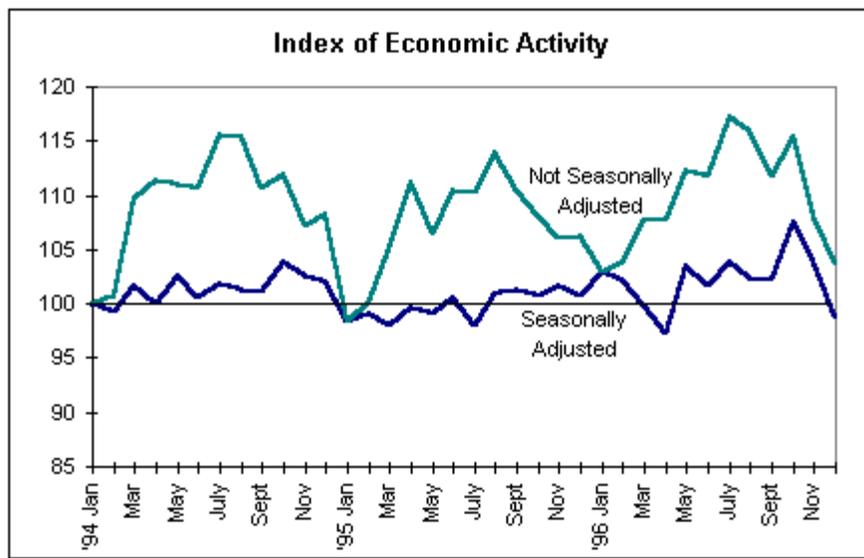
Key Statistics		Leading Indicators	
County:		<i>Seasonally Adjusted</i>	% Change from Nov.
Median Home Price*	\$110,000	Help Wanted Advertising	-0.16%
30 Yr. Mortgage Rate (1/24)	8.0%	Building Permits	-35.0%
Prime Rate (1/24)	8.25%	Unemployment Claims	-8.21%
Unemployment Rate (Dec)	6.9%	Manufacturing Orders	-0.23%

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

### Monthly Change

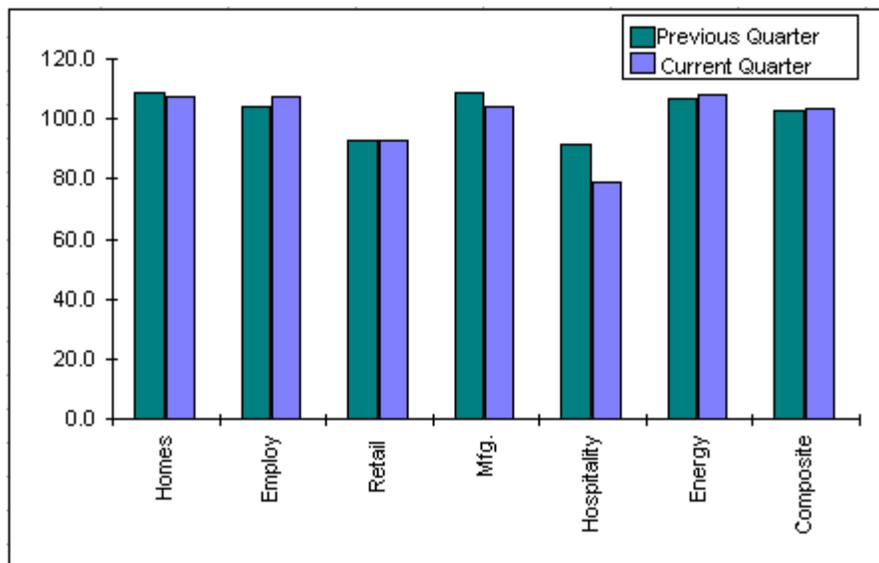
The economy of Humboldt County declined sharply in December. The *index of economic activity* fell from 103.9 to 98.7, a 5.27 percent decline from November.

The non-seasonally adjusted index fell proportionately. All sectors except home sales fell in December. The largest contribution to the decline came from the hospitality sector, followed by manufacturing, energy, retail, and employment. The 39 percent decline in the hospitality sector was likely a result of inclement weather in the latter third of the month, which resulted in substantially lower occupancy rates in area hotels and motels. The graph below plots the seasonally and non-seasonally adjusted values from January 1994 through December 1996. Seasonal adjustment is a technique that eliminates seasonal variation from the economic data. Therefore, it is a better measure of fundamental change in the economy.



### Quarterly Change

The bar chart below displays the change in the seasonally adjusted index components between the third quarter (July through September) and the fourth quarter (October through December) of 1996. Quarterly values smooth out the fluctuations in the month to month data. The quarterly composite index rose slightly to a seasonally adjusted value of 103.3, from 102.9 in the third quarter, an increase of 0.38 percent. Quarterly home sales, retail sales, manufacturing, and hospitality declined while energy increased. The composite index increased, however, because the number of people employed in the County increased from an average of 55,467 in the third quarter to 57,267 in the fourth quarter, a gain of 1,800 jobs. This reflects the strong demand for labor during the Christmas season.



### Leading Indicators:

To indicate future change in the economy, we track four leading indicators: help wanted advertising, building permits issued, claims for unemployment insurance, and manufacturing orders. As indicated by the table above, building permits were down sharply, while help wanted advertising and manufacturing orders declined slightly. Claims for unemployment insurance also declined, suggesting stronger employment in the coming month. However, given the historical decline in employment and activity in January, and the sharp decline in building permits, we project that the *index of economic activity for Humboldt County* will continue to decline in the first part of 1996.

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