

# 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.

August 2023

## End of Summer, Gas Prices Rise

The Composite Index fell to 97.3 in July, down 0.1 percent from the previous month. The Composite Index is down 2.7 percent from this time last year. This month the Electricity, Hospitality, and Home Indices rose.

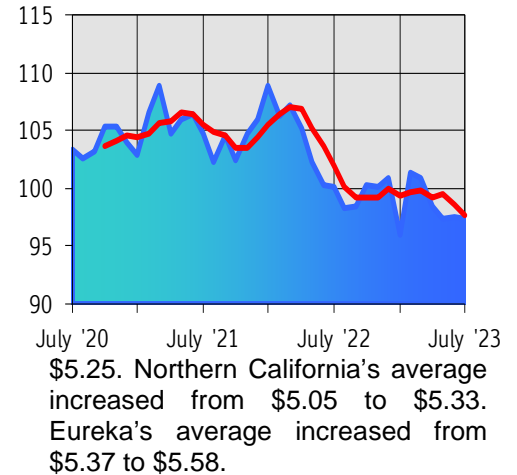
The Index of Home Sales rose to 99.4, up 4.2 percent from the previous month, and down 2.7 percent from this time last year. The median home price fell from \$466,525 to \$465,000.

Unemployment Claims are up but Permit and Help Wanted indices are down.

The seasonally adjusted unemployment rate in Humboldt County fell from 4.8 to 4.5 percent. The seasonally adjusted unemployment rate in California remained at 4.6 percent. The seasonally adjusted national unemployment rate increased from 3.6 to 3.8 percent.

The average price per gallon of gas in California increased from \$4.99 to

Composite Index



## Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
<b>Composite</b>	<b>97.3</b>	<b>-0.1</b>	<b>-2.7</b>	<b>-6.8</b>	<b>-4.4</b>
Home Sales	99.4	4.8	-2.0	-19.0	-14.0
Retail Sales	146.8	-3.2	-3.0	-4.0	-10.4
Hospitality	89.4	0.0	0.0	0.0	0.0
Electricity	91.0	1.0	-7.9	-14.3	-28.2
Employment	104.4	0.7	-1.6	-5.8	4.9
Lumber*	26.3				
Manufacturing**	N/A				

\* 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

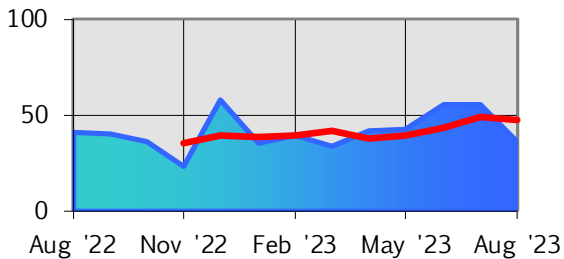
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-35.4%	3.8%	-21.2%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$465,000	\$2,384	7.13%	4.5%
<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>			

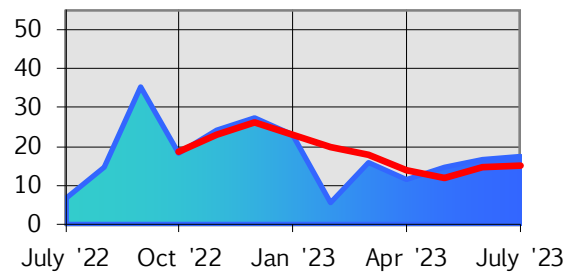
**Unemployment Claims** rose 0.6 percent to a new Index value of 55.5. The current value is 1.7 percent lower than the value for this time last year. The 4-month moving average rose 12.7 percent to a new average of 48.7.

Index of Claims for Unemployment Insurance



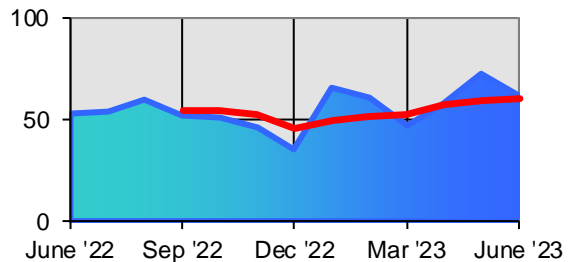
**Building Permits** rose 3.8 percent to a new Index value of 17.3. The current value is 160.0 percent higher than the value for this time last year.

Index of Building Permits Issued



**Help Wanted Advertising** rose 25.6 percent to a new Index value of 78.1. The current value is 43.6 percent lower than the value for this time last year. The 3-month moving average rose 10.5 percent to a new average of 70.9.

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 rose 4.8 percent to a new value of 99.4. The present Index value is 2.0 percent lower than the value for this time last year. The 4-month moving average fell by 0.3 percent to a new value of 92.9. The country's median home price increased from \$466,525 to \$465,000. In comparison, the median home price this time last year was \$480,000.

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 larger year-over-year gain in July compared to the previous month. The 10-City and 20-City Composites reported year-over-year increases of 0.9 and 0.1, respectively. The National Index reported a 1.0 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported year-over-year increases of 0.8 and 0.9, respectively. The National Index reported a seasonally adjusted increase of 0.6 percent.

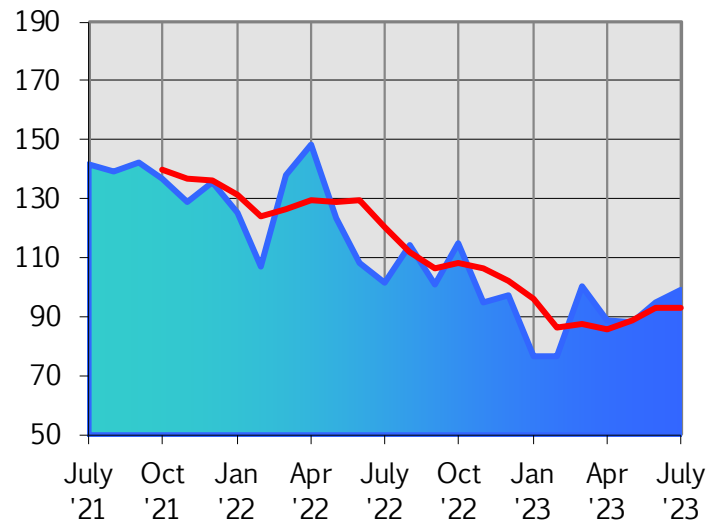
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "U.S. home prices continued to rally in July 2023.

"Our National Composite rose by 0.6% in July, and now stands 1.0% above its year-ago level. Our 10- and 20-City Composites each also rose in July 2023, and

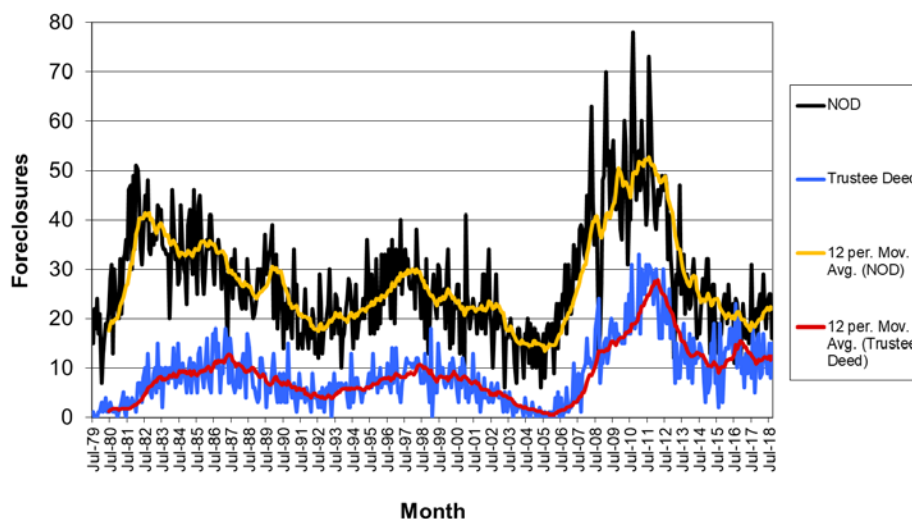
likewise stand slightly above their July 2022 levels. We have previously noted that home prices peaked in June 2022 and fell through January of 2023, declining by 5.0% in those seven months. The increase in prices that began in January has now erased the earlier decline, so that July represents a new all-time high for the National Composite. Moreover, this recovery in home prices is broadly based."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of July 27, was 6.81 percent, the same as its score July 6th. The average 15-year fixed-rate mortgage was 6.11 percent at the end of July, down from 6.24 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.

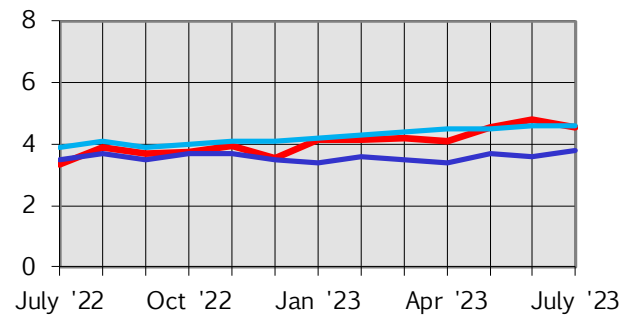
The seasonally adjusted unemployment rate in Humboldt County fell from 4.8 to 4.5 percent. The seasonally adjusted unemployment rate in California remained at 4.6 percent. The seasonally adjusted national unemployment rate increased from 3.6 to 3.8 percent.

The Employment Development Department of California indicated that in July Humboldt County's estimate of total employment fell by 600 individuals to a total of 56,200. Humboldt County's total unemployment decreased to 2,700 individuals.

In the Labor Department's July report, total nonfarm payroll employment rose by 187,000. National healthcare employment increased by 63,000, social assistance added 24,000 jobs, employment in financial activities added 19,000 jobs, construction added 19,000 jobs,

wholesale trade added 18,000 positions, and leisure and hospitality added 17,000 positions. Employment showed little change over the month in other major industries, including mining, quarrying, and oil and gas extraction, manufacturing, retail trade, transportation and warehousing, information, and government changed little in July.

## Unemployment Percentage Rates



County State National

## 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 0.1 percent to 89.4 in July. This month's Index value is 2.2 percent lower than the value for this time last year. The 4-month moving average fell 1.4 percent to a current value of 91.8.

## Gasoline Prices

The average price per gallon of gas in California increased from \$4.99 to \$5.25. Northern California's average increased from \$5.05 to \$5.33. Eureka's average increased from \$5.37 to \$5.58.

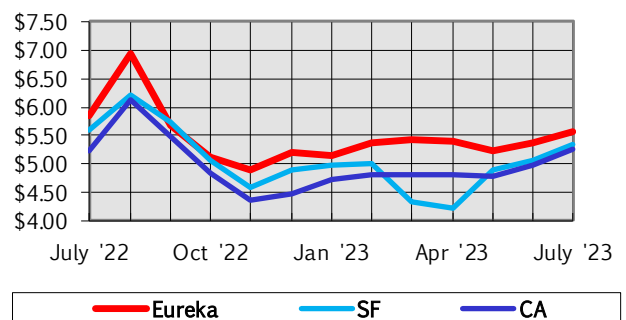
Gas prices across the nation have peaked at their second-highest average in a decade. This surprises many experts as the summer driving season wrapped up this month, indicating a lower demand for gasoline did not deter prices. A larger culprit is production cuts in crude oil, especially abroad. In bids to maintain stable prices, both Russian and Saudi manufacturers cut their productions. The International benchmark has since spiked up to \$90 a barrel, indicating some progress. However, Americans are feeling it- the national average climbed to \$3.80 this past month.

### Gas Prices

Prices as of 6/30/2023	Average price*	Change from previous month
Eureka	\$5.58	+\$0.21
Northern California	\$5.33	+\$0.28
California	\$5.25	+\$0.26

\* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey ([www.csaa.com](http://www.csaa.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 employment remained at 2,600 individuals for the tenth consecutive month, 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 10<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 July rose 0.4 percentage points to 46.4 percent.

Nationally, two industries reported growth in the following order: Petroleum & Coal Products; and Furniture & Related Products. The 16 industries reporting contraction in July, in the following order, are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Paper Products; Textile Mills; Wood Products; Computer & Electronic Products; Chemical Products; Primary Metals; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Printing & Related Support Activities; Miscellaneous Manufacturing; Fabricated Metal Products; Transportation Equipment; Nonmetallic Mineral Products; and Machinery.

The New Export Orders Index fell 0.1 percentage points to 45.9 percent. This is the 10<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.

Three industries reported growth in new export orders in July: Wood Products; Primary Metals; and Electrical Equipment, Appliances & Components. The eight industries reporting a decrease in new export orders in July — in the following order — are: Plastics & Rubber Products; Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; Miscellaneous Manufacturing; and Machinery.

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 1.0 percent to a new value of 91.0. The current value is 7.9 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 3.2 percent in July to a new value of 146.8, down 3.0 percent from the value for this time last year. The 4-month moving average fell 0.6 percent to a new value of 104.3.

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 June from 110.1 to 117.0. The Expectations Index increased from 79.1 from 88.3, and the Present Situation Index decreased from 155.3 to 160.0.

"Consumer confidence rose in July 2023 to its highest level since July 2021, reflecting pops in both current conditions and expectations," said Dana Peterson, Chief Economist at The Conference Board.

"Headline confidence appears to have broken out of the sideways trend that prevailed for much of the last year. Greater confidence was evident across all age groups, and among both consumers earning incomes less than \$50,000 and those making more than \$100,000.

"Assessments of the present situation rose in July on brighter views of employment conditions, where the spread between consumers saying jobs are 'plentiful' versus 'hard to get' widened further. This likely reflects upbeat feelings about a labor market that continues to outperform. When asked about current family financial conditions (a measure not included in calculating the Present Situation Index), the share of respondents citing a 'good' situation rose, and those citing 'bad' conditions fell, signaling still-healthy family finances."

The percentage of consumers expecting business conditions to improve over the next six months rose from 14.6 to 17.1 while the percentage of consumers expecting business conditions to worsen fell from 17.7 to 14.0.

## 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*

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