

Humboldt Economic Index

August 2021

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Covid and the Economy Presentation Posted

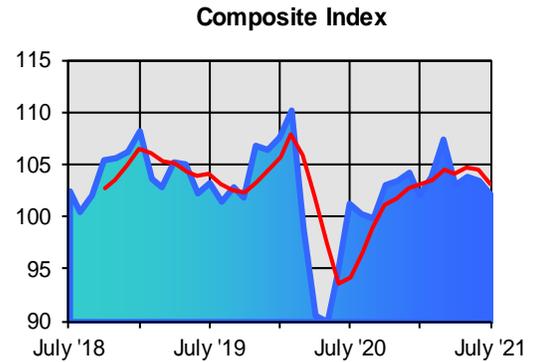
The September 29 presentation by Professor Eschker to the local Covid Economic Recovery Consortium is posted on the Index website.

The Composite Index fell to 102.2 in July, down 1.2 percent from the previous month. The Composite Index is up 0.8 percent from this time last year. This month the Retail Sales and Employment Indices rose, while the Hospitality and Electricity Indices fell.

The Index of Home Sales fell to 142.0, down 9.9 percent from the previous month, and down 12.5 percent from this time last year. The median home price rose slightly from \$415,000 to \$415,250.

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

The seasonally adjusted unemployment rate in Humboldt County decreased from 6.5 percent to 6.3 percent. The seasonally adjusted



unemployment rate in California decreased from 7.7 percent to 7.6 percent. The seasonally adjusted national unemployment rate decreased from 5.9 percent to 5.4 percent.

The average price per gallon of gas in California increased from \$3.12 to \$2.17. Northern California's average decreased from \$3.56 to \$3.54. Eureka's average decreased from \$3.48 to \$3.42.

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					
		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	102.2	-1.3	0.8	-3.0	4.3
Home Sales	142.0	-9.9	-12.5	12.9	97.2
Retail Sales	141.3	0.3	-6.1	-8.4	-3.3
Hospitality	93.9	-8.0	8.6	0.4	2.7
Electricity	110.1	2.7	2.3	-1.7	-9.1
Employment	103.8	1.2	5.7	-5.0	6.7
Lumber*	26.3	0.0	0.0	0.0	-33.8
Manufacturing**	95.2	-4.9	-12.2	-	-

* 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

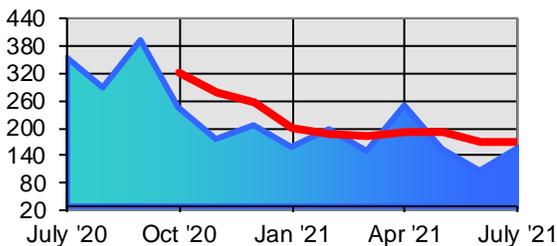
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	44.5%	-26.3%	-25.7%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$415,250	\$ 1,967	2.875%	6.3%
* 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.			

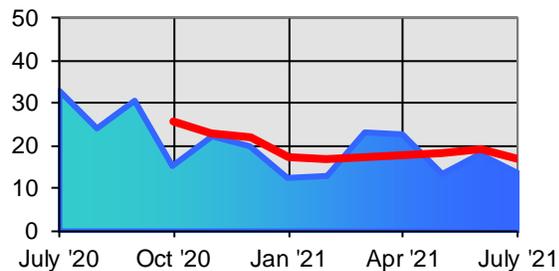
Unemployment Claims rose 44.5 percent to a new Index value of 160.3. The current value is 55.0 percent lower than the value for this time last year. The 4-month moving average rose 1.0 percent to a new average value of 170.4.

Index of Claims for Unemployment Insurance



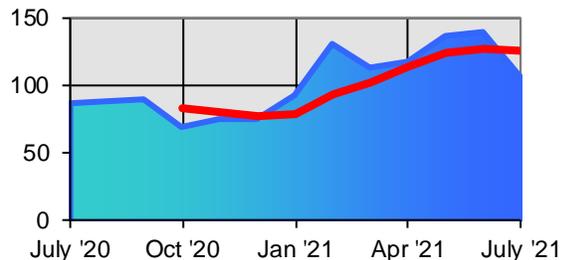
Building Permits fell 26.3 percent to a new Index value of 13.3. The current value is 60.0 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 25.7 percent to a new Index value of 140.4. The current value is 20.2 percent higher than the value for this time last year. The 3-month moving average fell 3.3 percent to a new value of 127.4. In July there were 565 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 July fell 9.9 percent to a new value of 142.0. The present Index value is 12.5 percent lower than the value for this time last year. The 4-month moving average rose 0.3 percent to a new value of 143.5. The country's median home price increased from \$415,000 to \$415,250. In comparison, the median home price this time last year was \$342,000.

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 2-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 June compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 18.5 percent and 19.1 percent, respectively. The National Index reported an 18.6 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 1.6 percent and 1.8 percent, respectively. The National Index reported a seasonally adjusted increase of 1.8 percent. All 20 cities increased both before and after seasonal adjustment.

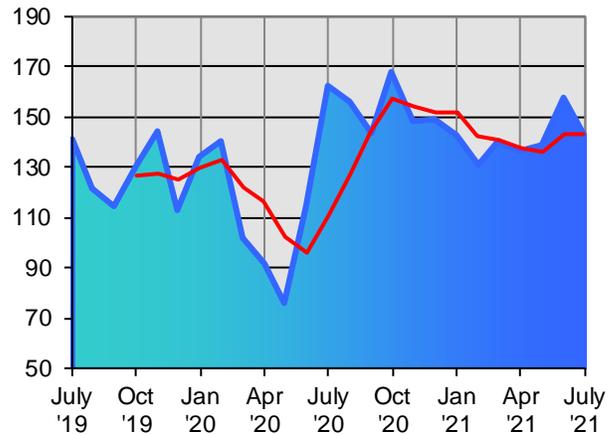
Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices notes that this is the third consecutive month in which growth in housing prices set a new record. "The last several months have been extraordinary not only in

the level of price gains, but in the consistency of gains across the country. In June, all 20 cities rose, and all 20 gained more in the 12 months ended in June than they had gained in the 12 months ended in May. Home prices in 19 of our 20 cities (all but Chicago) now stand at all-time highs, as do the National Composite and both the 10- and 20-City indices.

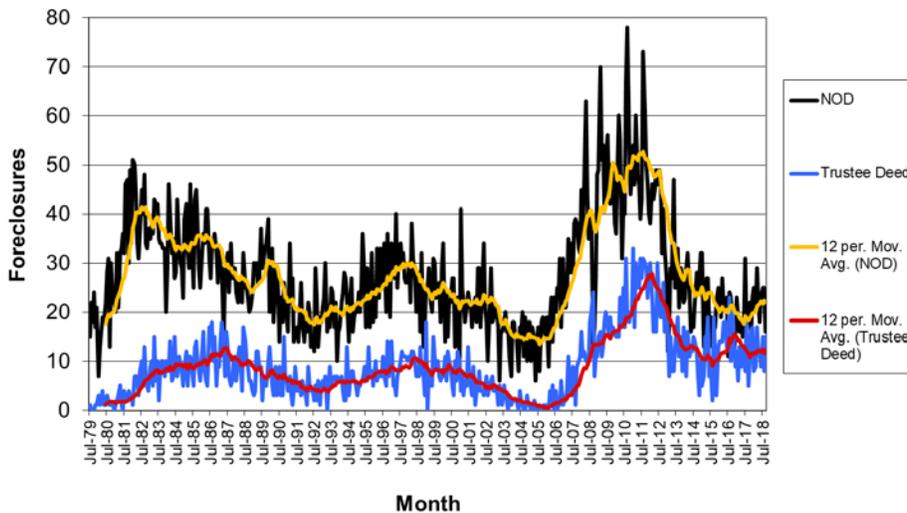
"June's 18.6% price gain for the National Composite is the highest reading in more than 30 years of S&P CoreLogic Case-Shiller data. This month, Boston joined Charlotte, Cleveland, Dallas, Denver, and Seattle in recording their all-time highest 12-month gains. Price gains in all 20 cities were in the top quartile of historical performance; in 19 cities, price gains were in top decile."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of August 26, was 2.87 percent, up from 2.80 on July 29. The average 15-year fixed-rate mortgage was 2.17 percent, up from 2.10 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.

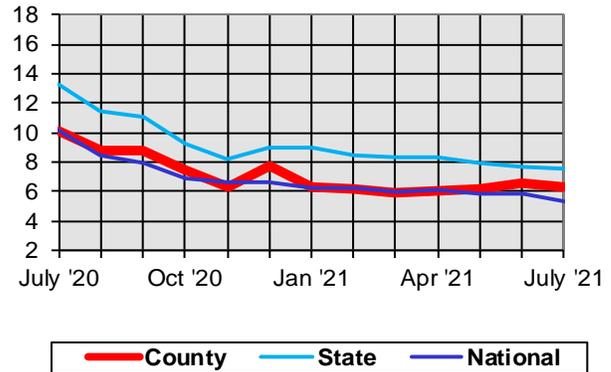
The Total County Employment Index increased 1.2 percent to a value of 103.8 in July. The seasonally adjusted unemployment rate in Humboldt County decreased from 6.5 percent to 6.3 percent. The seasonally adjusted unemployment rate in California decreased from 7.7 percent to 7.6 percent. The seasonally adjusted national unemployment rate decreased from 5.9 percent to 5.4 percent.

The Employment Development Department of California indicated that in July Humboldt County's estimate of total employment fell by 300 individuals to a total of 55,800. Humboldt County's total unemployment decreased from 3,900 individuals in June to an estimated 3,800 individuals in July.

In the Labor Department's July report, total nonfarm payroll employment rose by 943,000. National employment in leisure and hospitality increased by

380,000, with two-thirds of the gains in food services and drinking places. Government and education services, professional and business services, transportation and warehousing, other services, health care, manufacturing, information, financial activities and mining all gained jobs. Only retail trade lost 6,000 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 fell 8.0 percent in July to a new value of 93.9. This month's Index value is 8.6 percent higher than the value for this time last year. The 4-month moving average fell 5.4 percent to a current value of 103.3.

Gasoline Prices

California's average gas price rose slightly in July to \$4.39, a 3 cent increase from the previous month. Northern California's average price increased 2 cents to a new average of \$4.69, while Eureka's average gas price rose 4 cents to a new average of \$4.79. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.21 per gallon in 1982-84 dollars, the highest inflation-adjusted gas price the Index has recorded since June 2014.

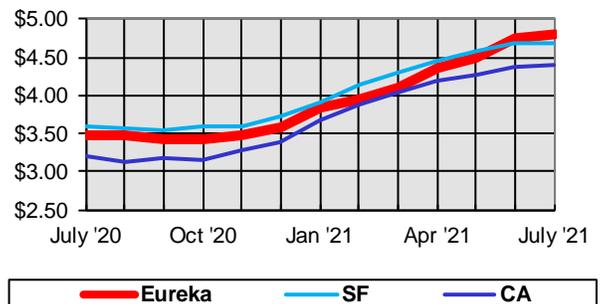
Crude futures fell at the end of August after Hurricane Ida forced US oil refineries on the Gulf Coast to cease operations. Upwards of 94 percent of offshore oil and gas production in the Gulf of Mexico was disrupted due to the natural disaster. Louisiana in particular experienced flooding and severe damage to the grid, which dragged oil prices down due to concerns for a lack of demand.

OPEC+ has announced plans to stay on course with previously planned addition of 400,000 barrels per day through the end of the calendar year, despite requests for more output from the US. They currently forecast a supply shortage in the market through the end of the year, followed by a surplus in 2022.

Gas Prices		
Prices as of 8/31/2021	Average price*	Change from previous month
Eureka	\$4.79	\$0.04
Northern California	\$4.69	\$0.02
California	\$4.39	\$0.03

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

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 contracted in July to a seasonally adjusted Index value of 95.2, down 4.9 percent from the previous month's value of 100.0. Manufacturing employment increased by 100 individuals to new estimate of 2,300, according to the Employment Development Department.

The Institute for Supply Management reports that in July economic activity in the manufacturing sector expanded, while the overall economy grew for the 14th 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 July fell 1.1 percentage points from the previous month to 59.5 percent.

Nationally, seventeen of the eighteen manufacturing industries reported growth in the following order: Furniture & Related Products; Printing & Related Support Activities; Apparel, Leather & Allied Products; Miscellaneous Manufacturing; Computer & Electronic Products; Nonmetallic Mineral Products; Machinery; Fabricated Metal Products; Paper Products; Chemical Products; Food, Beverage & Tobacco Products; Primary Metals; Plastics & Rubber Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Wood Products; and Petroleum & Coal Products. Only Textile Mills contracted.

The New Export Orders Index fell 0.5 percentage point from the previous month to 55.7 percent. This is the 13th 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.

Eleven industries reported growth in new export orders in the following order: Furniture & Related Products; Nonmetallic Mineral Products; Primary Metals; Miscellaneous Manufacturing; Paper Products; Transportation Equipment; Computer & Electronic Products; Machinery; Chemical Products; Fabricated Metal Products; and Food, Beverage & Tobacco Products. Two industries reported a decrease in new export orders: Wood Products; and Plastics & Rubber 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.

In July, the Electricity Index rose 2.7 percent to a new value of 110.1. The current value is 2.3 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 0.3 percent in July to a new value of 141.3, down 6.1 percent from the value for this time last year. The 4-month moving average fell 1.8 percent to a new value of 141.8.

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 for the sixth consecutive month in July, rising from 128.9 to 129.1. The Expectations Index was virtually unchanged, falling minimally from 108.5 to 108.4. The Present Situation Index rose from 159.6 to 160.3.

"Consumer confidence was flat in July but remains at its highest level since February 2020 (132.6)," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' appraisal of present-day conditions held steady, suggesting economic growth in Q3 is off to a strong start. Consumers' optimism about the short-term outlook didn't waver, and they continued to expect that business conditions, jobs, and personal financial prospects will improve. Short-term inflation expectations eased slightly but remained elevated. Spending intentions picked up in July, with a larger percentage of consumers saying they planned to purchase homes, automobiles, and major appliances in the coming months. Thus, consumer spending should continue to support robust economic growth in the second half of 2021."

The percentage of consumers expecting business conditions to improve over the next six months fell from 33.7 percent to 33.4 percent, while the percentage of consumers expecting business conditions to worsen fell from 10.8 percent to 10.5 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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