

Humboldt Economic Index

April 2021

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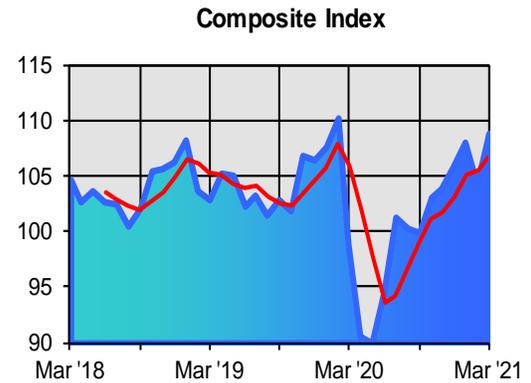
Home Sales Rise as Prices Fall

The Composite Index rose to 108.9 in March, up 4.3 percent from the previous month. The Composite Index is up 10.0 percent from this time last year. This month the Retail Sales, Employment, Hospitality and Electricity Indices all rose.

The Index of Home Sales rose to 170.6, up 39.8 percent from the previous month, and up 67.7 percent from this time last year. The median home price fell from \$360,000 to \$309,500.

Leading Indicators are mixed in March. Unemployment Claims and Building Permits are up, while Help Wanted Advertising is down.

The seasonally adjusted unemployment rate in Humboldt County decreased from 6.2 percent to 6.0 percent. The seasonally adjusted unemployment rate in California decreased from 8.5 percent to 8.3 percent. The seasonally adjusted national unemployment rate decreased



from 6.2 percent to 6.0 percent.

The average price per gallon of gas in California increased from \$3.89 to \$4.04. Northern California's average increased from \$4.14 to \$4.29. Eureka's average increased from \$3.95 to \$4.10.

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	108.9	4.3	10.0	0.5	5.6
Home Sales	170.6	39.8	67.7	32.9	113.4
Retail Sales	151.8	0.2	15.0	-7.3	-6.7
Hospitality	112.2	0.2	39.8	23.9	24.1
Electricity	115.7	7.7	7.2	-8.0	-19.3
Employment	103.5	0.2	-7.5	-5.5	5.1
Lumber*	26.3	0.0	0.0	0.0	-18.1
Manufacturing**	105.1			-	-

* 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

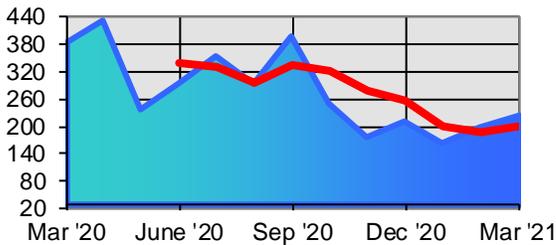
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	12.4%	75.9%	-13.8%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$309,500	\$ 1,925	3.125%	6.0%
* 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.			

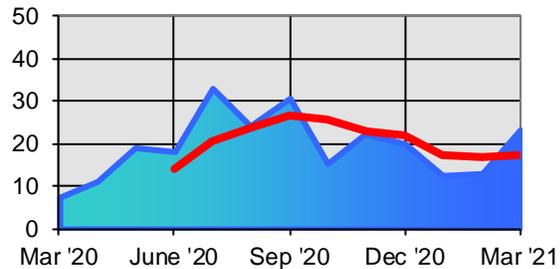
Unemployment Claims rose 12.4 percent to a new Index value of 225.0. The current value is 41.6 percent lower than the value for this time last year. The 4-month moving average rose 6.2 percent to a new average of 199.3.

Index of Claims for Unemployment Insurance



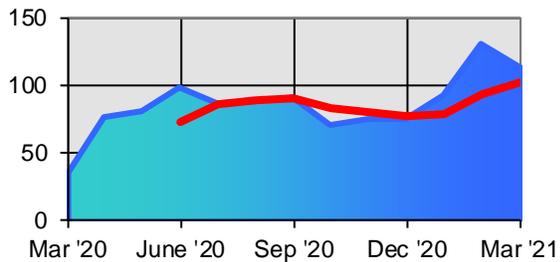
Building Permits rose 75.9 percent to a new Index value of 23.3. The current value is 220.0 percent higher than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 13.8 percent to a new Index value of 113.2. The current value is 222.5 percent lower than the value for this time last year. The 3-month moving average rose 12.7 percent to a new value of 112.2. In March there were 645 unique job postings on Craigslist.

Index of Help Wanted Advertising



Manufacturing Orders are not available this month.

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.

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 rose 39.8 percent to a new value of 170.6. The present Index value is 67.7 percent higher than the value for this time last year. The 4-month moving average rose 4.1 percent to a new value of 146.0. The country's median home price decreased from \$360,000 to \$309,500. In comparison, the median home price this time last year was \$349,400.

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.

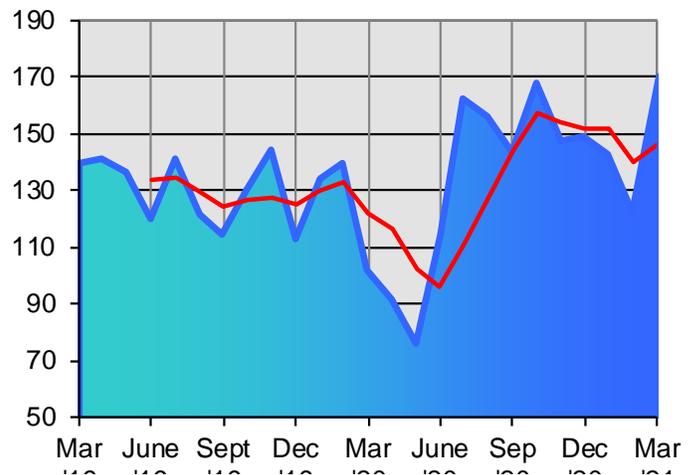
The S&P Case-Shiller Home Price Indices saw a higher year-over-year gain in February compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 11.7 percent and 10.9 percent, respectively. The National Index reported a 12.0 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 1.1 percent and 1.2 percent, respectively. The National Index reported a seasonally adjusted increase of 1.1 percent.

Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, says, "More than 30 years of S&P CoreLogic Case Case-Schiller data help us to put February's results

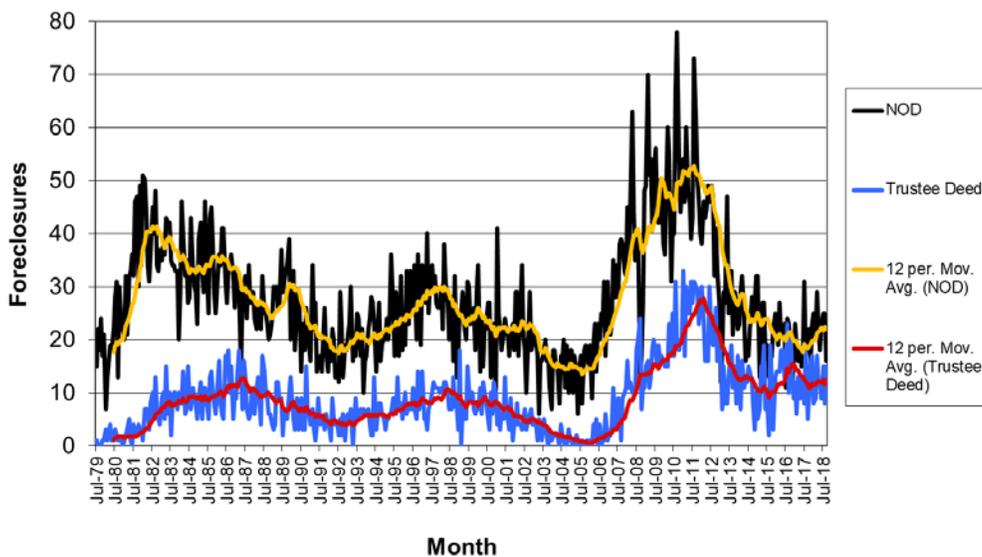
into historical context. The National Composite's 12.0% gain is the highest recorded since February 2006, exactly 15 years ago, and lies comfortably in the top decile of historical performance. Housing's strength is reflected across all 20 cities; February's price gains in every city are above that city's median level, and rank in the top quartile of all reports in 18 cities." The data also continues to remain consistent with that hypothesis that COVID-19 has encourages buyers to move from urban apartments to suburban homes.

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of April 29, was 2.98 percent, down from 3.17 on March 25. The average 15-year fixed-rate mortgage was 2.31 percent at the end of April, down from 2.45 in March.

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.

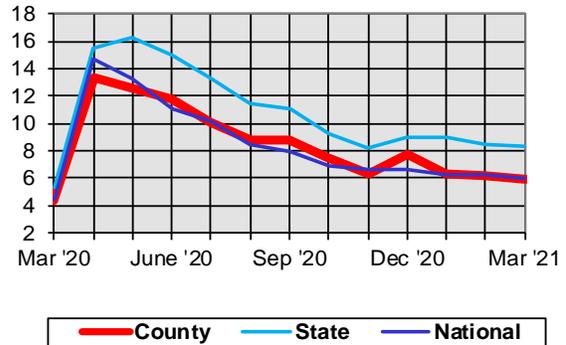
The Total County Employment Index increased 0.2 percent to a value of 103.5 in March. The seasonally adjusted unemployment rate in Humboldt County decreased from 6.2 percent to 6.0 percent. The seasonally adjusted unemployment rate in California decreased from 8.5 percent to 8.3 percent. The seasonally adjusted national unemployment rate decreased from 6.2 percent to 6.0 percent.

The Employment Development Department of California indicated that in March Humboldt County's estimate of total employment rose by 400 individuals to a total of 55,900. Humboldt County's total unemployment decreased by 200 individuals to a total of 2,000.

In the Labor Department's March report, total nonfarm payroll employment rose by 916,000. National employment in leisure and hospitality rose the most, adding 280,000 jobs mostly in food services and drinking places, but is still 3.1 million lower than pre-pandemic

employment levels. Government added 136,000 jobs, construction added 110,000 jobs, education and health services added 101,000 jobs, professional and business services added 66,000 jobs, manufacturing added 53,000 jobs, transportation and warehousing added 48,000 jobs, other services added 42,000 jobs, wholesale trade added 24,000 jobs, retail trade added 23,000 jobs, mining and logging added 20,000 jobs and financial services added 16,000 jobs.

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 rose 0.2 percent in March to a new value of 112.2. This month's Index value is 39.8 percent higher than the value for this time last year. The 4-month moving average rose 1.7 percent to a current value of 113.2.

Gasoline Prices

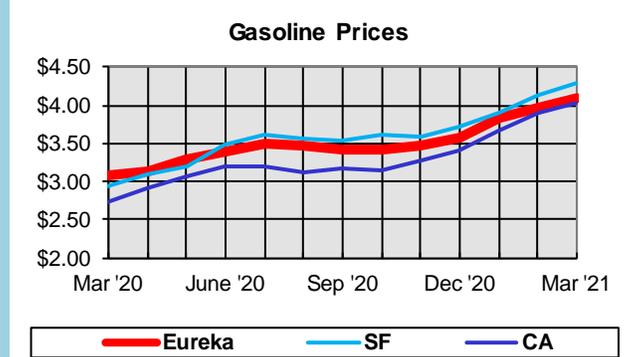
The average price for a gallon of gas rose by 15 cents in California, Northern California and Eureka. California's average gas price rose to \$4.04, Northern California's average gas price rose to \$4.29, and Eureka's average gas price rose to \$4.10. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.83 per gallon in 1982-84 dollars.

Gas prices typically rise at the start of summer for a number of reasons. One of the factors is manufacturers switching to a more expensive summer blend. The State of California requires manufacturers to make the switch before April 1st, slightly earlier than the federal deadline of May 1st for most other states. An increase in travel during the summer months can also push demand up this time of year, particularly this year as the statewide COVID-19 lockdown will officially end on June 15th.

OPEC+ has announced plans gradually increase crude oil production between May and July in response to forecasters predicting a strong recovery in demand for oil over the next few months.

Gas Prices		
Prices as of 4/30/2021	Average price*	Change from previous month
Eureka	\$4.10	+\$0.15
Northern California	\$4.29	+\$0.15
California	\$4.04	+\$0.15

* 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 in March to a seasonally adjusted Index value of 105.1, up 10.3 percent from the previous month's value of 95.3. Manufacturing employment remained at 2,200 individuals for the second consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in March economic activity in the manufacturing sector expanded, while the overall economy grew for the 10th consecutive month.

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 March rose 3.9 percentage points to 64.7 percent.

Nationally, seventeen of the eighteen manufacturing industries reported growth in the following order: Textile Mills; Electrical Equipment, Appliances & Components; Machinery; Computer & Electronic Products; Apparel, Leather & Allied Products; Furniture & Related Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Primary Metals; Plastics & Rubber Products; Paper Products; Transportation Equipment; Chemical Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; Printing & Related Support Activities; and Petroleum & Coal Products. No industries reported contraction in March.

The New Export Orders Index fell 2.7 percentage points to 54.5 percent. This is the 9th consecutive month of growth for this Index. A New Orders Index above 52.3 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders.

Eight industries reported growth in new export orders in the following order: Printing & Related Support Activities; Fabricated Metal Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Machinery; Miscellaneous Manufacturing; and Chemical Products. The two industries reporting a decrease in new export orders are: Wood Products; and Paper Products. Eight industries reported no change in exports.

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.

In March, the Electricity Index rose 7.7 percent to a new value of 115.7. The current value is 7.2 percent higher than the value of this time last year.

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 rose 0.2 percent in March to a new value of 151.8, up 15.0 percent from the value for this time last year. The 4-month moving average rose 1.9 percent to a new value of 150.7.

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 increased in March from 90.4 to 109.7, its highest reading in the past year. The Expectations Index increased from 90.9 to 109.6, and the Present Situation Index increased from 89.6 to 110.0

"Consumer Confidence increased to its highest level since the onset of the pandemic in March 2020," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' assessment of current conditions and their short-term outlook improved significantly, an indication that economic growth is likely to strengthen further in the coming months. Consumers' renewed optimism boosted their purchasing intentions for homes, autos and several big-ticket items. However, concerns of inflation in the short-term rose, most likely due to rising prices at the pump, and may temper spending intentions in the months ahead."

The percentage of consumers expecting business conditions to improve over the next six months rose from 30.7 percent to 40.8 percent, while the percentage of consumers expecting business conditions to worsen fell from 17.7 percent to 11.0 percent.

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*

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