

# Humboldt Economic Index

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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.

February 2024

## Rising Gas Prices Met With Consumer Optimism

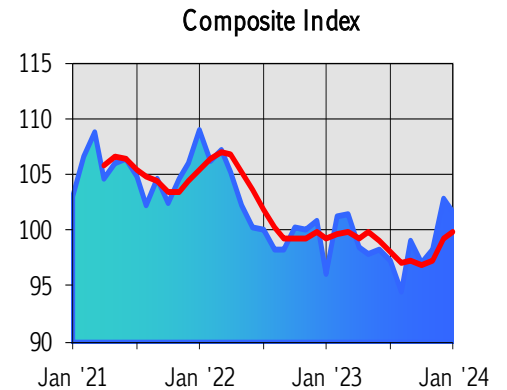
The Composite Index fell to 101.6 since December. The Composite Index is up 5.8 percent from this time last year. This month the Retail Sales, Hospitality, and Electricity all rose.

The Index of Home Sales fell to 82.4, down 26.4 percent from the previous month, and up 7.7 percent from this time last year. The median home price fell from \$425,000 to \$395,000.

Leading Indicators are showing positive in January.

The seasonally adjusted unemployment rate in Humboldt County remained at 5.2 percent. The seasonally adjusted unemployment rate in California remained at 5.1 percent. The seasonally adjusted national unemployment rate remained at 3.7 percent.

The average price per gallon of gas in California increased from \$4.55 to \$4.82. Northern California's average



increased from \$4.76 to \$5.02. Eureka's average increased to \$5.29.

Composite & Sectors					
Index	Value***	Percent change from			
		Last Month	One Year ago****	Five Years ago****	Ten Years ago****
<b>Composite</b>	<b>101.6</b>	<b>-1.1</b>	<b>5.8</b>	<b>-8.5</b>	<b>-1.2</b>
Home Sales	82.4	-26.9	7.7	-35.6	-22.2
Retail Sales	159.8	8.0	-1.8	-2.1	-5.6
Hospitality	103.1	6.5	72.8	-6.3	14.8
Electricity	101.2	3.2	-2.9	-10.8	-23.4
Employment	105.4	-4.7	-0.2	-7.2	6.8
Lumber*	26.3				
Manufacturing**					

\* 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

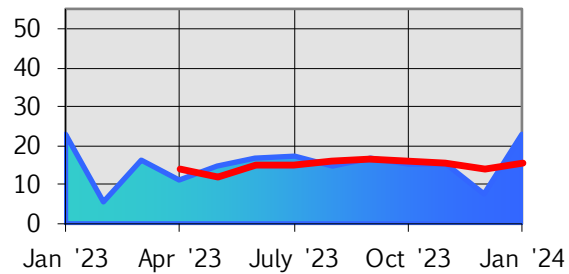
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
N/A	-16.4%	208.6%	63.9%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$395,000	\$2,054	6.75%	5.2%
* 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.			

**Building Permits** rose 208.6 percent to a new Index value of 22.9. The current value is the same as the value for this time last year.

Index of Building Permits Issued

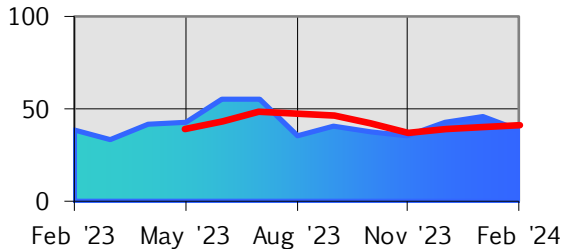


**Help Wanted Advertising** rose 63.9 percent to a new Index value of 67.9. The current value is 11.6 percent higher than the value for this time last year. The 3-month moving average rose 17.2 percent to a new average of 54.5.

**Manufacturing Orders** are not available this month.

**Unemployment Claims** fell 16.4 percent to a new Index value

Index of Claims for Unemployment Insurance



of 35.8.

**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 fell 26.9 percent to a new value of 82.4. The present Index value is 7.7 percent higher than the value for this time last year. The 4-month moving average fell by 4.8 percent to a new value of 93.8. The country's median home price increased from \$425,000 to \$395,000. In comparison, the median home price this time last year was \$392,500.

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 larger year-over-year gain in January compared to the previous month. The 10-City and 20-City Composites reported year-over-year increases of 7.4 and 6.2, respectively. The National Index reported a 6.0 percent annual gain over the same period. After seasonal adjustment, the U.S. National Index, the 20-City Composite, and the 10-City Composite all posted month-over-month increases of 0.4%, 0.1%, and 0.2% respectively.

Brian D. Luke, Head of Commodities, Real & Digital Assets at S&P Dow Jones Indices, said, "U.S. home prices continued to drive higher.

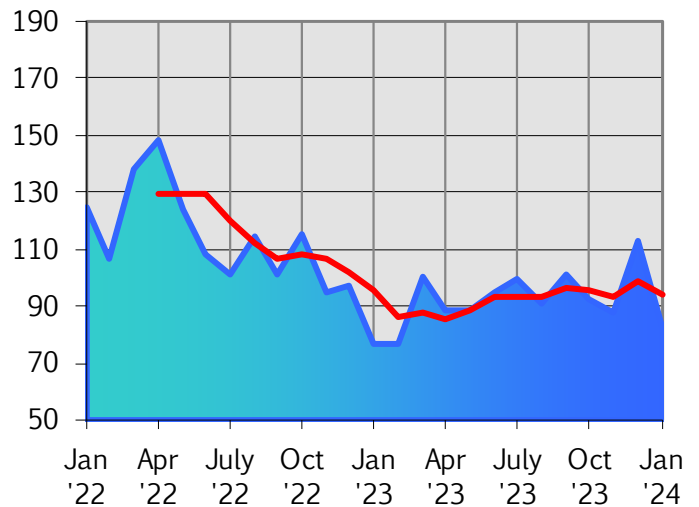
"Our National Composite rose by 6% in January, the fastest annual rate since 2022. Stronger gains came from our 10- and 20-City Composite indices, rising 7.4%

and 6.6%, respectively. For the second consecutive month, all cities reported increases in annual prices, with San Diego surging 11.2%. On a seasonal adjusted basis, home prices have continued to break through previous all-time highs set last year."

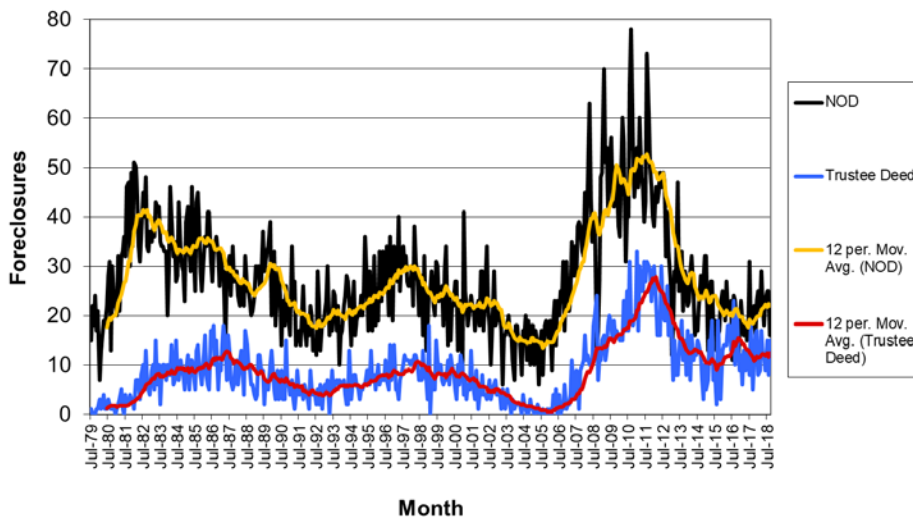
"Homeowners most likely saw healthy gains in the last year, no matter what city you were in, or if it was in an expensive or inexpensive neighborhood. No matter which way you slice it, the index performance closely resembled the broad market."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of January 25, was 6.69 percent, higher than its score of 6.62 on January 4<sup>th</sup>. The average 15-year fixed-rate mortgage was 5.96 percent at the end of January, up from 5.89 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.

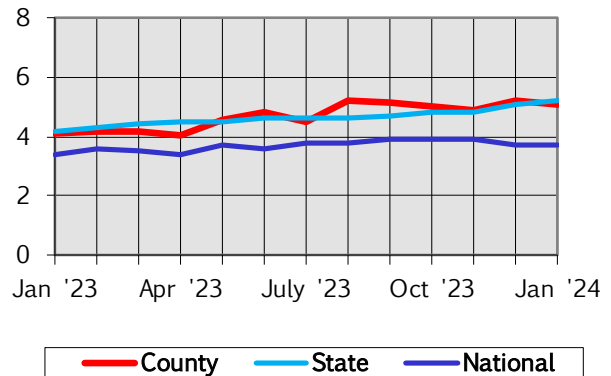
The seasonally adjusted unemployment rate in Humboldt County remained at 5.2 percent. The seasonally adjusted unemployment rate in California remained at 5.1 percent. The seasonally adjusted national unemployment rate remained at 3.7 percent.

The Employment Development Department of California indicated that in January Humboldt County's preliminary estimate of total employment rose by 200 individuals to a total of 60,100. Humboldt County's total unemployment increased to 3,500 individuals from 2,700.

In the Labor Department's August report, total nonfarm payroll employment rose by 353,000. Professional and business services employment increased by 74,000, health care added 70,000 jobs, retail trade employment grew by 40,000 positions, the government sector added 36,000 positions, social

assistance added 30,000 jobs, manufacturing employment grew by 23,000 and employment in information rose by 15,000. Employment showed little change over the month in other major industries, including construction, wholesale trade, transportation and warehousing, financial activities, leisure and hospitality, and other services.

Unemployment Percentage Rates



## Hospitality

The Index value of the hospitality sector is based on seasonally adjusted average monthly occupancy at a cross-section of local hotels, motels, and inns.

The Hospitality Index rose to 103.1 in January.

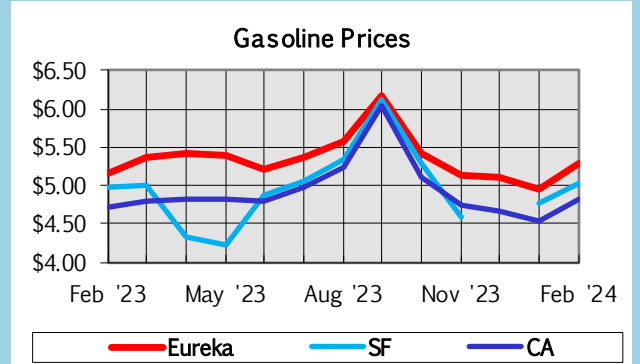
## Gasoline Prices

The average price per gallon of gas in California increased from \$4.55 to \$4.82. Northern California's average increased from \$4.76 to \$5.02. Eureka's average increased from \$4.94 to \$5.29.

The national average for the gallon of gas reached its most expensive price in 2024 at the end of February at \$3.31. The peak of \$4.71 is found in Hawaii with California just one cent behind. These high prices are lower than February of 2023 and 2022, however, not coming close to the record high in June 2022 over \$5. The causes behind the prices are continuously posited to international conflicts in Ukraine and consequential embargoes of Russian crude oil.

Gas Prices		
Prices as of March 1.	Average price*	Change from previous month
Eureka	\$5.29	+\$0.35
Northern California	\$5.02	+\$0.26
California	\$4.82	+\$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 employment remained at 2,600 individuals for the twelfth consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in January economic activity in the manufacturing sector contracted for the third 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 August fell 1.0 percentage points to 47.4 percent.

The two manufacturing industries that reported growth in January are: Miscellaneous Manufacturing; and Transportation Equipment. The 15 industries reporting contraction in January, in the following order, are: Wood Products; Textile Mills; Paper Products; Furniture & Related Products; Apparel, Leather & Allied Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Primary Metals; Nonmetallic Mineral Products; Fabricated Metal Products; Chemical Products; Machinery; Food, Beverage & Tobacco Products; Petroleum & Coal Products; and Computer & Electronic Products.

The New Export Orders Index rose 3.2 percentage points to 49.4 percent. This is the 6<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.

Four industries reported growth in new export orders in January: Nonmetallic Mineral Products; Wood Products; Printing & Related Support Activities; and Fabricated Metal Products. The six industries reporting a decrease in new export orders in January — in the following order — are: Chemical Products; Plastics & Rubber Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Machinery; and Transportation Equipment. Seven industries reported no change in new export orders in January compared to December.

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 rose 3.2 percent to a new value of 101.2. The current value is 2.9 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 8.0 percent in January to a new value of 159.8, down 1.8 percent from the value for this time last year. The 4-month moving average rose 1.5 percent to a new value of 147.1.

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 increased in January from 108.0 to 114.8. The Expectations Index increased from 81.9 to 83.8, and the Present Situation Index increased from 147.3 to 161.3.

"January's increase in consumer confidence likely reflected slower inflation, anticipation of lower interest rates ahead, and generally favorable employment conditions as companies continue to hoard labor," said Dana Peterson, Chief Economist at The Conference Board.

"The gain was seen across all age groups, but largest for consumers 55 and over. Likewise, confidence improved for all incomes groups except the very top; only households earning \$125,000+ saw a slight dip. January's write-in responses revealed that consumers remain concerned about rising prices although inflation expectations fell to a three-year low. Buying plans dipped in January, but consumers continued to rate their income and personal finances favorably currently and over the next six months. Consumers' Perceived Likelihood of a US Recession over the Next 12 Months continued to gradually ease in January, consistent with an Expectations Index rising above 80."

The percentage of consumers expecting business conditions to improve over the next six months fell from 18.7 to 16.6 while the percentage of consumers expecting business conditions to worsen fell from 17.8 to 16.0.

## 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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