

# Humboldt Economic Index

December 2020

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## Strong Home Sales Continue and Other Positive Indicators

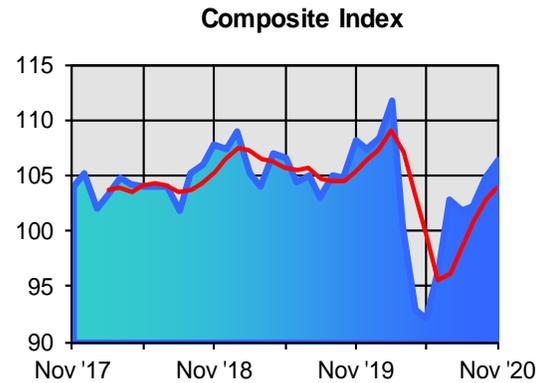
*Note: This text was updated in May, 2021 to reflect major revisions to the housing data.*

The Composite Index rose to 106.3 in November, up 1.4 points from the previous month. The Composite Index is down 1.8 points from this time last year. This month the Retail Sales, Employment and Hospitality Indices all rose.

The Index of Home Sales fell to 147.8, down 12.1 points from the previous month, and up 2.4 points from this time last year. The median home price fell from \$375,810 to \$351,000.

Leading Indicators are mixed in November. Unemployment Claims are down, and Building Permits and Manufacturing Orders are both up.

The seasonally adjusted unemployment rate in Humboldt County decreased from 7.5 percent to 6.3 percent. The seasonally adjusted unemployment rate in California decreased from 9.3 percent to 8.2



percent. The national unemployment rate decreased from 6.9 percent to 6.7 percent.

The average price per gallon of gas in California increased from \$3.15 to \$3.28. Northern California's average decreased from \$3.60 to \$3.59. Eureka's average increased from \$3.43 to \$3.48.

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>106.3</b>	<b>1.4</b>	<b>-1.8</b>	<b>2.0</b>	<b>8.3</b>
Home Sales	147.8	-12.1	2.4	55.6	121.1
Retail Sales	140.6	5.9	-5.8	-12.0	-6.1
Hospitality	117.1	14.4	22.3	11.7	26.9
Electricity	119.6	0.0	0.0	8.8	-2.8
Employment	102.5	-0.9	-8.7	-3.7	4.6
Lumber*	26.3	0.0	0.0	0.0	-24.0
Manufacturing**	98.8			-	-

\* 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

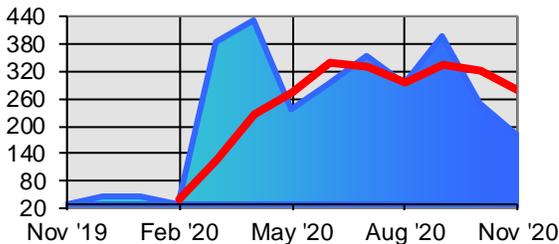
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-28.3%	45.2%	7.8%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$351,000	\$ 1,977	2.625%	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.			

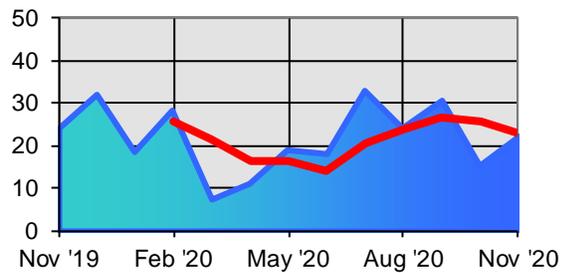
**Unemployment Claims** fell 70.5 points to a new Index value of 178.5. The current value is 149.0 points higher than the value for this time last year. The 4-month moving average fell 44.4 points to a new average of 279.4.

Index of Claims for Unemployment Insurance



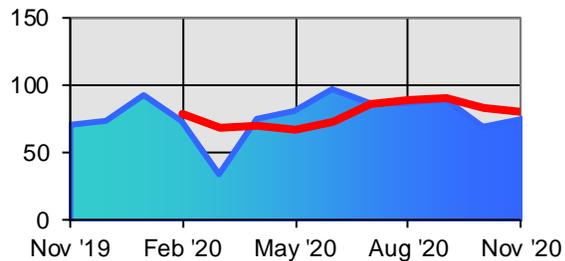
**Building Permits** rose 6.9 points to a new Index value of 22.3. The current value is 1.9 points lower than the value for this time last year.

Index of Building Permits Issued



**Help Wanted Advertising** rose 5.5 points to a new Index value of 75.4. The current value is 4.4 points higher than the value for this time last year. The 3-month moving average fell 4.2 points to a new value of 78.7. In November there were 310 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 November fell 12.1 points to a new value of 147.8. The present Index value is 2.4 points higher than the value for this time last year. The country's median home price fell from \$375,810 to \$351,000. In comparison, the median home price this time last year was \$327,388.

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.

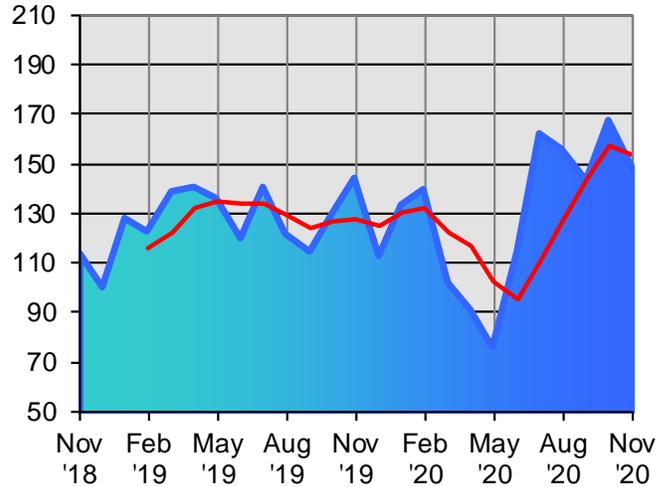
The S&P Case-Shiller Home Price Indices saw higher year-over-year gains in October compared to the previous month. The National Index reported year-over-year gains of 8.4 percent, up from 7.0 percent the previous month. The 10-City Composite reported annual gains of 7.5 percent, up from 6.2 percent the previous month, and the 20-City Composite reported annual gains of 7.9 percent, up from 6.6 percent the previous month.

This month data for Detroit was unavailable and excluded from the Index. Of the other 19 cities Phoenix, Seattle and San Diego continued to report the highest year-over-year gains. All 19 cities reported higher price increases in the year ending October 2020 versus the year ending September 2020.

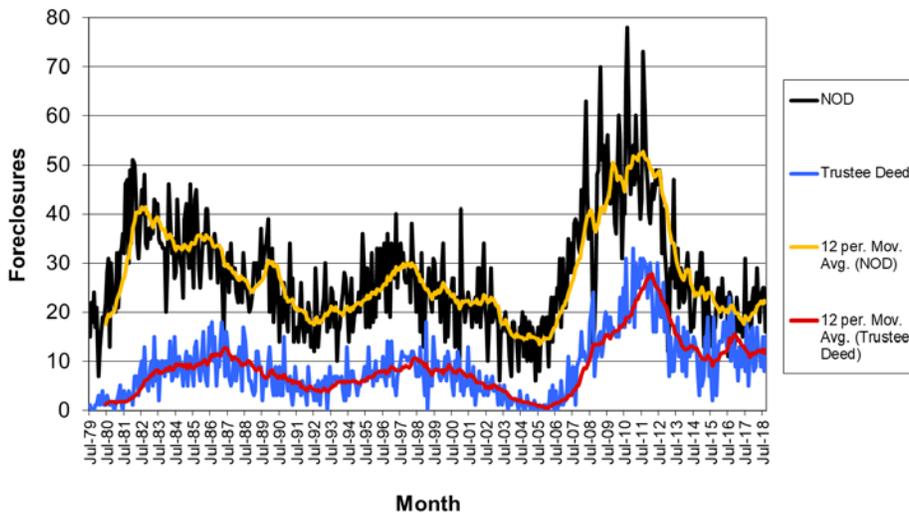
According to Freddie Mac, the average 30-year fixed-rate mortgage, as of December 31, was 2.67 percent,

down from 2.72 on November 25. The average 15-year fixed-rate mortgage was 2.17 percent at the end of December, down from 2.28 at the end of November.

**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.

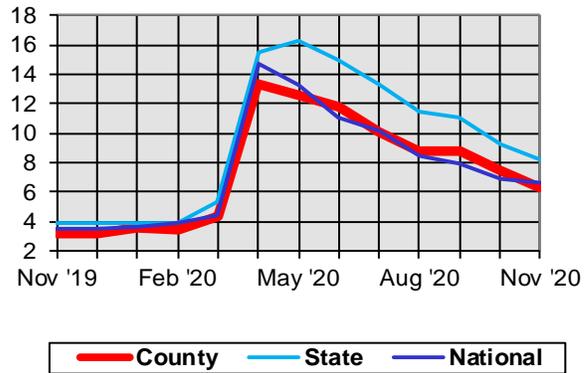
The seasonally adjusted unemployment rate in Humboldt County decreased from 7.5 percent to 6.3 percent. The seasonally adjusted unemployment rate in California decreased from 9.3 percent to 8.2 percent. The seasonally adjusted national unemployment rate decreased from 6.9 percent to 6.7 percent.

The Employment Development Department of California indicated that in November Humboldt County's estimate of total employment fell by 700 individuals to a total of 65,700. Humboldt County's total unemployment fell by 300 individuals to an estimated 3,700.

In the Labor Department's November report, total nonfarm payroll employment rose by 245,000. Transportation and warehousing added 145,000 jobs, with most of the gains in couriers and messengers (+82,000) and warehousing and storage (+37,000). Professional and business services added 60,000 jobs, education and health services added 54,000 jobs, leisure

and hospitality added 31,000 jobs, construction added 27,000 jobs, manufacturing added 27,000 jobs, and financial services added 15,000 jobs. Government lost 99,000 jobs in part due to the federal government laying off 93,000 temporary workers for the 2020 Census. Retail trade lost 35,000 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 increased in November from 102.3 to a new value of 117.1. This month's Index value is 21.3 points higher than the value for this time last year. The 4-month moving average rose 7.5 points to a current value of 101.4.

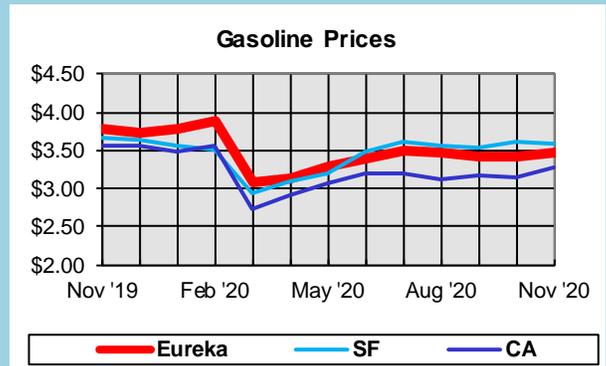
## Gasoline Prices

California's average gas price rose in November to \$3.28, up 13 cents from the previous month. Northern California's average price decreased 1 cent to a new average of \$3.59, while Eureka's average gas price rose 5 cents to a new average of \$3.48. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.45 per gallon in 1982-84 dollars.

Overall in the year 2020, West Texas Intermediate crude fell 20.5% and Brent crude fell 21.5%. Despite a turbulent year, including negative oil prices for the first time in history in April, oil prices continue as 2020 comes to a close. WTI rose 7% in December and 20% in the fourth quarter, while Brent crude rose 8.9% in December and 26.5 in the quarter. Going into 2021, OPEC+ plans to continue easing production cuts through spring, on top of increasing production in the United States.

Gas Prices		
Prices as of 12/31/2020	Average price*	Change from previous month
Eureka	\$3.48	+\$0.05
Northern California	\$3.59	-\$0.01
California	\$3.28	+\$0.13

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



# 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 expanded to a seasonally adjusted Index value of 98.8 in November, down 4.6 points from the previous month's value of 103.4. Manufacturing employment remained at 2,100 individuals for the sixth month, according to the Employment Development Department.

The Institute for Supply Management reports that in November economic activity in the manufacturing sector expanded, while the overall economy grew for the seventh 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 November is 57.5 percent, down 1.8 percentage points from the previous month.

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

The New Export Orders Index for November is 57.8 percent, up 2.1 percentage points from the previous month. This is the fifth 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. Ten industries reported growth in new export orders in the following order: Nonmetallic Mineral Products; Wood Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Chemical Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Computer & Electronic Products; and Machinery. The two industries reporting contraction in November are Primary Metals and Transportation Equipment.

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. Because we collect our data for this sector quarterly, values are frequently estimated, and are revised when the quarterly data are received.

Energy sector updates are still unavailable. We estimate this sector to be unchanged from the first quarter of 2018, which is the last quarter of data. We will update this sector as new data become available.

## 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 is reporting at a value of 140.6 for November, an increase of 7.9 points from the previous month. The most recent value is 8.7 points lower than November 2019. The 4-month moving average is down 2.5 points with a new value of 138.2.

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 decreased in November by 5.3 points to a current Index value of 96.1. The Expectations Index decreased 8.7 points to a new value of 89.5. The Present Situation Index decreased slightly by 0.3 points to a new Index value of 105.9.

"Consumer confidence declined in November, after remaining virtually flat in October," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' assessment of present-day conditions held steady, though consumers noted a moderation in business conditions, suggesting growth has slowed in Q4. Heading into 2021, consumers do not foresee the economy, nor the labor market, gaining strength. In addition, the resurgence of COVID-19 is further increasing uncertainty and exacerbating concerns about the outlook."

In November, the percentage of consumers expecting business conditions to improve over the next six months decreased from 36.0 percent to 27.4 percent, while the percentage of consumers expecting business conditions to worsen increased from 15.9 percent to 19.8 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

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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

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*

#### Cited References:

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Freddie Mac - Humboldt Association of Realtors  
Institute for Supply Management – MarketWatch

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