

# Humboldt Economic Index

February 2021

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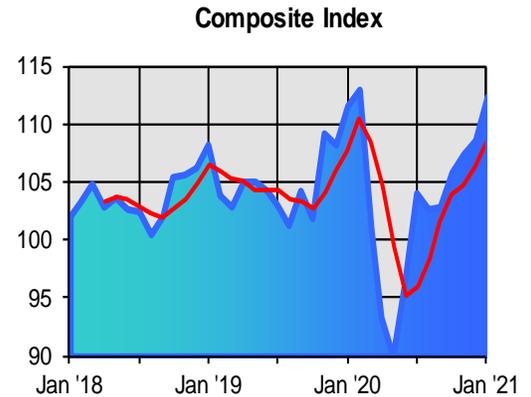
## Energy Sector Updated And Covid-19 Impact Report Released

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

The Energy Sector was updated with the last three year's worth of data. We were unable to obtain data directly from PG&E, but a new data source has kindly agreed to provide monthly data going forward. In January, the Electricity Index fell 0.6 points and stands 2.5 points higher than one year ago. See our expanded coverage of the energy sector at the end of this report, including a link to a new report on the impact of Covid-19 on Humboldt County electricity use.

The Composite Index rose to 108.0 in January, up 3.4 points from the previous month. The Composite Index is up 0.6 points from this time last year. This month the Retail Sales and Hospitality Indices rose, and the Employment and Electricity Indices fell.

The Index of Home Sales rose to 204.4, up 8 points from the previous month, and up 7.8 points from this time last year. The median home price fell



from \$370,000 to \$362,300.

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

The seasonally adjusted unemployment rate in Humboldt County decreased from 7.8 percent to 6.3 percent. The seasonally adjusted national unemployment rate decreased from 6.7 percent to 6.3 percent.

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>108.0</b>	<b>3.4</b>	<b>0.6</b>	<b>6.8</b>	<b>8.1</b>
Home Sales	204.4	8.0	7.8	90.4	87.8
Retail Sales	151.6	2.4	-1.5	-0.4	1.9
Hospitality	123.6	17.9	24.0	31.6	24.7
Electricity	117.6	-0.6	2.5	-4.1	-7.1
Employment	101.7	-1.2	-8.3	-7.0	2.3
Lumber*	26.3	0.0	0.0	0.0	-21.8
Manufacturing**	103.2			-	-

\* 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

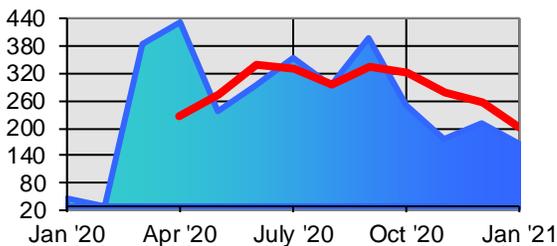
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-23.2%	-36.9%	22.5%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$350,000	\$ 1,990	2.875%	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.			

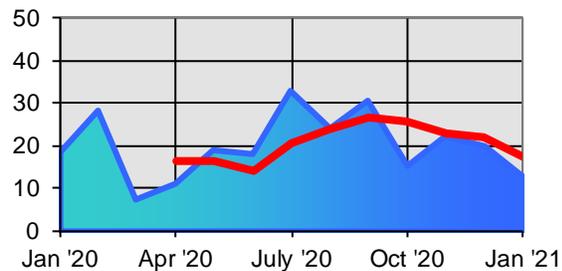
**Unemployment Claims** fell 48.8 points to a new Index value of 161.6. The current value is 115.5 points higher than the value for this time last year. The 4-month moving average fell 58.9 points to a new average of 199.9.

Index of Claims for Unemployment Insurance



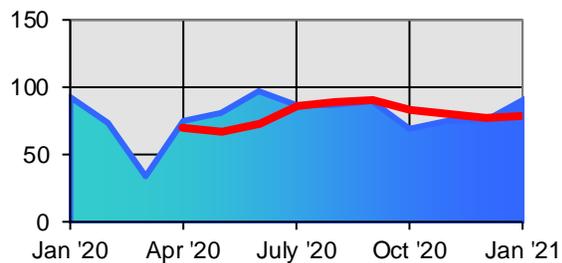
**Building Permits** fell 7.3 points to a new Index value of 12.5. The current value is 6.3 points lower than the value for this time last year.

Index of Building Permits Issued



**Help Wanted Advertising** rose 16.9 points to a new Index value of 92.2. The current value is 1.2 points lower than the value for this time last year. The 3-month moving average rose 7.4 points to a new value of 81.0. In January there were 379 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 January rose 8 points to a new value of 204.4. The present Index value is 7.8 points higher than the value for this time last year. The country's median home price decreased from \$370,000 to \$362,300. In comparison, the median home price this time last year was \$308,000.

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 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 December compared to the previous month. The National Index reported year-over-year gains of 10.4 percent, up from 9.5 percent the previous month. The 10-City Composite reported annual gains of 9.8 percent, up from 8.9 percent the previous month, and the 20-City Composite reported annual gains of 10.1 percent, up from 9.2 percent the previous month.

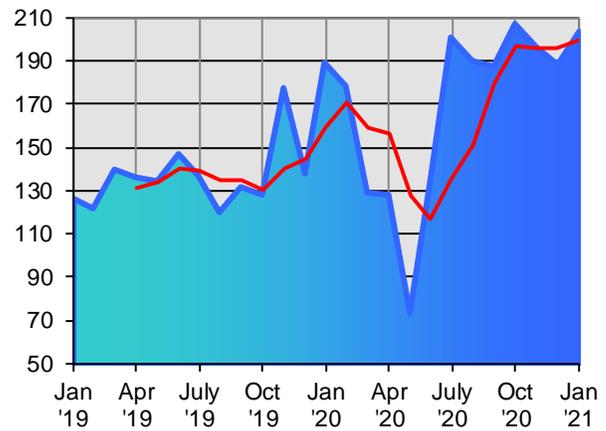
After seasonal adjustment, the National Index posted a month-over-month increase of 1.3 percent. The 10-City and 20-City Composites posted increases of 1.2 percent and 1.3 percent respectively.

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. 18 of the 19 cities reported higher price increases in the year ending December 2020 versus the year ending November 2020.

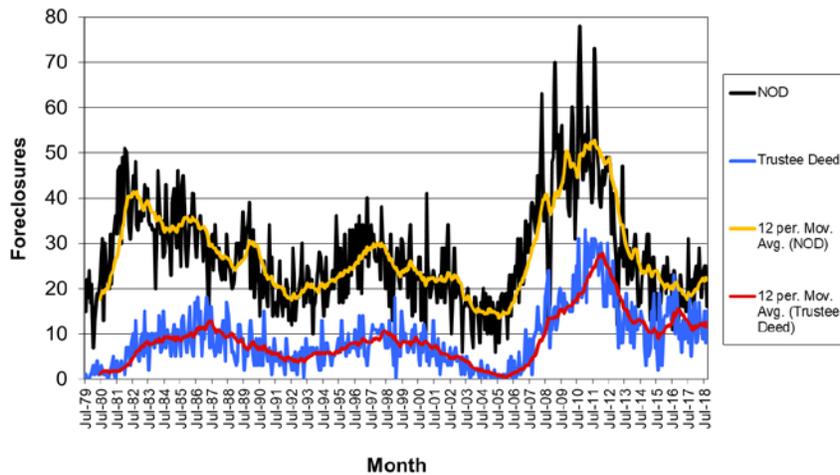
Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P DJI, notes that 2020's gain of 10.4 percent marks the best performance of housing prices in a calendar year since 2013. "These data are consistent with the view that COVID has encouraged potential buyers to move from urban apartments to suburban homes. This may indicate a secular shift in housing demand, or may simply represent an acceleration of moves that would have taken place over the next several years anyway. Future data will be required to address that question."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of February 25, was 2.97 percent, up from 2.73 on January 28. The average 15-year fixed-rate mortgage was 2.34 percent at the end of February, up from 2.20 in January.

**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.

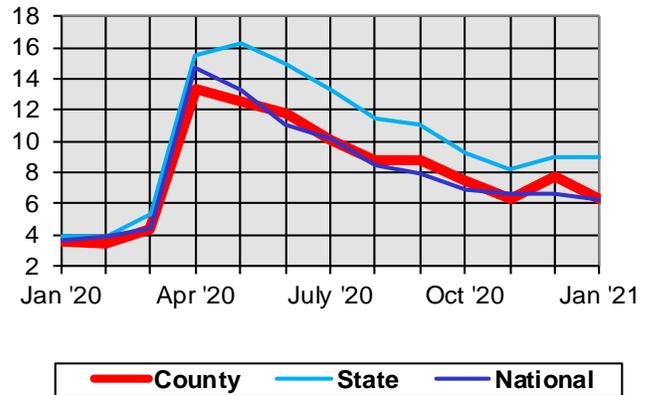
The Total County Employment Index decreased 1.2 points to a new Index value of 101.7. The seasonally adjusted unemployment rate in Humboldt County decreased from 7.8 percent to 6.3 percent. The seasonally adjusted unemployment rate in California decreased remained constant at 9.0 percent. The seasonally adjusted national unemployment rate decreased from 6.7 percent to 6.3 percent.

The Employment Development Department of California indicated that in January Humboldt County's estimate of total employment fell by 100 individuals to a total of 54,400. Humboldt County's total unemployment decreased by 100 individuals to an estimated total of 4,300 in January.

In the Labor Department's January report, total nonfarm payroll employment rose slightly by 49,000.

National employment increased in professional and business services, government, wholesale trade, and mining and logging. National employment decreased in education and health services, leisure and hospitality, retail trade, transportation and warehousing, manufacturing, and construction.

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 January from 94.1 to a new value of 98.9. This month's Index value is 24.7 points lower than the value for this time last year. The 4-month moving average rose 5.2 points to a current value of 90.6.

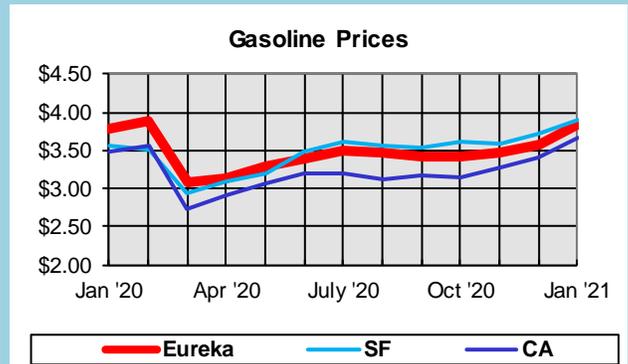
## Gasoline Prices

California's average gas price increased 27 cents to \$3.67. Northern California's average gas price increased 19 cents to \$3.91. Eureka's average gas price increased 27 cents to \$3.84. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.69 per gallon in 1982-84 dollars.

Gasoline prices surged across the country in February as crude oil futures reached their highest prices in over a year. The rising prices can be attributed to a combination of factors, including unusual winter weather disrupting production in Texas, vaccines being widely distributed across the country prompting more economic activity, and OPEC+ continuing to adhere to production cuts established in December. OPEC+ will meet in early March to discuss increasing output. The EIA reports that total petroleum stockpiles and U.S. crude imports fell to 4.6 million barrels a day, the lowest since February 1996.

Gas Prices		
Prices as of 2/28/2021	Average price*	Change from previous month
Eureka	\$3.84	+\$0.27
Northern California	\$3.91	+\$0.19
California	\$3.67	+\$0.27

\* 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

## 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 103.2 in January, up 0.6 points from the previous month's value of 99.3. Manufacturing employment remained at 2,100 individuals for the 9th consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in January economic activity in the manufacturing sector expanded, while the overall economy grew for the eighth 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 fell 1.8 percentage points in January to 58.7 percent.

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

The New Export Orders Index fell 2.6 percentage points in January 54.9 percent. This is the seventh 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: Plastics & Rubber Products; Primary Metals; Fabricated Metal Products; Machinery; Electrical Equipment, Appliances & Components; Transportation Equipment; Computer & Electronic Products; Chemical Products; Miscellaneous Manufacturing; and Food, Beverage & Tobacco Products. One industry, Paper Products, reported a decrease. Seven 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.

## 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 3.6 points in January to a new value of 151.6. This month the Index is down 2.3 points from the value for this time last year. The 4-month moving average rose 3.0 points to a new value of 143.2.

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 rose in January by 2.2 points to a current index value of 89.3. The Expectations Index rose 5.5 points to a new value of 92.5, and the Present Situation Index fell 2.8 points to a new value of 84.4.

"Consumers' appraisal of present-day conditions weakened further in January, with COVID-19 still the major suppressor," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' expectations for the economy and jobs, however, advanced further, suggesting that consumers foresee conditions improving in the not-too-distant future. In addition, the percent of consumers who said they intend to purchase a home in the next six months improved, suggesting that the pace of home sales should remain robust in early 2021."

In January, the percentage of consumers expecting business conditions to improve over the next six months increased from 29.5 percent to 33.7 percent. The percentage of consumers expecting business conditions to worsen decreased from 22.0 percent to 18.1 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 – Individual Sectors

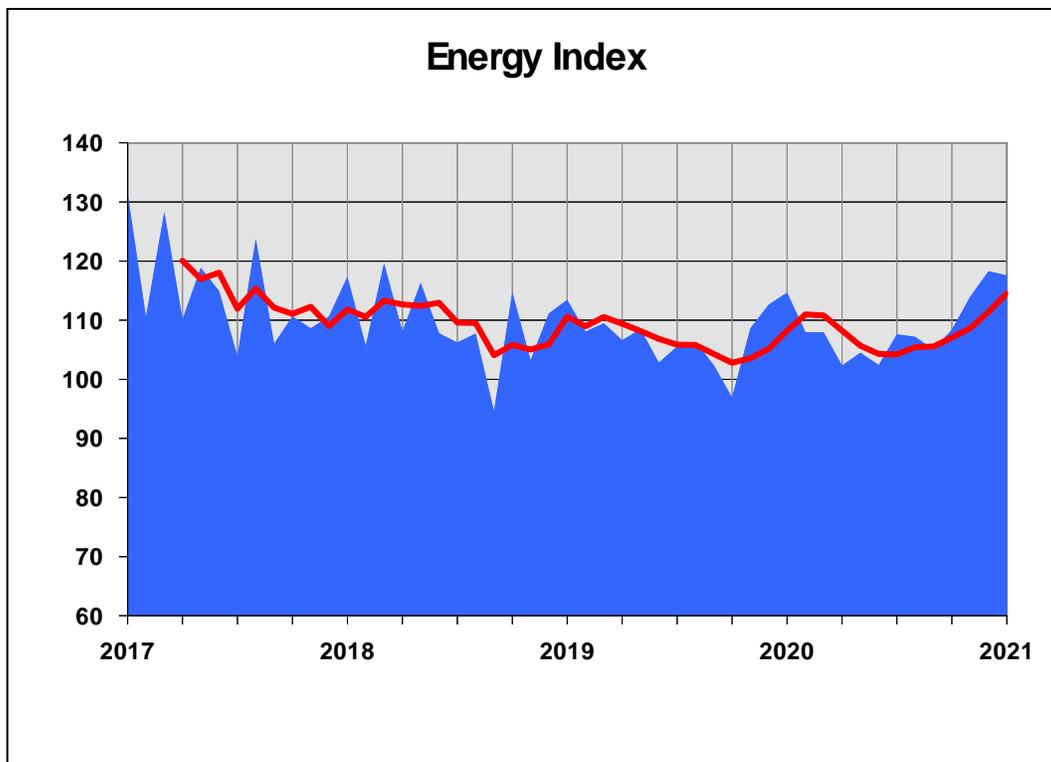
## Electricity Consumption

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.

The Energy sector was last updated three years ago. Historically, we reported monthly data on a quarterly basis. We are happy to say that we have secured an alternate data provider who will give us monthly electricity updates in the future. Below we graph the Energy index, along with its four month moving average, from 2017 to today.

Electricity use in January is about the same as in the spring, 2018, although there have been ups and downs in use. The red series in the graph below shows the 3 month moving average of electricity use. There was a noticeable bump in electricity use at the beginning of 2020, followed by a noticeable drop in use in the middle of 2020. Covid-19 played a role in this drop in electricity use.

In the summer 2020, HSU Economists completed a study for the Redwood Coast Energy Authority about the impacts of Covid-19 on electricity consumption in Humboldt County. Electricity use was below predicted amounts from the end of March, 2020 through the end of July (the dates of the project). However, the change in electricity use varied by sector. Hotels and Motels saw large drops. Residential use, perhaps unsurprisingly, actually rose at the beginning of shelter in place orders. The report can be found at [https://econindex.humboldt.edu/sites/default/files/covid-19\\_and\\_electricity\\_in\\_humboldt\\_county.pdf](https://econindex.humboldt.edu/sites/default/files/covid-19_and_electricity_in_humboldt_county.pdf).



# 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*

#### Cited References:

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Freddie Mac - Humboldt Association of Realtors  
Institute for Supply Management – World Oil – U.S. 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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