

# Humboldt Economic Index

December 2022

## Our Sponsors:



Professor Erick Eschker, Director

Nick Salgado-Stanley, Assistant Editor

Ellie Bourret, Assistant Analyst

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.

## Home Sales and Gas Prices Fall

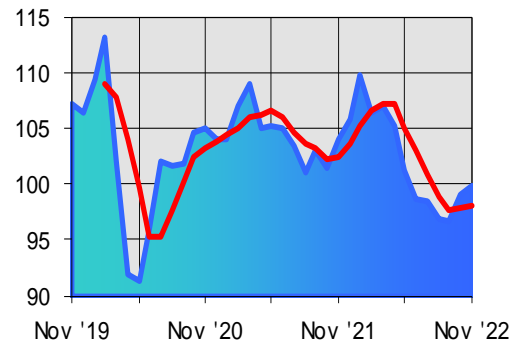
The Composite Index rose to 99.8 in November, up 0.8 percent from the previous month. The Composite Index is down 4.1 percent from this time last year. This month the Retail Sales, Hospitality and Electricity Indices all rose.

The Index of Home Sales fell to 95.0, down 17.3 percent from the previous month, and down 10.9 percent from this time last year. The median home price rose from \$439,500 to \$444,000.

Leading Indicators are mixed in November, with Unemployment Claims down, and Help Wanted Advertising and Building Permits also down.

The seasonally adjusted unemployment rate in Humboldt County increased from 3.7 percent to 3.9 percent. The seasonally adjusted unemployment rate in California increased from 4.0 percent to 4.1 percent. The seasonally adjusted national unemployment rate remained

Composite Index



at 3.7 percent.

The average price per gallon of gas in California decreased from \$4.84 to \$4.36. Northern California's average decreased from \$5.05 to \$4.58. Eureka's average decreased from \$5.13 to \$4.89.

## Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
<b>Composite</b>	<b>99.8</b>	<b>0.8</b>	<b>-4.1</b>	<b>-5.5</b>	<b>-2.6</b>
Home Sales	95.0	-17.3	-26.4	-11.0	-2.4
Retail Sales	135.6	4.1	-8.2	-14.9	-13.8
Hospitality	104.5	4.0	-0.7	3.4	9.2
Electricity	105.8	7.4	-3.1	-2.6	-13.0
Employment	105.9	-0.2	1.0	-3.7	6.9
Lumber*	26.3	0.0	0.0	0.0	-29.2
Manufacturing**	91.4	-3.9	-5.9	-	-

\* 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

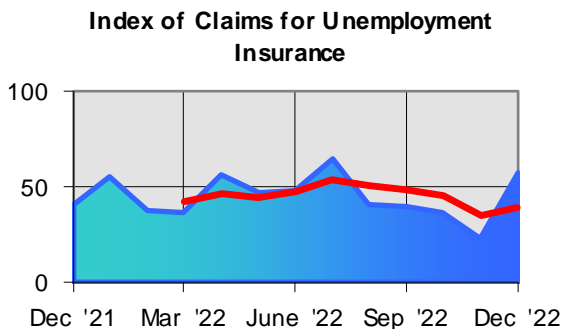
## Leading Indicators

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%	-35.3%	-48.6%	-9.8%
* Change from prior month. All values are seasonally adjusted.			

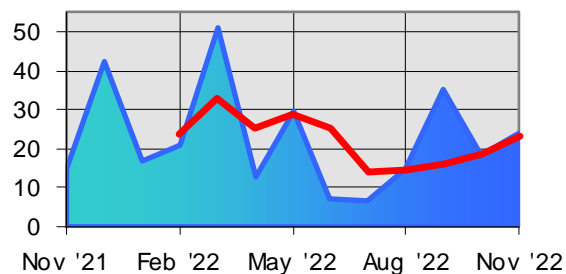
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$444,000	\$2,088	6.13%	3.9%
<p>* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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 35.3 percent to a new Index value of 23.6. The current value is 31.5 percent lower than the value for this time last year. The 4-month moving average fell 22.6 percent to a new average of 55.4.



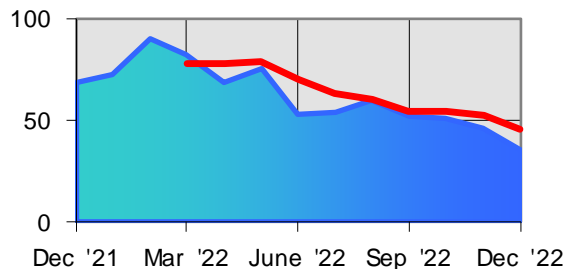
**Building Permits** rose 33.1 percent to a new Index value of 24.2. The current value is 62.5 percent higher than the value for this time last year.

**Index of Building Permits Issued**



**Help Wanted Advertising** fell 9.8 percent to a new Index value of 46.1. The current value is 45.0 percent lower than the value for this time last year. The 3-month moving average fell 8.6 percent to a new value of 49.7. In November there were 460 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 17.3 percent to a new value of 95.0. The present Index value is 10.9 percent lower than the value for this time last year. The 4-month moving average rose by 6.7 percent to a new value of 106.4. The country's median home price increased from \$439,500 to \$444,000. In comparison, the median home price this time last year was \$437,613.

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 smaller year-over-year gain in November compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 8.0 percent and 8.6 percent, respectively. The National Index reported a 9.2 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both reported month-over-month losses of 0.5 percent. The National Index reported a seasonally adjusted decrease of 0.3 percent.

Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "November 2022 marked the fourth consecutive month of declining home prices in the U.S."

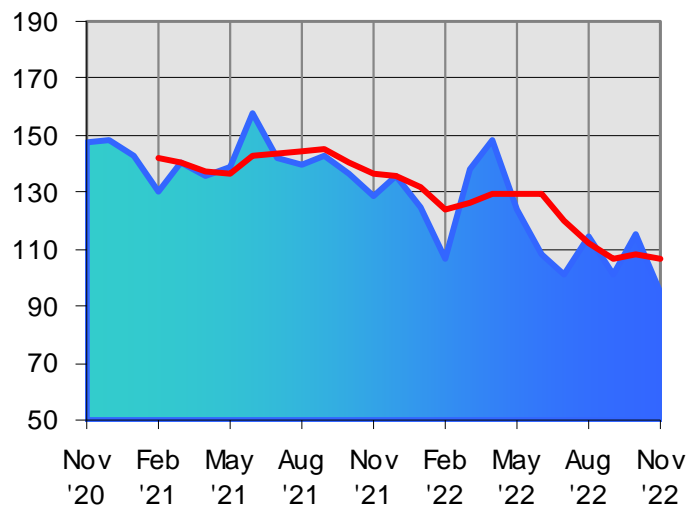
"Despite considerable regional differences, all 20 cities in our October report reflect these trends of short-term decline and medium-term deceleration. Prices

declined in every city in October, with a median change of -0.9%. Year-over-year price gains in all 20 cities were lower in October than they had been in September; the median year-over-year increase across the 20 cities was 8.3%.

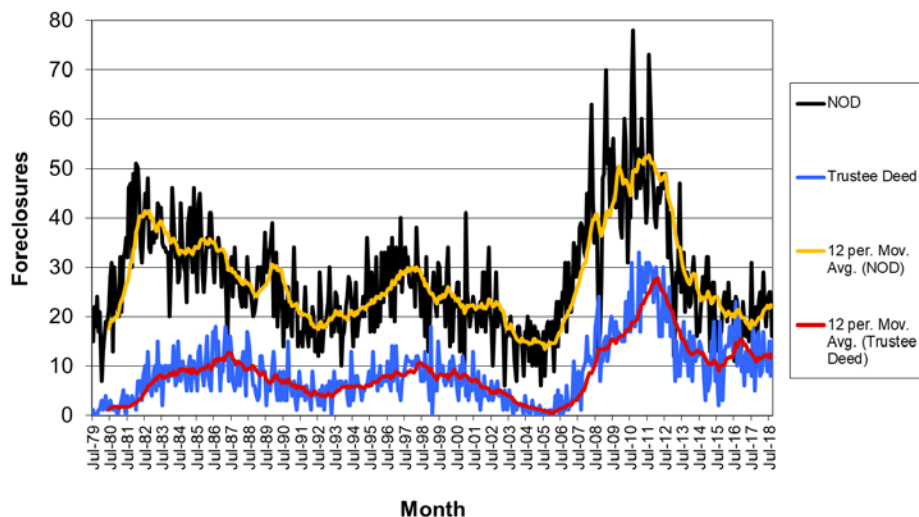
"As the Federal Reserve continues to move interest rates higher, mortgage financing continues to be a headwind for home prices. Given the continuing prospects for a challenging macroeconomic environment, prices may well continue to weaken."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of November 23, was 5.68 percent, down from 6.95 on November 3rd. The average 15-year fixed-rate mortgage was 5.90 percent at the end of November, down from 6.38 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.

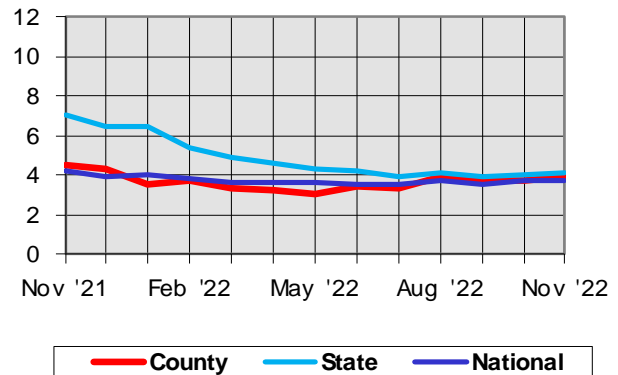
The seasonally adjusted unemployment rate in Humboldt County increased from 3.7 percent to 3.9 percent. The seasonally adjusted unemployment rate in California increased from 4.0 percent to 4.1 percent. The seasonally adjusted national unemployment rate remained at 3.7 percent.

The Employment Development Department of California indicated that in November Humboldt County's estimate of total employment fell by 400 individuals to a total of 58,600. Humboldt County's total unemployment increased by 200 individuals to a total of 2,200.

In the Labor Department's November report, total nonfarm payroll employment rose by 263,000. National employment in leisure and hospitality gained 88,000 jobs, employment in health care rose by 45,000, government gained 42,000 jobs, other services gained 24,000 jobs,

social assistance gained 23,000 jobs, construction employment rose by 20,000 information gained 19,000 jobs, and financial activities' employment rose by 14,000. Employment changed little in mining and wholesale trade.

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 4.0 percent in November to a new value of 104.5. This month's Index value is 4.6 percent lower than the value for this time last year. The 4-month moving average rose 3.5 percent to a current value of 95.6.

## Gasoline Prices

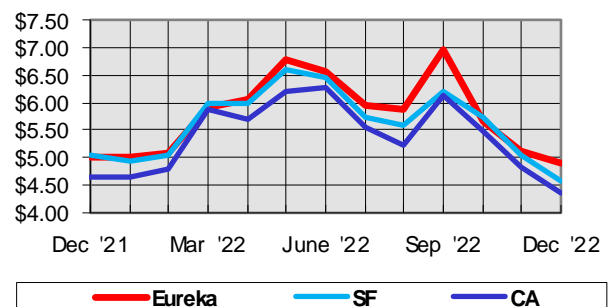
The average price per gallon of gas in California decreased from \$4.84 to \$4.36. Northern California's average decreased from \$5.05 to \$4.58. Eureka's average decreased from \$5.13 to \$4.89.

The end of 2022 brought about one more gas spike as winter storms plagued the nation. When combined with an increase in seasonal driving around the holiday season, the national average reached \$3.22, a 12-cent increase from mid-December. The EIA reports that demand for gasoline rose to 9.2 million barrels of crude oil during the last week of December. Despite this, the national average is 20 cents less than the end of November and 6 cents less than December 2021. Demand and prices may continue to rise in January, though, as the end of the trading session on December 30<sup>th</sup> saw a \$1.86 rise in West Texas Intermediate's share price.

Gas Prices		
Prices as of 12/31/2022	Average price*	Change from previous month
Eureka	\$4.89	-\$0.24
Northern California	\$4.58	-\$0.47
California	\$4.36	-\$0.48

\* 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 shrunk in November to a seasonally adjusted Index value of 91.4, down 3.9 percent from the previous month's value of 95.1. Manufacturing employment remained at 2,600 individuals for the third 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 19<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 November fell 1.2 percentage points to 49.0 percent.

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

The New Export Orders Index rose 1.9 percentage points to 48.4 percent. This is the 4<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 the following order: Nonmetallic Mineral Products; Plastics & Rubber Products; and Food, Beverage & Tobacco Products. The four industries reporting a decrease are: Fabricated Metal Products; Chemical Products; Machinery; and Computer & Electronic Products.

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 7.4 percent to a new value of 105.8. The current value is 9.7 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 4.1 percent in November to a new value of 135.6, down 11.8 percent from the value for this time last year. The 4-month moving average rose 1.7 percent to a new value of 131.4.

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 102.2 to 100.2. The Expectations Index decreased from 77.4 to 75.9, and the Present Situation Index increased from 138.7 to 137.4.

"The Present Situation Index moderated further and continues to suggest the economy has lost momentum as the year winds down. Consumers' expectations regarding the short-term outlook remained gloomy. Indeed, the Expectations Index is below a reading of 80, which suggests the likelihood of a recession remains elevated.

Inflation expectations increased to their highest level since July, with both gas and food prices as the main culprits. Intentions to purchase homes, automobiles, and big-ticket appliances all cooled. The combination of inflation and interest rate hikes will continue to pose challenges to confidence and economic growth into early 2023."

The percentage of consumers expecting business conditions to improve over the next six months rose slightly from 19.6 percent to 19.9 percent, while the percentage of consumers expecting business conditions to worsen fell from 24.3 percent to 22.7 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

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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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The Conference Board - Employment Development Department (CA)  
Freddie Mac - Humboldt Association of Realtors  
Institute for Supply Management – Convenience Store News

Layout & Design: Matt Hawk

**Contact Info:** Erick Eschker can be contacted at [ee3@humboldt.edu](mailto:ee3@humboldt.edu)

[www.humboldt.edu/econindex](http://www.humboldt.edu/econindex)

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