

# Humboldt Economic Index

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## Home Sales Fall, Unemployment Down

The overall composite contracted 4.1 percent in November, with all but one sector experiencing decline.

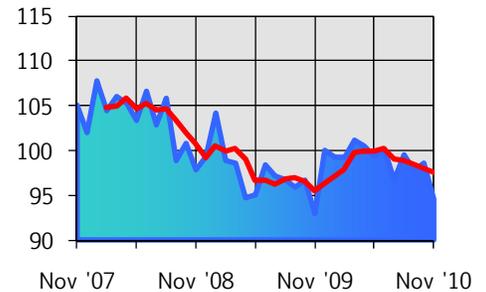
The median home price rose, from last month's low, but the rise was offset by a sharp decline in the number of homes sold, as Home Sales declined.

County unemployment declined again in November, falling a full percentage point from September's peak value. Retail rose in November, while the Consumer Confidence index declined slightly.

Hospitality and Manufacturing both declined in November. Nationally however, manufacturing appears to be improving as indicated by the Purchasing Managers Index, which rose for the 17<sup>th</sup> consecutive month in December. Gas prices rose, as oil continues to climb.

Leading indicators overall signal a better outlook. Building permits show a stronger value and Unemployment Claims fell again, indicating a possibly improving employment market. Help Wanted Advertising fell slightly, but maintains a

Composite Index



higher short-run value.

November was a difficult month for Humboldt's economy, but declining unemployment and leading indicators offer some positive outlook.

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**
<b>Composite</b>	<b>94.5</b>	<b>-4.1</b>	<b>1.7</b>	<b>-12.8</b>	<b>-14.4</b>
Home Sales	60.1	-22.9	-31.3	-44.1	-50.9
Retail Sales	148.4	3.8	9.9	1.8	6.2
Hospitality	76.5	-18.0	-9.1	-7.6	-14.3
Electricity	125.2	0.0	10.2	-10.3	1.9
Employment	95.9	-1.4	2.1	-6.4	-8.3
Manufacturing	32.7	-15.6	11.5	-59.5	-66.9

\* These values are adjusted to remove seasonal fluctuation. The base month is Jan. of 1994, 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 three leading indicators to get a sense of the direction that the county economy may take in the near future. The three leading indicators are (1) number of claims for unemployment insurance, (2) building permits, and (3) help wanted advertising.

Leading Indicators			
	Unemployment Claims	Building Permits	Help Wanted Advertising
Change from prior month*	1.5%	43.2%	61.3%
* All values are seasonally adjusted.			

## Key Statistics

Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$250,000	\$ 1,326	5.13%	11.9%

\* 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.

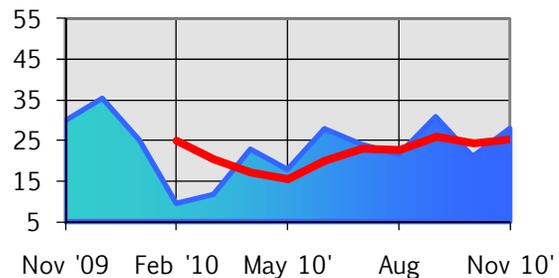
\*\* Average rent on 2, 3 and 4 bedroom houses listed in the Times Standard.

† 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.

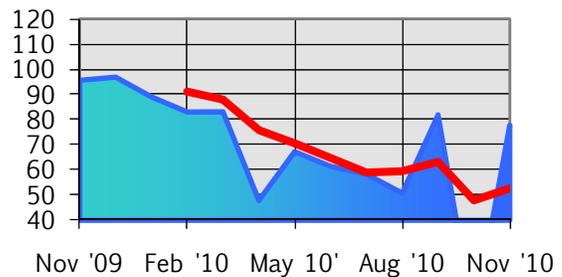
**Building permits** rose 33.1 percent in November, reversing October's decline. The index stands at a stronger value of 27.9.

Index of Building Permits Issued



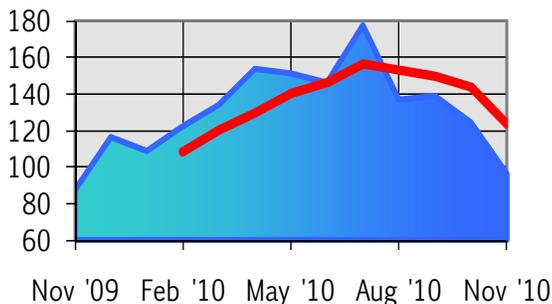
**Help Wanted Advertising** fell 5.05 percent to 77.8. Despite the decline the index stands at the second highest value, by a 10.5 point margin, for the past six months of data.

Index of Help Wanted Advertising



**Unemployment Claims** fell 22.5 percent in November continuing from October's 10.5 percent decline. The index stands at 96.0, the lowest value since November 2009, indicating regional employment prospects may be improving.

Index of Claims for Unemployment Insurance



**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

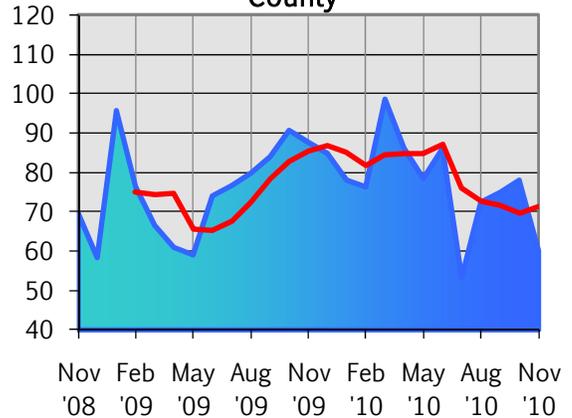
The Index value of the home sales sector is based on the number of new and existing homes sold in Humboldt County each month as recorded by the Humboldt Association of Realtors.

The median home price rose 4.8 percent, from October's 6-year low of 238,450, to 250,000, while the number of homes sold fell sharply from 74 to 57. Despite the rise in home prices, the seasonally adjusted index fell a dramatic 22.9 percent in November, to a 4-month low and the second lowest value since May 2009. The index now stands at 60.1.

The seasonally adjusted Case Shiller Composite-20 index declined for the fourth consecutive month, falling 0.99 of a percent in October. The past two months have shown the steepest declines since March 2009. Home values in San Francisco, Seattle and Portland experienced steeper declines, while values in Los Angeles experienced less significant decline.

For a local perspective on the region's housing market, please visit our [Special Projects](#) page for a study of the Humboldt County housing market. Also, visit the [Humboldt Real Estate Economics Page](#).

Home Sales Index, Humboldt County



# The Index – Individual Sectors

## Total County Employment

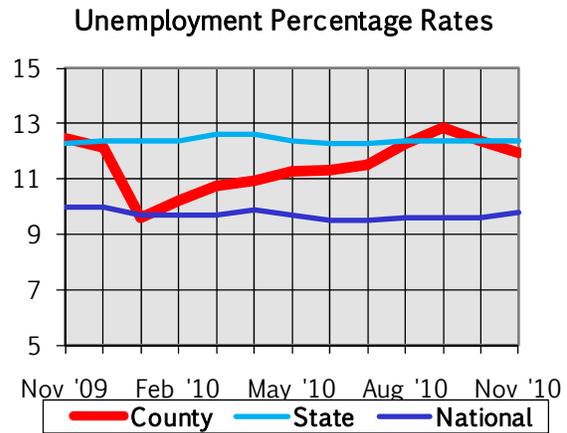
The Index value of the employment sector is based on seasonally adjusted total employment as reported by the Employment Development Department.

The seasonally adjusted county unemployment rate, which had fallen in October, fell again in November to 11.9. Retail sector employment expanded slightly, while manufacturing employment was unchanged.

From November, Total Wage and Salary employment declined 0.86 percent. Over the year, local employment in both the private and government sectors declined, while the subsectors Professional and Business Services, State Government and Education and Health Services experienced significant expansion, as reported by the California Employment Development Department.

The statewide unemployment rate remained constant at 12.4 percent. Construction and Information rose, while Trade, Transportation and Utilities declined.

The non-seasonally adjusted December national unemployment rate declined slightly to 9.4 percent, due in part to a slight decline in the labor force participation rate and rise in nonfarm payrolls of 103,000, as reported by the Bureau of Labor Statistics.



## 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.

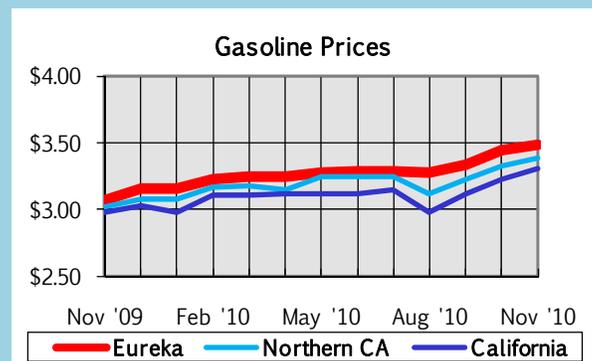
For the past two months the Hospitality has experienced unusually high volatility. The index, which had risen sharply last month, fell 18 percent, to the lowest value since April 2008. The drop, due to seasonally low occupancy rates, brings the index to 76.5.

## Gasoline Prices

Gasoline prices rose across the board in December as oil futures continue to edge upward. December was the fourth consecutive month of rising prices, running counter to the typical downward trend experienced in late fall and winter. The Eureka inflation adjusted gas price rose 1.02 percent to \$2.92.

Gas Prices		
Prices as of 1/6/2011	Average price*	Change from previous month
Eureka	\$3.48	\$0.04
Northern California	\$3.39	\$0.06
California	\$3.31	\$0.08

\* 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)).



# The Index – Individual Sectors

## 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.

Seasonally adjusted Retail rose by 3.81 percent in November to 148.4, reversing some of the decline over the last two months. The sample was mixed with some experiencing significant downward fluctuation.

Nationally, the Conference Board reported a moderate decline in Consumer Confidence, down from 54.3 last month to 52.5. In contrast, Beige Book reported a slight improvement in both retail and consumer spending, in the early winter months, while noting that consumers continue to focus spending on essential goods and value. Tourism and new auto sales showed improvement.

## Lumber Manufacturing

The index value of this sector is based on a combination of payroll employment and board feet of lumber production at major county lumber companies and is adjusted to account for normal seasonal variations. Lumber-based manufacturing generates about 55 percent of total county manufacturing employment.

Seasonally adjusted lumber-base manufacturing fell 15.6 percent to an 8-month low, bringing the index to 32.7. Production declined due to seasonally fluctuation but rose 11.8 percent from last November, while seasonally adjusted payrolls declined 19.5 percent.

The [Institute of Supply Management](#) reported another rise in the PMI index to 57 percent. December is the 17th consecutive month of increase for the national 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. Because we collect our data for this sector quarterly, values are frequently estimated, and are revised when the quarterly data are received.

Electricity Consumption remains unchanged, as quarterly data has yet been collected. The most recent value is 125.2.

**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.

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**Cited References:**

California Association of Realtors - Case-Shiller Home Price Indices  
Consumer Confidence - The Institute of Supply Management  
National Association of Realtors

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