

Humboldt Economic Index

December 2021

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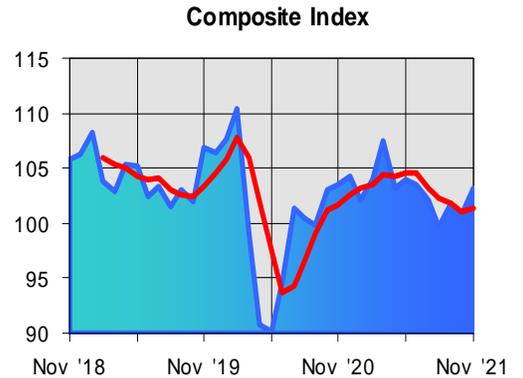
Local gas prices plateau after rising through Autumn

The Composite Index rose to 103.1 in November, up 2.3 percent from the previous month. The Composite Index is down 0.3 percent from this time last year. This month the Retail Sales, Employment, Hospitality and Electricity Indices all rose.

The Index of Home Sales fell to 129.0, down 5.6 percent from the previous month, and down 12.7 percent from this time last year. The median home price rose from \$420,000 to \$437,613.

Leading Indicators are mostly down November. Unemployment Claims and Help Wanted Advertising fell, while Building Permits rose.

The seasonally adjusted unemployment rate in Humboldt County decreased from 5.4 percent to 4.5 percent. The seasonally adjusted unemployment rate in California decreased from 7.3 percent to 7.0



percent. The seasonally adjusted national unemployment rate decreased from 4.6 percent to 4.3 percent.

The average price per gallon of gas in California decreased from \$4.68 to \$4.64. Northern California's average increased from \$5.02 to \$5.05. Eureka's average remained the same.

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****
Composite	103.1	2.3	-0.3	-3.6	3.4
Home Sales	129.0	-5.6	-12.7	-6.8	44.7
Retail Sales	135.2	3.0	-3.8	-11.6	-5.7
Hospitality	111.7	14.1	10.2	3.2	19.4
Electricity	109.2	0.8	-4.2	3.9	-10.7
Employment	104.8	0.6	2.3	-3.6	6.0
Lumber*	26.3	0.0	0.0	0.0	-32.3
Manufacturing**	97.1	-1.9	-1.7	-	-

* 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

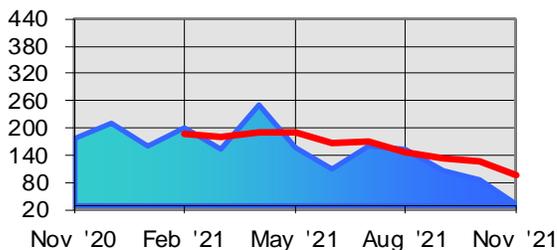
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-60.5%	6.4%	-18.1%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$437,613	\$ 2,024	3.375%	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>			

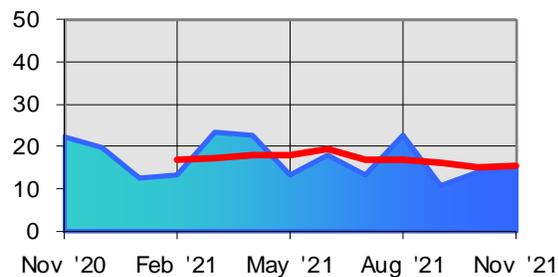
Unemployment Claims fell 60.5 percent to a new Index value of 34.5. The current value is 80.7 percent lower than the value for this time last year. The 4-month moving average fell 24.8 percent to a new average of 95.3.

Index of Claims for Unemployment Insurance



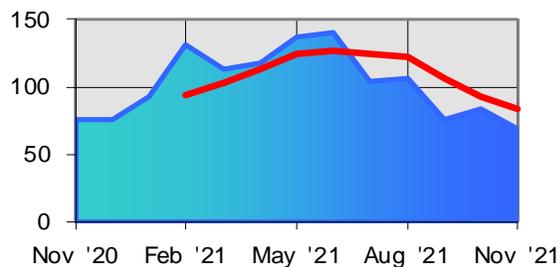
Building Permits rose 6.4 percent to a new Index value of 14.9. The current value is 33.3 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 18.1 percent to a new Index value of 68.6. The current value is 9.0 percent lower than the value for this time last year. The 3-month moving average fell 14.1 percent to a new value of 76.0. In November there were 282 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 5.6 percent to a new value of 129.0. The present Index value is 12.7 percent lower than the value for this time last year. The 4-month moving average fell by 2.3 percent to a new value of 136.8. The country's median home price increased from \$437,613 to \$420,000. In comparison, the median home price this time last year was \$351,000.

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 lower year-over-year gain in October compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 17.2 percent and 18.4 percent, respectively. The National Index reported a 19.1 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 0.8 percent and 0.9 percent, respectively. The National Index reported a seasonally adjusted increase of 1.0 percent.

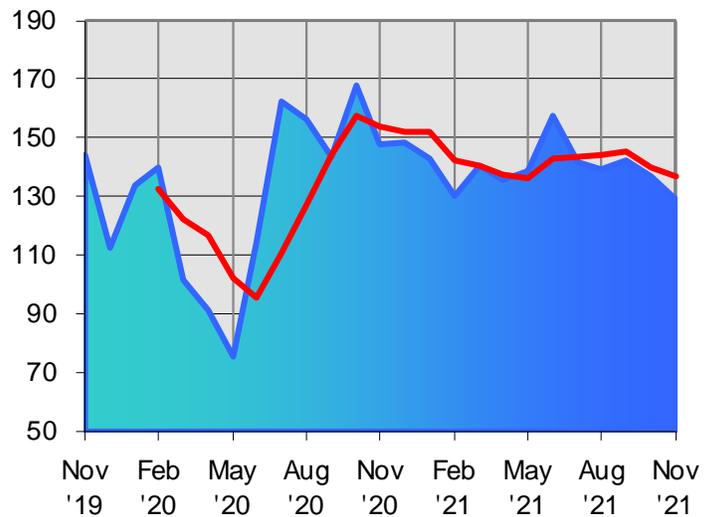
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, notes the decelerating rate of home prices. For the national, 10-city and 20-city year-over-year gains, "October's gains were below September's, and September's gains were below August's. That said, October's 19.1% gain in the National Composite is the

fourth-highest reading in the 34 years covered by our data. (The top three were the three months immediately preceding October.)

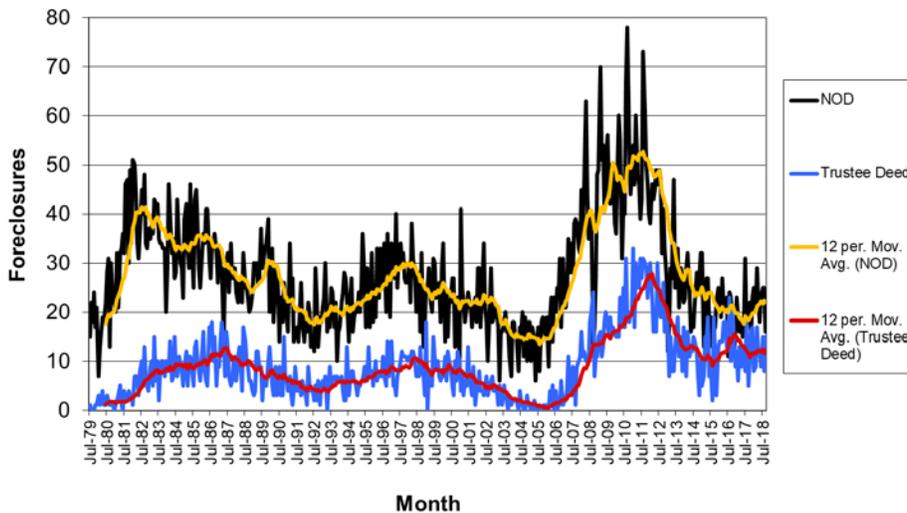
"We continue to see very strong growth at the city level. All 20 cities saw price increases in the year ended October 2021. October's increase ranked in the top quintile of historical experience for 19 cities, and in the top decile for 17 of them. As was the case last month, however, in 14 of 20 cities, prices decelerated."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of November 24, was 3.10 percent, down from 3.14 percent on October 28. The average 15-year fixed-rate mortgage was 2.42 percent at the end of November, down from 2.37 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.

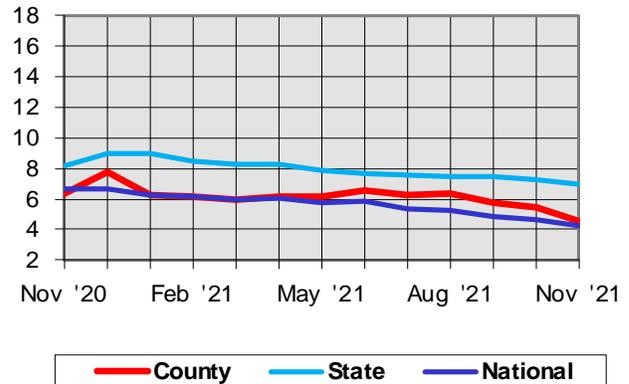
The Total County Employment Index increased 0.6 percent in November to a value of 104.8. The seasonally adjusted unemployment rate in Humboldt County decreased from 5.4 percent to 4.5 percent. The seasonally adjusted unemployment rate in California decreased from 7.3 percent to 7.0 percent. The seasonally adjusted national unemployment rate decreased from 4.6 percent to 4.3 percent.

The Employment Development Department of California indicated that in November Humboldt County's estimate of total employment rose by 200 individuals to a total of 58,000. Humboldt County's total unemployment decreased by 300 individuals to a total of 2,600.

In the Labor Department's November report, total nonfarm payroll employment rose by 210,000. National employment in professional and business services added 90,000 jobs, transportation and warehousing added 50,000, construction added 31,000, manufacturing added

31,000, and financial activities added 13,000. Employment declined in retail trade by 20,000 jobs, and leisure and hospitality by 23,000 jobs. Other industries including health care, mining, wholesale trade, information, other services, and education reported little 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 increased 14.1 percent in November to a new value of 111.7. This month's Index value is 10.2 percent higher than the value for this time last year. The 4-month moving average rose 4.8 percent to a current value of 98.1.

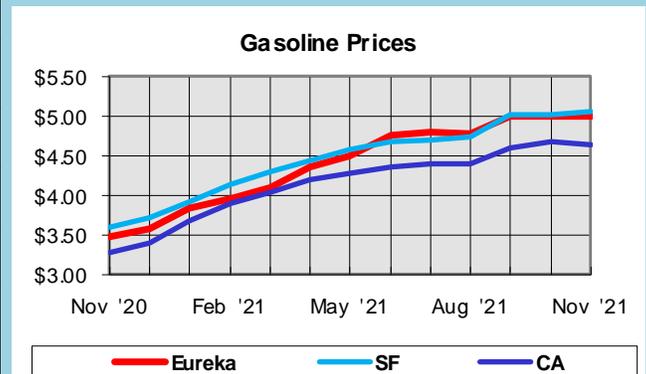
Gasoline Prices

California's average gas price fell in December to \$4.64, a 4-cent decrease from the previous month. Northern California's average price increased 3 cents to a new average of \$5.05, while Eureka's average gas price remained constant for the third consecutive month at \$4.99. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.29 per gallon in 1982-84 dollars.

COVID-19's influence on gasoline prices in the United States continues to grow as the new Omicron variant shook the market and subsequently caused prices to begin to rise. President Biden has taken oil from the National Petroleum Reserves as a countermeasure for the increased costs of both production and sale of oil. This is the first time prices have risen in 2 months since COVID-19's last variant, Delta, caused a similar reaction in crude oil markets. Implied demand for gasoline in the United States has significantly risen to a five-year-high after a lull around the holidays.

Gas Prices		
Prices as of 12/31/2021	Average price*	Change from previous month
Eureka	\$4.99	+\$0.00
Northern California	\$5.05	+\$0.03
California	\$4.64	-\$0.04

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



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 November to a seasonally adjusted Index value of 97.1, down 1.9 percent from the previous month's value of 99.0. Manufacturing employment remained at 2,200 individuals for the second consecutive 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 18th 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 rose 0.3 percentage points to 61.1 percent.

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

The New Export Orders Index fell 0.6 percentage points to 54.0 percent. This is the 17th 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.

Nine industries reported growth in new export orders in the following order: Plastics & Rubber Products; Primary Metals; Miscellaneous Manufacturing; Machinery; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Chemical Products; Transportation Equipment; and Computer & Electronic Products. The only industry reporting a decrease is Paper Products. Six industries reported no change.

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 November, the Electricity Index rose 0.8 percent to a new value of 109.2. The current value is 4.2 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 3.0 percent in November to a new value of 135.2, down 3.8 percent from the value for this time last year. The 4-month moving average fell 1.1 percent to a new value of 135.5.

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 from 111.6 to 109.5. The Expectations Index decreased from 89.0 to 87.6, and the Present Situation Index decreased from 145.5 to 142.5.

"Consumer confidence moderated in November, following a gain in October," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Expectations about short-term growth prospects ticked up, but job and income prospects ticked down. Concerns about rising prices—and, to a lesser degree, the Delta variant—were the primary drivers of the slight decline in confidence. Meanwhile, the proportion of consumers planning to purchase homes, automobiles, and major appliances over the next six months decreased. The Conference Board expects this to be a good holiday season for retailers and confidence levels suggest the economic expansion will continue into early 2022. However, both confidence and spending will likely face headwinds from rising prices and a potential resurgence of COVID-19 in the coming months."

The percentage of consumers expecting business conditions to improve over the next six months rose from 22.7 percent to 24.1 percent, while the percentage of consumers expecting business conditions to worsen fell from 21.9 percent to 20.7 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

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■ ■ ■ *realize human potential*

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