

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 2022

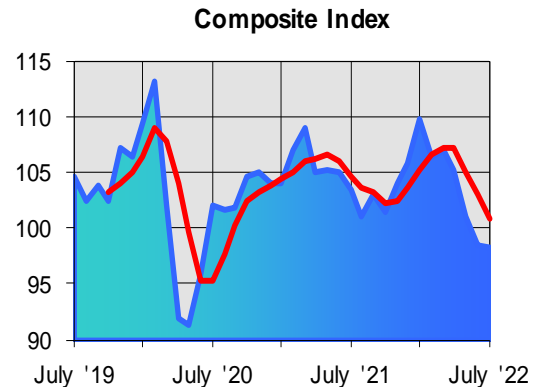
Gas Prices Continue to Fall in August

The Composite Index fell to 98.3 in July, down 0.2 percent from the previous month. The Composite Index is down 4.9 percent from this time last year. This month the Retail Sales, Employment, and Electricity Indices all rose.

The Index of Home Sales fell to 101.4, down 6.3 percent from the previous month, and down 28.6 percent from this time last year. The median home price rose from \$435,000 to \$480,000.

Leading Indicators are mostly up July. Unemployment Claims and Help Wanted Advertising are both up.

The seasonally adjusted unemployment rate in Humboldt County decreased from 3.5 percent to 3.3 percent. The seasonally adjusted unemployment rate in California decreased from 4.2 percent to 3.9 percent. The seasonally adjusted national unemployment rate remained



at 3.5 percent.

The average price per gallon of gas in California decreased from \$5.56 to \$5.23. Northern California's average decreased from \$5.74 to \$5.59. Eureka's average decreased from \$5.95 to \$5.86.

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	98.3	-0.2	-4.9	-5.7	-1.8
Home Sales	101.4	-6.3	-28.6	-13.8	9.9
Retail Sales	141.0	0.7	-5.5	-12.3	-8.2
Hospitality	89.9	-5.1	-4.2	-1.9	4.0
Electricity	98.8	4.2	-9.2	-16.0	-26.9
Employment	106.0	0.9	2.2	-2.4	8.0
Lumber*	26.3	0.0	0.0	0.0	-24.4
Manufacturing**	93.7	-6.7	-1.6	-	-

* 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

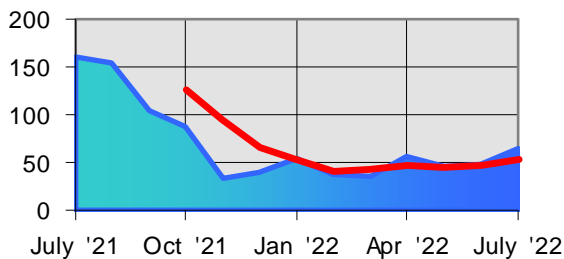
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	3.2%	-76.6%	3.0%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$480,000	\$2,204	5.875%	3.3%
<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>			

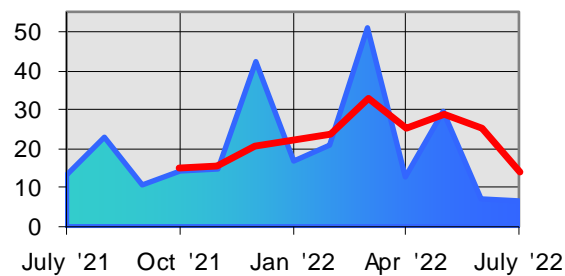
Unemployment Claims rose 33.8 percent to a new Index value of 65.0. The current value is 59.5 percent lower than the value for this time last year. The 4-month moving average rose 14.7 percent to a new average of 54.2.

Index of Claims for Unemployment Insurance



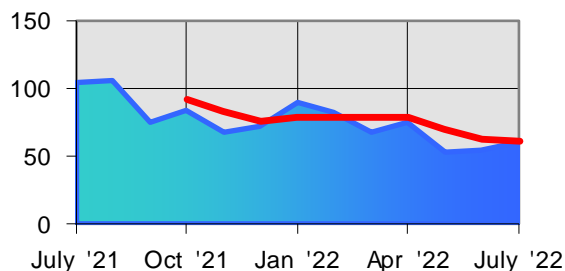
Building Permits fell 4.2 percent to a new Index value of 6.7. The current value is 50.0 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 10.5 percent to a new Index value of 60.1. The current value is 42.5 percent lower than the value for this time last year. The 3-month moving average fell 8.5 percent to a new value of 55.7. In July there were 325 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 6.3 percent to a new value of 101.4. The present Index value is 28.6 percent lower than the value for this time last year. The 4-month moving average fell by 7.1 percent to a new value of 120.3. The country's median home price increased from \$435,000 to \$480,000. In comparison, the median home price this time last year was \$415,250.

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.

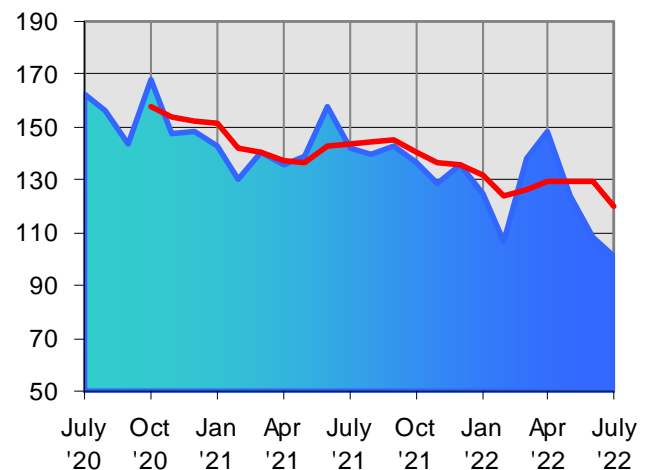
The S&P Case-Shiller Home Price Indices saw a higher year-over-year gain in July compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 17.4 percent and 18.6 percent, respectively. The National Index reported a 18.0 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 0.3 percent and 0.4 percent, respectively. The National Index reported a seasonally adjusted increase of 0.3 percent.

Craig J. Lazzara, Managing Director at S&P DJI, notes the rise in home sales, “Relative to May’s 19.9% gain (and April’s 20.6%), prices are clearly increasing at a slower rate. This pattern is consistent with our 10-City Composite (up 17.4% in June vs. 19.1% in May) and our 20-City Composite (up 18.6% in June vs. 20.5% in May).

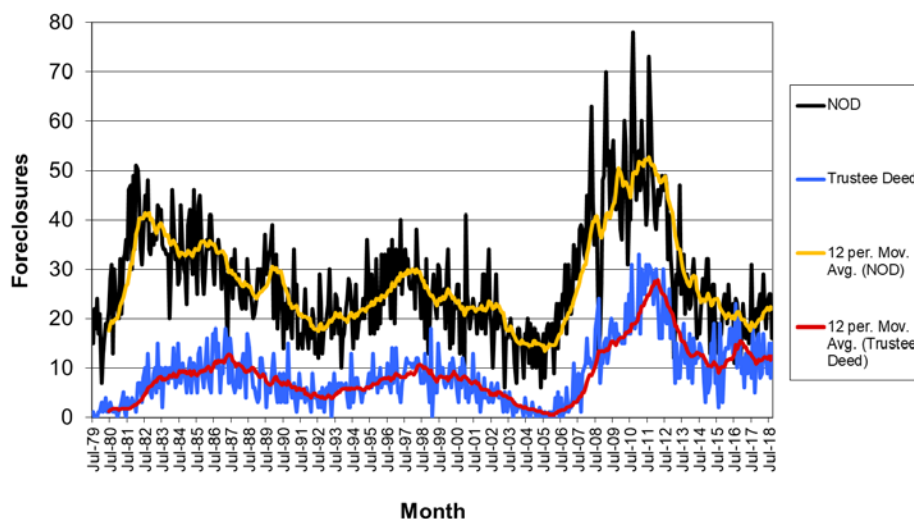
It’s important to bear in mind that deceleration and decline are two entirely different things, and that prices are still rising at a robust clip. June’s growth rates for all three composites are at or above the 95th percentile of historical experience. For the first six months of 2022, in fact, the National Composite is up 10.6%. In the last 35 years, only four complete years have witnessed increases that large. We’ve noted previously that mortgage financing has become more expensive as the Federal Reserve ratchets up interest rates, a process that continued as our June data were gathered. As the macroeconomic environment continues to be challenging, home prices may well continue to decelerate.”

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of July 28, was 6.30 percent, the same as on July 7th. The average 15-year fixed-rate mortgage was 4.58 percent at the end of July, up from 4.47.

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.

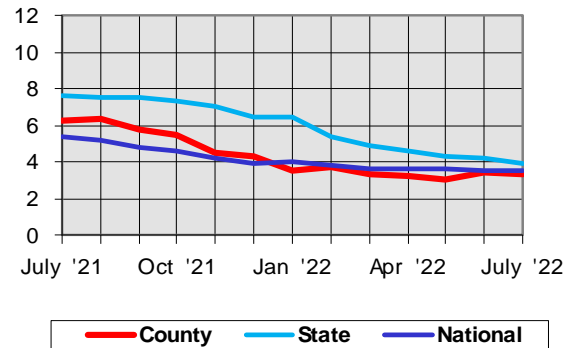
The seasonally adjusted unemployment rate in Humboldt County decreased from 3.5 percent to 3.3 percent. The seasonally adjusted unemployment rate in California decreased from 4.2 percent to 3.9 percent. The seasonally adjusted national unemployment rate remained at 3.5 percent.

The Employment Development Department of California indicated that in July Humboldt County's estimate of total employment fell by 500 individuals to a total of 57,000. Humboldt County's total unemployment remained at a total of 2,000.

In the Labor Department's July report, total nonfarm payroll employment rose by 528,000. National employment in leisure and hospitality gained 96,000 jobs, professional and business services saw an increase of 89,000 jobs, health care rose by 70,000 jobs,

employment in government rose by 57,000, construction increased by 32,000 jobs, manufacturing employment increased by 30,000, social assistance added 27,000 jobs, retail trade increased by 22,000 jobs, transportation and warehousing added 21,000 jobs, information employment added 13,000 jobs, financial activities added 13,000 jobs, and mining gained 7,000 jobs in July. Employment in wholesale trade and other services showed little month-over-month change.

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 5.1 percent in July to a new value of 89.9. This month's Index value is 4.2 percent lower than the value for this time last year. The 4-month moving average fell 6.6 percent to a current value of 98.4.

Gasoline Prices

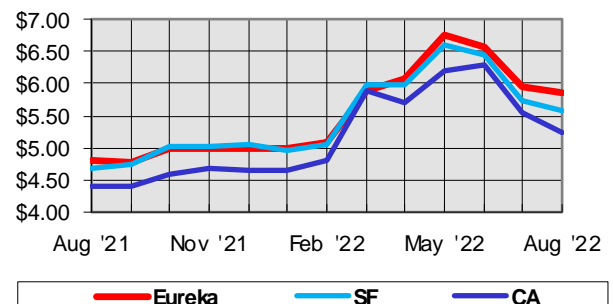
California's average gas price fell in August to \$5.23, a 33 cent decrease from the previous month. Northern California's average price decreased 15 cents to a new average of \$5.59, while Eureka's average gas price fell by 9 cents to a new average of \$5.86.

Across the country, prices at the pump have begun to fall after a near \$5-average nationwide. Some experts even predict that mid-August could bring the national average to a price at or near \$4, a measure that was typical prior to the war in Ukraine and its consequential supply chain dilemmas. One possible snag to this promise, though, is U.S. oil refineries planning to perform maintenance in the latter half of the year. It was reported that Marathon Petroleum Corp and Phillips 66, two of the country's largest refinery companies, were operating at 91% capacity in July. This high efficiency is not expected to continue if certain sites are in need of repairs. It is also predicted that an upcoming recession may bring less demand for fuel and lower gas prices.

Gas Prices		
Prices as of 8/ 31/ 2022	Average price*	Change from previous month
Eureka	\$5.86	-\$0.09
Northern California	\$5.59	-\$0.15
California	\$5.23	-\$0.33

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (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 retracted in July to a seasonally adjusted Index value of 93.7, down 6.7 percent from the previous month's value of 100.4. Manufacturing employment increased to 2,600 individuals for the first 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 26th 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 0.2 percentage points to 52.8 percent.

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

The New Export Orders Index rose 1.7 percentage points to 52.6 percent. This is the 25th 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.

Four industries reported growth in new export orders in the following order: Petroleum & Coal Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Computer & Electronic Products. The six industries reporting a decrease in new export orders in July — in the following order — are: Wood Products; Paper Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; and Chemical Products. Seven 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

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 4.2 percent to a new value of 98.8. The current value is 9.2 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 rose 0.7 percent in July to a new value of 141.0, down 5.5 percent from the value for this time last year. The 4-month moving average rose 1.4 percent to a new value of 141.1.

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 in July from 98.4 to 95.7. The Expectations Index decreased from 65.8 to 65.3, and the Present Situation Index decreased from 147.2 to 141.3.

"Consumer confidence fell for a third consecutive month in July," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The decrease was driven primarily by a decline in the Present Situation Index—a sign growth has slowed at the start of Q3. The Expectations Index held relatively steady, but remained well below a reading of 80, suggesting recession risks persist. Concerns about inflation—rising gas and food prices, in particular—continued to weigh on consumers. As the Fed raises interest rates to rein in inflation, purchasing intentions for cars, homes, and major appliances all pulled back further in July. Looking ahead, inflation and additional rate hikes are likely to continue posing strong headwinds for consumer spending and economic growth over the next six months."

The percentage of consumers expecting business conditions to improve over the next six months fell from 14.6 percent to 14.0 percent, while the percentage of consumers expecting business conditions to worsen fell from 29.7 percent to 27.2 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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Institute for Supply Management – WSJ

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