

Humboldt Economic Index

April 2020

Our Sponsors:



Professor Erick Eschker, Director

Aowyn Crailhardt, Assistant Editor

Monica Myers, Assistant Analyst

Unemployment Claims Reach Unprecedented High

Note: This text was updated in May, 2021 to reflect major revisions to the housing data.

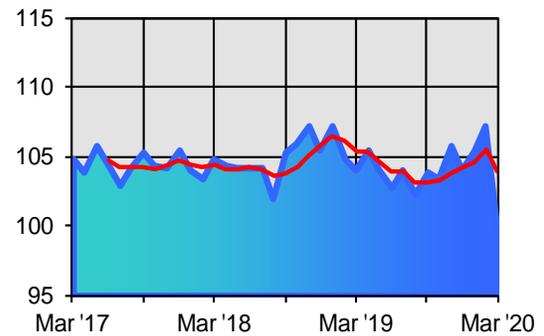
The Composite Index fell to 99.1 in March, down 7.4 points from the previous month. The Composite Index is down 4.6 points from this time last year. This month the Retail Sales, Employment and Hospitality Indices all fell.

The Index of Home Sales fell to 101.7, down 27.2 points from the previous month, and down 27 points from this time last year. The median home price rose from \$305,000 to \$349,400.

Leading Indicators moved substantially in March. Building Permits fell and Unemployment Claims rose.

The seasonally adjusted unemployment rates rose at the country, state and nationwide levels. The rate in Humboldt County increased from 3.4 percent to 4.4 percent. The rate in California increased from 3.9

Composite Index



percent to 5.3 percent. The national rate increased from 3.9 percent to 4.4 percent.

The average price per gallon of gas in California fell from \$3.56 to \$2.73. Northern California's average fell from \$3.51 to \$2.94. Eureka's average fell from \$3.89 to \$3.09.

The Humboldt Economic Index is produced by the Economics Department at Humboldt State University. It measures changes in the local economy using data from local businesses and organizations. The data are compiled into a seasonally adjusted Index that shows changes relative to the base month (January 1994). The composite Index is a weighted combination of six individual sectors of the local economy. The current Index is based on the most recently available data, which is generally data from the previous month.

Composite & Sectors

Index	Value***	Percent change from			
		Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	99.1	-7.4	-4.6	-4.4	-2.7
Home Sales	101.7	-27.2	-27.0	-15.2	1.2
Retail Sales	132.0	-12.0	-2.9	-17.0	-13.2
Hospitality	78.9	0.0	1.2	-13.9	-9.1
Electricity	119.6	0.0	0.0	0.2	-11.2
Employment	109.1	-5.5	-3.8	-0.2	9.7
Lumber*	26.3	0.0	0.0	417.2	-20.5
Manufacturing**	104.9			-	-

* Formerly "manufacturing"

** Niche, non-lumber manufacturing. Not a component of the overall composite.

*** These values are adjusted to remove seasonal fluctuation. The base month is January 1994 (January 2013 for manufacturing) with an Index value of 100.

**** The percent change from the same month one, five and ten years ago.

The Index – Leading Indicators

Leading Indicators

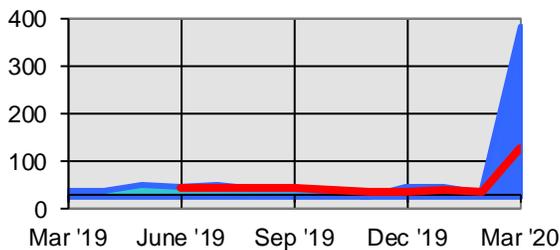
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
Unavailable	983.9%	-74.4%	-53.1%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$349,400	\$ 1,797	3.500%	4.9%
* The Humboldt Association of Realtors provides home price data. 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. ** Average rent on 2, 3 and 4 bedroom houses listed in the Times Standard. † 30-year owner occupied conforming conventional fixed rate provided by Umpqua Bank. ‡ Seasonally adjusted Humboldt County unemployment rate is based on non-seasonally adjusted preliminary EDD data.			

Unemployment Claims rose 349.8 points to a new Index value of 385.3. The current value is 345.6 points higher than the value for this time last year. The 4-month moving average rose 89.0 points to a new average of 128.2. This month's Index value is the highest ever recorded since data collection began in 1994, more than double the previous record high of 177.3 in July 2010.

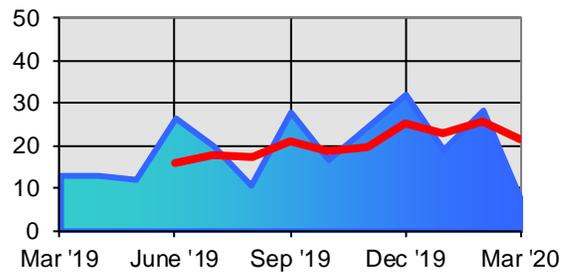
Index of Claims for Unemployment Insurance



Graphs Explanation: The blue area represents the seasonally adjusted Index of Unemployment Claims above. The red line shows the four-month moving average which attempts to demonstrate the overall trend in the data with less monthly volatility.

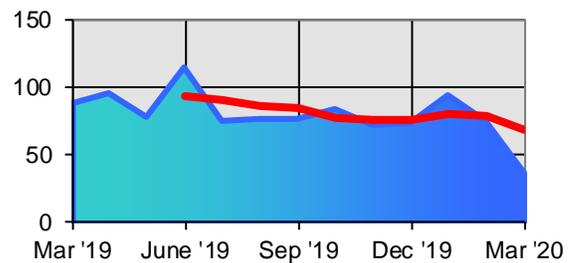
Building Permits fell 21.1 points to a new Index value of 7.3. The current value is 5.8 points lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 39.8 points to a new Index value of 35.1. The current value is 53.3 points lower than the value for this time last year. The 3-month moving average fell 12.9 points to a new value of 67.8. In March there were 200 unique job postings on Craigslist.

Index of Help Wanted Advertising



Manufacturing Orders are not available this month.

The Index – Individual Sectors

Home Sales

The Index value of the home sales sector is based on the number of new and existing homes sold in Humboldt County each month as recorded by the Humboldt Association of Realtors.

The Humboldt County Home Sales Index for March 2020 fell 27.2 points to a new value of 101.7. The present Index value is 27 points lower than the value for this time last year. The median home price rose from \$305,000 to \$349,400. In comparison, the median home price this time last year was \$309,000.

The S&P Case-Shiller Home Price Indices, a national Index of housing prices, is calculated monthly using a 3-month moving average and published with a two month lag. Within the Case-Shiller Index are composites of 10 and 20 cities that the Index considers representative of the national housing market, as well as the National Index, which accounts for all 9 U.S. census divisions.

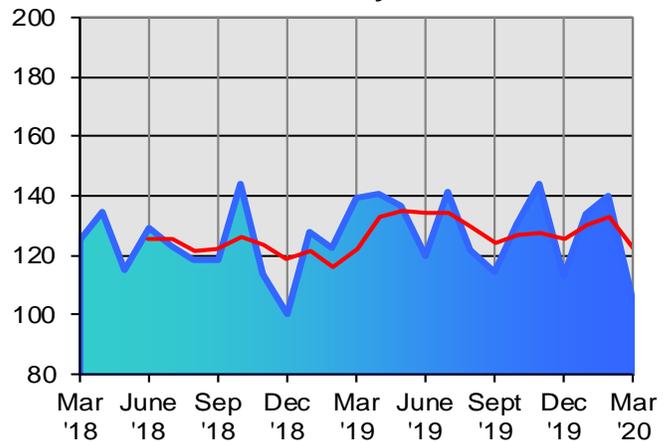
The S&P Case-Shiller Home Price Indices saw a slightly higher year-over-year gain in February compared to January. The 10-City and 20-City Composites report year-over-year gains of 2.9 percent and 3.5 percent, respectively. The National Index reported a 4.2 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both posted month-over-month gains of 0.4 percent. The National Index reported a seasonally adjusted increase of 0.5 percent.

Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, comments, "The stable growth pattern established in the last half of 2019 continued into February... Results for the month were broad-based, with gains in every city in our 20-City Composite; 17 of the 20 cities saw accelerating prices. The National, 10-City, and 20-City Composites all rose at a faster rate in February

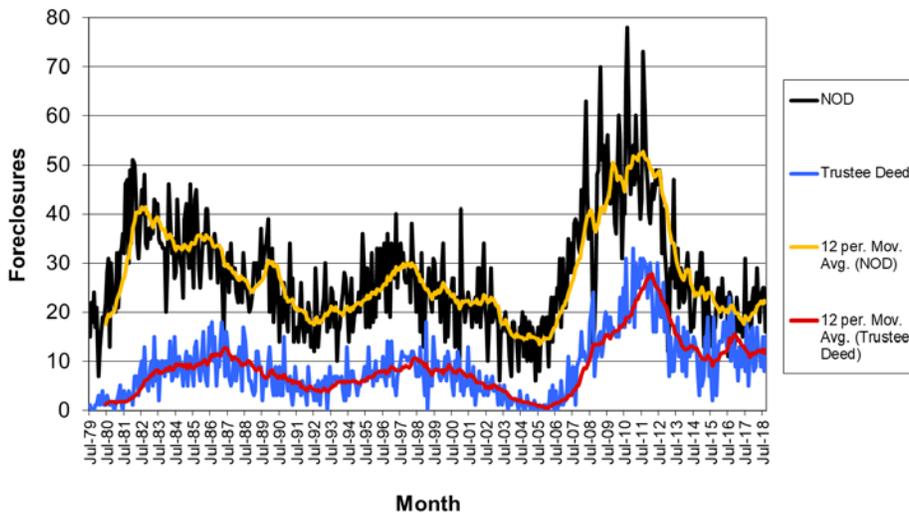
than they had in January." Mr. Lazzara also acknowledges that the Indices do not yet reflect to potential repercussions of the global pandemic. "Importantly, today's report covers real estate transactions closed during the month of February, and shows no signs of any adverse effect from the governmental suppression of economic activity in response to the COVID-19 pandemic. As much of the U.S. economy was shuttered in March, next month's data may begin to reflect the impact of these policies on the housing market."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of April 30, was 3.23 percent, down from 3.33 on April 2. The average 15-year fixed-rate mortgage was 2.77 percent at the end of April, down from 2.82.

Home Sales Index, Humboldt County



Monthly Foreclosures, Humboldt County



Source: Humboldt Economic Index and Humboldt County Recorder

The Index – Individual Sectors

Total County Employment

The Index value of the employment sector is based on seasonally adjusted total employment as reported by the Employment Development Department.

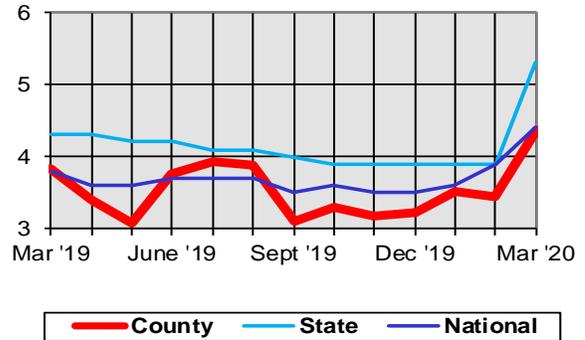
The Total County Employment Index fell 6.4 points to a new Index value of 109.1 in March. The seasonally adjusted unemployment rate for Humboldt County increased from 3.4 percent to 4.4 percent. The unemployment rate for California increased from 3.9 percent to 5.3 percent. The national unemployment rate increased from 3.9 percent to 4.4 percent.

The Employment Development Department of California indicated that in March, Humboldt County's preliminary estimate of total employment fell by 1,000 individuals to a total of 58,700. Humboldt County's total unemployment increased from 2,400 individuals in February to an estimated 3,100 individuals in March.

In the Labor Department's March report, total nonfarm payroll employment fell sharply by 701,000. Employment in leisure and hospitality declined by 459,000, accounting for over half the total employment losses. Employment in education and health services

declined by 76,000, professional and business services declined by 52,000, retail trade declined by 46,000, construction declined by 29,000, other services declined by 24,000, manufacturing declined by 18,000, and mining and lodging declined by 7,000. The only sector to see employment gains was government, which experienced an increase of 12,000. This increase largely reflects the hiring of 17,000 federal workers for the 2020 Census.

Unemployment Percentage Rates



Hospitality

The Index value of the hospitality sector is based on seasonally adjusted average occupancy each month at a cross section of local hotels, motels and inns.

The Hospitality Index is estimated to be unchanged from last month, since no data was provided to us this month. This estimated value is 78.9 this month.

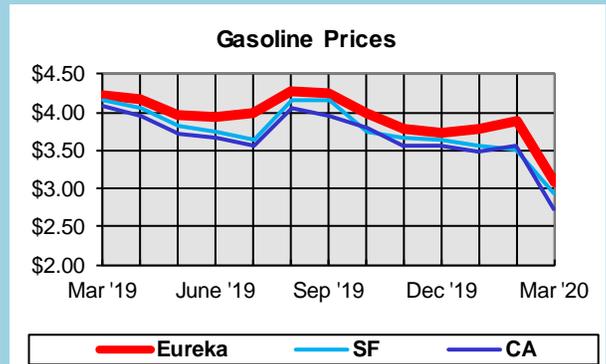
Gasoline Prices

California's average gas price fell sharply in March to \$2.73, an 83-cent decrease from the previous month. Northern California's average price decreased 57 cents to a new average of \$2.94, while Eureka's average gas price fell by 80 cents to a new average of \$3.09. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.19 per gallon in 1982-84 dollars.

As of the last week of April, the price of oil has plummeted, and global oil storage facilities are nearing maximum capacity. Brent crude oil prices have fallen 68 percent this year, and WTI crude prices have fallen 72 percent. Analysts are forecasting that storage capacity could be reached before the end of May, prompting oil producers around the world to significantly reduce production. In just one month, U.S. gasoline consumption has fallen 40 percent as of the week ending April 17.

Gas Prices		
Prices as of 4/30/2020	Average price*	Change from previous month
Eureka	\$3.09	-\$0.80
Northern California	\$2.94	-\$0.57
California	\$2.73	-\$0.83

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csa.com).



The Index – Individual Sectors

Manufacturing

The Index value of this sector is based on a combination of production and employment for a variety of niche manufacturers and is adjusted to account for normal seasonal variations.

Manufacturing expanded to a seasonally adjusted Index value of 104.9 in March, 14.9 points from the previous month. Manufacturing employment fell from 2,300 to 2,200 individuals, according to the Employment Development Department.

The Institute for Supply Management reports that in April economic activity in the manufacturing sector contracted, and the overall economy contracted for the first time after 131 consecutive months of growth.

The PMI (Producing Managers Index) is based on the number of manufacturing supply managers who expect business conditions to improve in the near future. A PMI greater than 43.1 percent generally indicates an expansion of the overall economy. The PMI for April is 41.5 percent, down 7.6 percentage points from the previous month.

Nationally, two of the eighteen manufacturing industries reported growth in April. Paper Products; and Food, Beverage & Tobacco Products reported growth. The 15 industries reporting contraction in April, in order, are: Printing & Related Support Activities; Furniture & Related Products; Transportation Equipment; Textile Mills; Fabricated Metal Products; Nonmetallic Mineral Products; Machinery; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Wood Products; Miscellaneous Manufacturing; Computer & Electronic Products; Primary Metals; and Chemical Products.

The New Export Orders Index for April is 35.5 percent, down 11.3 percentage points from the previous month. The only industry reporting growth in new export orders in April is Apparel, Leather & Allied Products. The 14 industries reporting a decrease in new export orders in April, in the following order, are: Printing & Related Support Activities; Transportation Equipment; Miscellaneous Manufacturing; Textile Mills; Plastics & Rubber Products; Furniture & Related Products; Fabricated Metal Products; Nonmetallic Mineral Products; Machinery; Food, Beverage & Tobacco Products; Primary Metals; Computer & Electronic Products; Electrical Equipment, Appliances & Components; and Chemical Products.

This is the first new sector of the Index and was created after listening to local economic development agencies. For a detailed description please visit our [Special Projects page](#).

Since the manufacturing index is so new, and since we do not have much data to create precise seasonal indices, we do not include manufacturing in the overall composite Index. As the amount of data collected grows, we will feel more confident in our monthly seasonal estimates and add niche manufacturing. Lumber-based manufacturing, which was one of the original sectors of the Index, continues to be part of the overall composite Index.

Electricity Consumption

The Index value of this sector is based on seasonally adjusted kilowatt-hours of electricity consumed each month in Humboldt County. Electricity consumption is a somewhat mixed or ambiguous indicator that usually correlates with economic activity. However, increases in energy efficiency and conservation reduce the sector's index value, while not necessarily indicating a decline in economic activity. Because we collect our data for this sector quarterly, values are frequently estimated, and are revised when the quarterly data are received.

Energy sector updates are still unavailable. We estimate this sector to be unchanged from the first quarter of 2018, which is the last quarter of data. We will update this sector as new data become available.

Retail Sales

The Index value for the retail sales sector is based on the seasonally adjusted dollar value of sales each month from a cross section of local retail businesses.

The Retail Sales Index is reporting at a value of 132.0 for April, down 18.0 points from the previous month. The most recent value is 3.9 points lower than this time last year. The 4-month moving average is down 4.0 points with a new value of 146.1.

The Consumer Confidence Index is the average of The Present Situation and The Expectations Index and is a barometer of the health of the U.S. economy from the perspective of the consumer.

On the national scale, Consumer Confidence decreased from 118.8 in March to 86.9 in April. This is the lowest level it has been in nearly six years.

Lynn Franco, the Director of Economic Indicators at the Conference Board, says that, "Consumer confidence weakened significantly in April, driven by a severe deterioration in current conditions. The 90-point drop in the Present Situation Index, the largest on record, reflects the sharp contraction in economic activity and surge in unemployment claims brought about by the COVID-19 crisis. Consumers' short-term expectations for the economy and labor market improved, likely prompted by the possibility that stay-at-home restrictions will loosen soon, along with a re-opening of the economy. However, consumers were less optimistic about their financial prospects and this could have repercussions for spending as the recovery takes hold. The uncertainty of the economic effects of COVID-19 will likely cause expectations to fluctuate in the months ahead."

Lumber Manufacturing

Lumber Manufacturing is suspended from the Index until we can obtain a sufficient number of data providers. This sector is 12% of the overall Index, and the last reported amount was 29.2 in March 2015. The index value of this sector is based on a combination of major county lumber companies and is adjusted to account for normal seasonal variations.

The Index

Explanatory Note: We have been tracking economic activity since January 1994. The Composite Index at the beginning of this report is a weighted average of each of the six sectors described above. Each sectoral index, and the composite index, started at a value of 100 in 1994. Thus if the retail sectoral index value is currently 150, that means that (inflation-adjusted) retail sales among the firms that report data to us are 50 percent higher than in January 1994. We also seasonally adjust each sector, and the composite index, to correct for "normal" seasonal variation in the data, such as wet season vs. dry season, and so trends in the seasonally adjusted composite index provide a better indication of underlying growth and fundamental change in the economy. Each month's report reflects the most recent data available, which is usually from the previous month. For example, the "August 2006" report reflects mostly data from July 2006. As is common, our initial report is preliminary, and as we receive final data we revise our reports accordingly.

HUMBOLDT STATE UNIVERSITY

C O L L E G E O F P R O F E S S I O N A L S T U D I E S
■ ■ ■ *realize human potential*

Cited References:

Bureau of Labor Statistics - Case-Shiller Home Price Indices
The Conference Board - Employment Development Department (CA)
Freddie Mac - Humboldt Association of Realtors
Institute for Supply Management – OiPrice.com

Layout & Design: Matt Hawk

Contact Info: Erick Eschker can be contacted at ee3@humboldt.edu

www.humboldt.edu/econindex

Copyright © 2020 Erick Eschker.