

# Humboldt Economic Index

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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.

April 2023

## Big Rebound in Home Sales

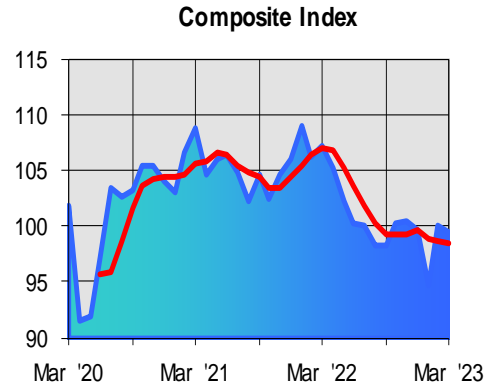
This month we say goodbye to Ellie Bourret, who has been our assistant analyst for the past year. Ellie graduates with a degree in Economics and History. During her tenure at the Index, she initiated cleaning up some of the spreadsheets to make reporting more easy. We wish her the best!

The Composite Index fell to 99.5 in December, down 0.6 percent from the previous month. The Composite Index is down 7.2 percent from this time last year. This month the Retail Sales and Hospitality Indices both fell.

The Index of Home Sales rose to 100.5, up 30.6 percent from the previous month, but down 27.2 percent from this time last year. The median home price rose from \$419,000 to \$450,000.

Leading Indicators are mostly down March. Unemployment Claims and Help Wanted indices are both down.

The seasonally adjusted unemployment rate in Humboldt County



remained at 4.2 percent. The seasonally adjusted unemployment rate in California rose 0.1 percent to 4.4 percent. The seasonally adjusted national unemployment rate decreased from 3.6 to 3.5 percent.

The average price per gallon of gas in California increased from \$4.80 to \$4.81. Northern California's average decreased from \$5.0 to \$4.32. Eureka's average increased from \$5.37 to \$5.43.

## Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	99.5	-0.6	-7.2	-7.6	-2.6
Home Sales	100.5	30.6	-27.2	-19.4	-6.7
Retail Sales	148.3	-10.3	-7.3	-6.3	-11.3
Hospitality	94.7	-4.1	-11.1	4.8	14.3
Electricity	92.5	7.2	-11.8	-22.7	-30.7
Employment	106.7	0.3	-0.3	-5.3	6.9
Lumber*	26.3				
Manufacturing**	116.8	-5.1	-6.7	-	-

\* 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

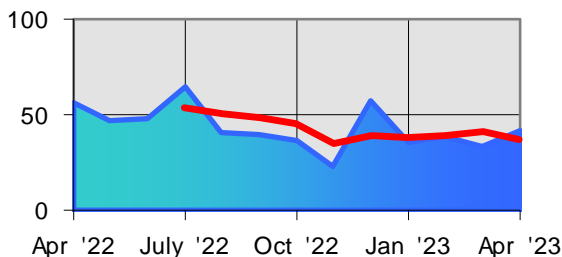
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-14.4%	182.1%	-21.9%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$450,000	\$2,157	6.27%	4.2%
<p>* 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.</p> <p>** Average rent on 2, 3 and 4 bedroom houses listed in the Times Standard.</p> <p>† 30-year owner occupied conforming conventional fixed rate provided by Umpqua Bank.</p> <p>‡ Seasonally adjusted Humboldt County unemployment rate is based on non-seasonally adjusted preliminary EDD data.</p>			

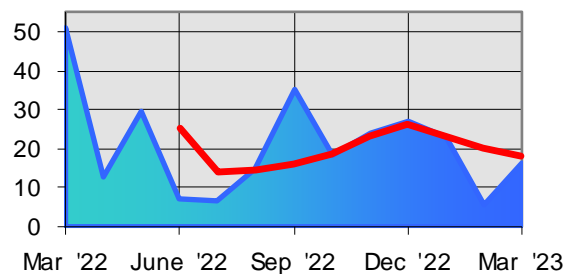
**Unemployment Claims** fell 14.4 percent to a new Index value of 33.5. The current value is 9.6 percent lower than the value for this time last year. The 4-month moving average rose 6.4 percent to a new average of 45.1.

Index of Claims for Unemployment Insurance



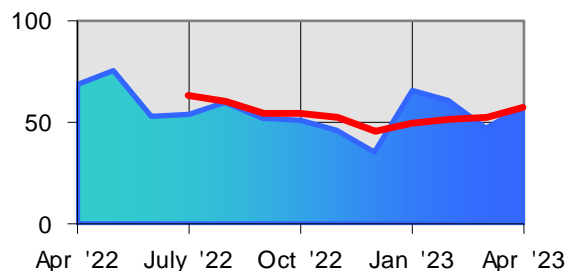
**Building Permits** rose 182.1 percent to a new Index value of 16.0. The current value is 68.6 percent lower than the value for this time last year.

Index of Building Permits Issued



**Help Wanted Advertising** fell 21.9 percent to a new Index value of 47.5. The current value is 42.0 percent lower than the value for this time last year. The 3-month moving average rose 7.6 percent to a new value of 57.9. In March there were 210 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 30.6 percent to a new value of 100.5. The present Index value is 27.2 percent lower than the value for this time last year. The 4-month moving average rose by 1.6 percent to a new value of 87.9. The country's median home price increased from \$419,000 to \$450,000. In comparison, the median home price this time last year was \$430,500.

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 larger year-over-year gain in March compared to the previous month. The 10-City and 20-City Composites both reported year-over-year gains of 0.4 percent. The National Index reported a 2.0 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both reported month-over-month increases of 0.1 percent. The National Index reported a seasonally adjusted increase of 0.2 percent.

Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "Home price trends moderated in February 2023.

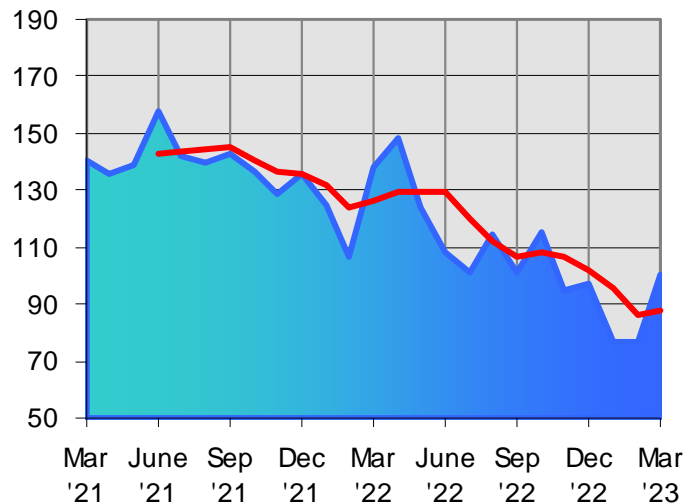
"The moderation we observed nationally is also apparent at a more granular level. Before seasonal adjustment, prices rose in 12 cities in February (versus in only one in January). Seasonally adjusted data showed

nine cities with rising prices in February (versus five in January). With or without seasonal adjustment, most cities' February results showed improvement relative to their January counterparts.

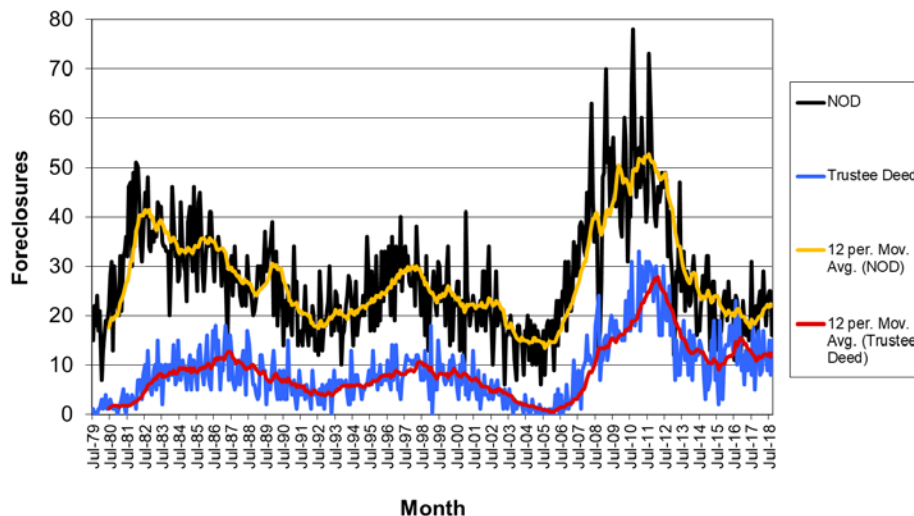
"The results released today pre-date the disruptions in the commercial banking industry which began in early March. Although forecasts are mixed, so far the Federal Reserve seems focused on its inflation reduction targets, which suggests that interest rates may remain elevated, at least in the near-term."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of March 25, was 6.13 percent, down from 6.48 on March 4th. The average 15-year fixed-rate mortgage was 5.17 percent at the end of Jan, down from 5.73 percent.

**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.

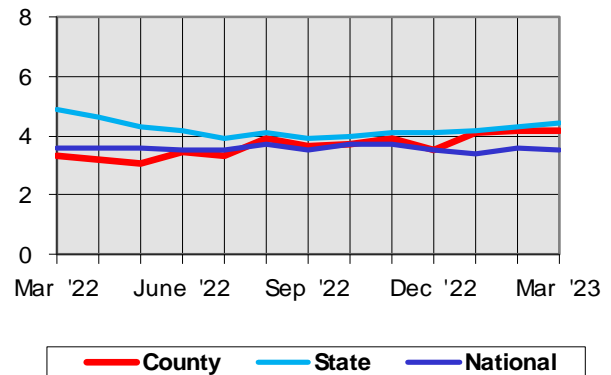
The seasonally adjusted unemployment rate in Humboldt County remained at 4.2 percent. The seasonally adjusted unemployment rate in California rose 0.1 percent to 4.4 percent. The seasonally adjusted national unemployment rate decreased from 3.6 to 3.5 percent.

The Employment Development Department of California indicated that in March Humboldt County's estimate of total employment rose by 800 individuals to a total of 57,600. Humboldt County's total unemployment fell by 200 individuals to 2,500.

In the Labor Department's March report, total nonfarm payroll employment rose by 236,000. National employment in leisure and hospitality added 72,000 jobs, government added 47,000 positions, professional and business services gained 39,000 jobs, health care

employment rose by 34,000, social assistance gained 17,000 jobs, and transportation and warehousing gained 10,000 positions. Employment changed little in mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; information; financial activities; and other services.

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 decreased 4.1 percent in March to a new value of 94.7. This month's Index value is 11.1 percent lower than the value for this time last year. The 4-month moving average fell 0.8 percent to a current value of 86.0.

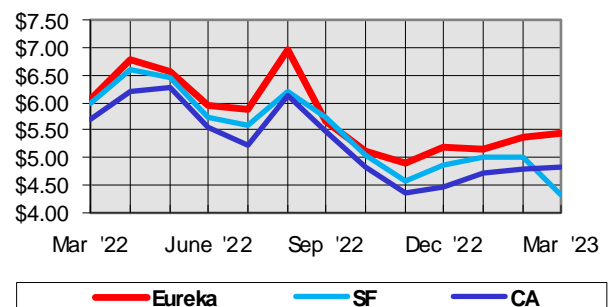
## Gasoline Prices

The average price per gallon of gas in California increased from \$4.80 to \$4.81. Northern California's average decreased from \$5.0 to \$4.32. Eureka's average increased from \$5.37 to \$5.43.

After OPEC+ nations, including Saudi Arabia, put their cuts of oil supply into effect at the end of March, gas prices in the US are surprisingly beginning to fall. The national average fell 6 cents to \$3.58, according to Gasbuddy.com. The price of crude oil also fell \$8 last month to \$75 a barrel. These shifts all mean that American drivers will notice cheaper prices at the pumps, but experts worry how this will affect global demand. After the OPEC+ announcement, global prices went up as many were worried about a petroleum shortage. However, the end of the American refinery maintenance season has allowed for more a more effective pathway of gasoline from its crude state to the pumps, says Patrick De Haan, GasBuddy's head of petroleum analysis.

Gas Prices		
Prices as of 4/ 30/ 2023	Average price*	Change from previous month
Eureka	\$5.43	+\$0.06
Northern California	\$4.32	-\$0.68
California	\$4.81	+\$0.01
* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey ( <a href="http://www.csaa.com">www.csaa.com</a> ).		

Gasoline Prices



# 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 employment remained at 2,600 individuals for the fifth 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 5<sup>th</sup> 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 fell 1.4 percentage points to 46.3 percent.

Nationally, six of the eighteen manufacturing industries reported growth in the following order: Printing & Related Support Activities; Primary Metals; Machinery; Fabricated Metal Products; Transportation Equipment; and Miscellaneous Manufacturing. The six industries reporting a decrease in employment in March, in order, are: Textile Mills; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Chemical Products. Six industries reported no change in manufacturing.

The New Export Orders Index fell 2.3 percentage points to 47.6 percent. This is the 8<sup>th</sup> consecutive month of contraction 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.

Four industries reported growth in new export orders in the following order: Printing & Related Support Activities; Textile Mills; Paper Products; and Miscellaneous Manufacturing.

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 7.2 percent to a new value of 92.5. The current value is 11.8 percent lower 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 fell 10.3 percent in March to a new value of 148.3, down 7.3 percent from the value for this time last year. The 4-month moving average rose 0.2 percent to a new value of 157.2.

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 104.2 to 103.4. The Expectations Index increased from 73.0 to 70.4, and the Present Situation Index decreased from 153.0 to 151.1.

"Driven by an uptick in expectations, consumer confidence improved somewhat in March, but remains below the average level seen in 2022 (104.5). The gain reflects an improved outlook for consumers under 55 years of age and for households earning \$50,000 and over" said Ataman Ozyildirim, Senior Director, Economics at The Conference Board.

"While consumers feel a bit more confident about what's ahead, they are slightly less optimistic about the current landscape. The share of consumers saying jobs are 'plentiful' fell, while the share of those saying jobs are 'not so plentiful' rose. The latest results also reveal that their expectations of inflation over the next 12 months remains elevated—at 6.3 percent. Overall purchasing plans for appliances continued to soften while automobile purchases saw a slight increase."

The percentage of consumers expecting business conditions to improve over the next six months rose slightly from 15.5 to 15.6 while the percentage of consumers expecting business conditions to worsen fell from 21.6 to 18.5.

## 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

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**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

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■ ■ ■ *realize human potential*

## Cited References:

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The Conference Board - Employment Development Department (CA)  
Freddie Mac - Humboldt Association of Realtors  
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