

Humboldt Economic Index

February 2022

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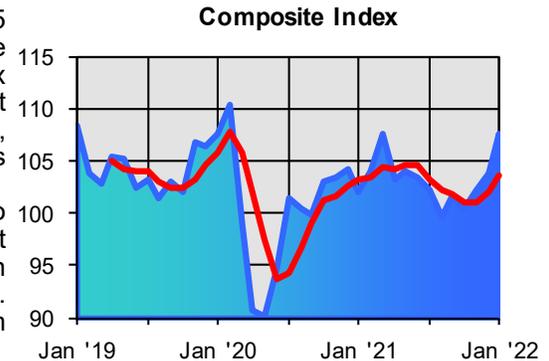
2022 Brings Higher Cost of Living

The Composite Index rose to 107.5 in January, up 3.5 percent from the previous month. The Composite Index is up 5.3 percent from this time last year. This month the Retail Sales, Employment and Hospitality Indices rose. The Electricity Index fell.

The Index of Home Sales fell to 125.0 in January, down 8.0 percent from the previous month, and down 12.4 percent from this time last year. The median home price fell from \$440,000 to \$425,000.

Leading Indicators are mostly up in January. Unemployment Claims and Help Wanted Advertising are up, while Building Permits are down.

The seasonally adjusted unemployment rate in Humboldt County decreased from 4.3 percent to 3.5 percent. The seasonally adjusted unemployment rate in California remained at 6.5 percent. The seasonally adjusted national unemployment rate increased from 3.9



percent to 4.0 percent.

The average price per gallon of gas in California increased from \$4.63 to \$4.80 in February. Northern California's average increased from \$4.95 to \$5.04. Eureka's average increased from \$4.99 to \$5.09.

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	107.5	3.5	5.3	1.9	5.8
Home Sales	125.0	-8.0	-12.4	6.2	13.3
Retail Sales	144.8	6.8	-4.5	-5.0	-4.1
Hospitality	121.0	15.4	48.1	49.0	60.4
Electricity	115.0	-1.1	-2.2	-12.4	-15.8
Employment	107.9	2.1	6.1	-2.2	7.4
Lumber*	26.3	0.0	0.0	0.0	-23.3
Manufacturing**	91.0	-3.2	-11.8	-	-

* 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

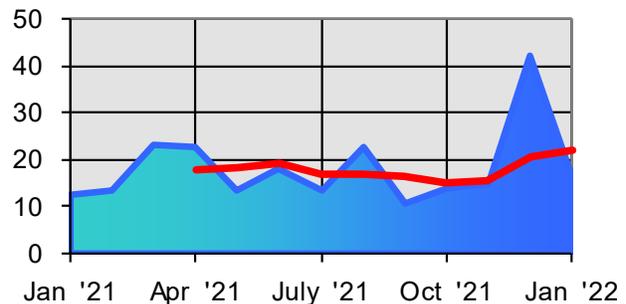
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	33.9%	-60.4%	23.3%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$425,000	\$ 2,153	3.750%	3.5%
<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>			

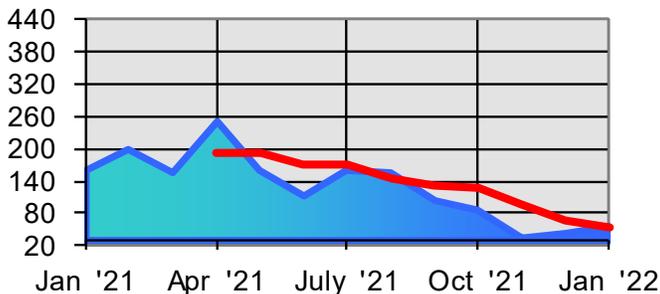
Building Permits fell 60.4 percent to a new Index value of 16.7. The current value is 33.3 percent higher than the value for this time last year.

Index of Building Permits Issued



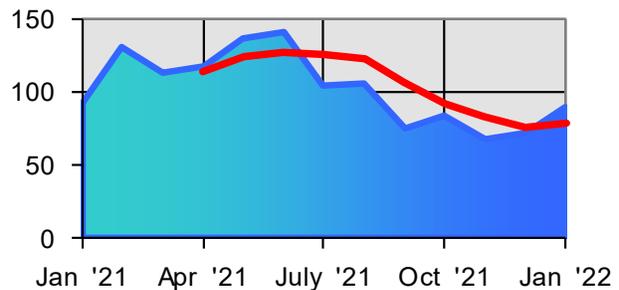
Unemployment Claims rose 33.9 percent to a new Index value of 55.5. The current value is 65.6 percent lower than the value for this time last year. The 4-month moving average fell 18.6 percent to a new average of 54.7.

Index of Claims for Unemployment Insurance



Help Wanted Advertising rose 23.3 percent to a new Index value of 89.8. The current value is 2.6 percent lower than the value for this time last year. The 3-month moving average rose 2.7 percent to a new value of 77.1. In January there were 369 unique job postings on Craigslist.

Index of Help Wanted Advertising



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.

Manufacturing Orders are not available this month.

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 fell 27.4 percent to a new value of 85. The present Index value is 12.4 percent lower than the value for this time last year. The 4-month moving average fell by 29.8 percent to a new value of 85. The country's median home price decreased from \$440,000 to \$425,000. In comparison, the median home price this time last year was \$363,200.

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 the same year-over-year gain in December compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 17.0 percent and 18.6 percent, respectively. The National Index reported an 18.8 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 1.4 percent and 1.5 percent, respectively. The National Index reported a seasonally adjusted increase of 1.3 percent.

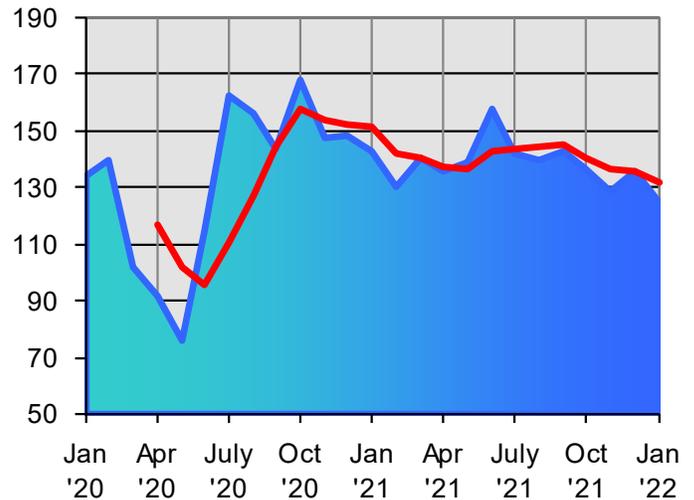
Craig J. Lazzara, Managing Director at S&P DJI, notes the rise in home sales, "We have noted that for the past several months, home prices have been rising at a very high, but decelerating rate... We continue to see very strong growth at the city level. All 20 cities saw price increases in 2021, and prices in all 20 are at their

all-time highs.

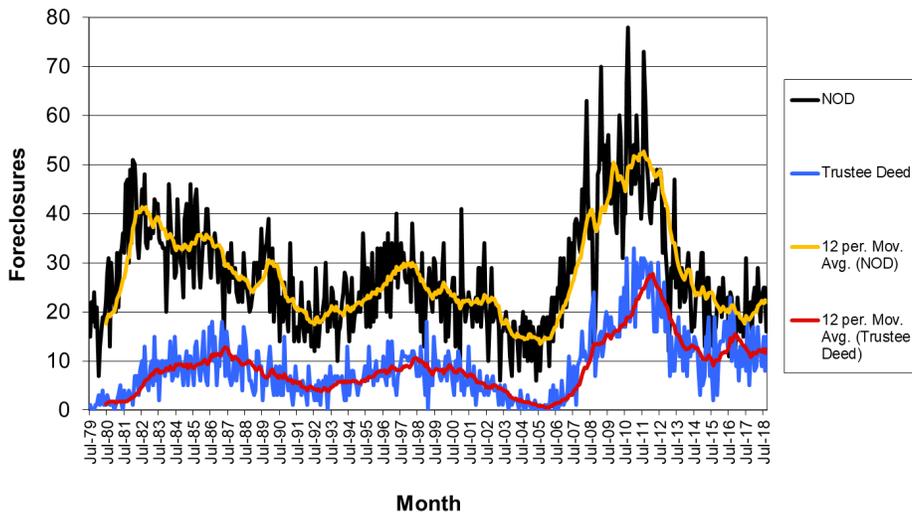
"The macroeconomic environment is evolving rapidly. Declining COVID cases and a resumption of general economic activity has stoked inflation, and the Federal Reserve has begun to increase interest rates in response. We may soon begin to see the impact of increasing mortgage rates on home prices."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of January 27, was 3.55 percent, up from 3.11 on December 30. The average 15-year fixed-rate mortgage was 2.80 percent at the end of January, up from 2.33.

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.

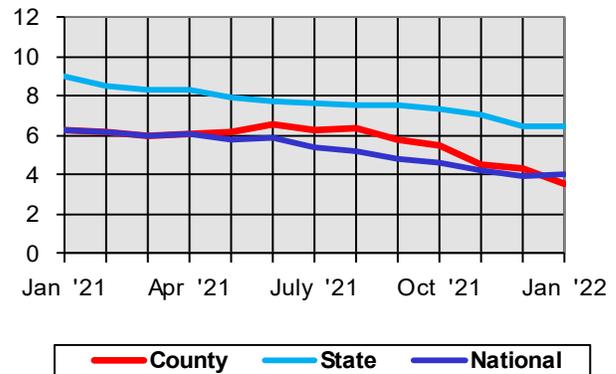
The Total County Employment Index increased 2.3 percent to a value of 112.5 in January. The seasonally adjusted unemployment rate in Humboldt County decreased from 4.3 percent to 3.5 percent. The seasonally adjusted unemployment rate in California remained at 6.5 percent. The seasonally adjusted national unemployment rate increased from 3.9 to 4.0 percent.

The Employment Development Department of California indicated that in January Humboldt County's estimate of total employment decreased by 1,000 individuals to a total of 55,900. Humboldt County's total unemployment increased by 400 individuals to a total of 2,800.

In the Labor Department's January report, total nonfarm payroll employment rose by 467,000. National employment in leisure and hospitality gained 151,000 jobs, professional and business services gained 86,000,

retail trade gained 61,000, transportation and warehousing gained 54,000, local government education gained 29,000, health care gained 18,000, and wholesale trade gained 16,000. Employment in mining, construction, manufacturing, information, financial activities, and other services showed little month-over-month 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 15.4 percent in January to a new value of 121.0. This month's Index value is 48.1 percent higher than the value for this time last year. The 4-month moving average rose 6.7 percent to a current value of 106.7

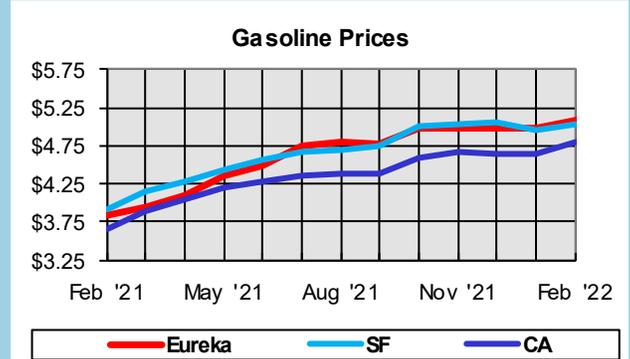
Gasoline Prices

California's average gas price rose in February to \$4.80, a 17-cent increase from the previous month. Northern California's average price increased 9 cents to a new average of \$5.04, while Eureka's average gas price rose by 10 cents to a new average of \$5.09. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.31 per gallon in 1982-84 dollars.

National gas prices are continuing to rise, even surpassing the September 2012 record for highest national prices of \$3.60. This benchmark has long been passed in states like California where gasoline per gallon is higher than the national average. Similarly, West Texas Intermediate crude, the largest domestic provider of crude petroleum, recorded sales at \$116 per barrel, just shy of the 2008 recession record. Experts argue that high prices at the pump are the only remedy to high supply costs, especially that of petroleum. Wells Fargo estimates that a national average of \$4.60 is the tipping point to discourage enough consumers and allow the market to return to previous prices. It is also predicted that the lack of Russian oil and refinement will continue to drive prices up, possibly increasing demand destruction in crude oil markets.

Gas Prices		
Prices as of 2/ 28/ 2022	Average price*	Change from previous month
Eureka	\$5.09	+\$0.10
Northern California	\$5.04	+\$0.09
California	\$4.80	+\$0.17

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csa.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 January to a seasonally adjusted Index value of 91.0, down 3.2 percent from the previous month's value of 94.0. Manufacturing employment remained at 2,200 individuals for the fourth 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 20th 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 January fell 1.2 percentage points to 57.6 percent.

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

The New Export Orders Index rose 0.1 percentage point to 53.7 percent. This is the 19th 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 eight reported growth in new export orders in the following order: Miscellaneous Manufacturing; Plastics & Rubber Products; Primary Metals; Machinery; Food, Beverage & Tobacco Products; Computer & Electronic Products; Transportation Equipment; and Chemical Products. The two industries reporting a decrease are: Wood Products; and Paper Products. 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.

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 January, the Electricity Index fell 1.1 percent to a new value of 115.0. The current value is 2.2 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 6.8 percent in January to a new value of 144.8, down 4.5 percent from the value for this time last year. The 4-month moving average rose 0.7 percent to a new value of 136.7.

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 January from 115.2 to 113.8. The Expectations Index decreased from 95.4 to 90.8, and the Present Situation Index increased from 144.8 to 148.2.

"Consumer confidence moderated in January, following gains in the final three months of 2021," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Concerns about inflation declined for the second straight month but remain elevated after hitting a 13-year high in November 2021. Concerns about the pandemic increased slightly, amid the ongoing Omicron surge. Looking ahead, both confidence and consumer spending may continue to be challenged by rising prices and the ongoing pandemic."

The percentage of consumers expecting business conditions to improve over the next six months fell from 25.4 percent to 23.8 percent, while the percentage of consumers expecting business conditions to worsen rose from 18.6 percent to 19.0 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

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*

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Layout & Design: Matt Hawk

Contact Info: Erick Eschker can be contacted at ee3@humboldt.edu

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