

Humboldt Economic Index

January 2022

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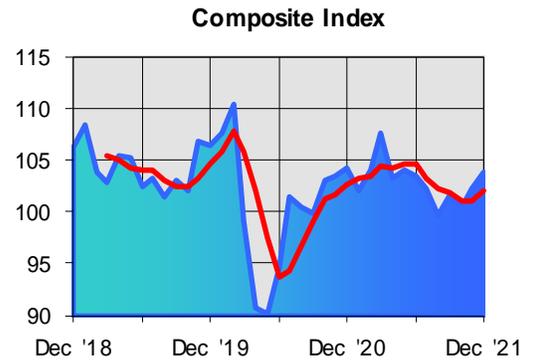
Unemployment continues to fall steadily

The Composite Index rose to 103.9 in December, up 1.6 percent from the previous month. The Composite Index is down 0.3 percent from this time last year. This month the Retail Sales, Employment and Electricity Indices rose, while the Hospitality Index fell.

The Index of Home Sales rose to 135.8, up 5.3 percent from the previous month, and down 8.6 percent from this time last year. The median home price rose from \$437,613 to \$440,000.

Leading Indicators all rose in December. Unemployment Claims, Help Wanted Advertising and Building Permits are up.

The seasonally adjusted unemployment rate in Humboldt County decreased from 4.5 percent to 4.3 percent. The seasonally adjusted unemployment rate in California decreased from 7.0 percent to 6.5 percent. The seasonally adjusted



national unemployment rate decreased from 4.2 percent to 3.9 percent.

The average price per gallon of gas in California decreased from \$4.64 to \$4.63. Northern California's average decreased from \$5.05 to \$4.95. Eureka's average remained constant at \$4.99 for the fourth consecutive month.

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	103.9	1.6	-0.3	-2.6	4.1
Home Sales	135.8	5.3	-8.6	15.8	28.6
Retail Sales	135.6	0.3	-8.4	-11.9	-9.8
Hospitality	104.8	-0.4	12.1	4.8	16.8
Electricity	116.3	6.5	-1.7	-5.1	-2.0
Employment	105.6	0.8	2.7	-2.7	7.6
Lumber*	26.3	0.0	0.0	0.0	-17.6
Manufacturing**	94.0	-3.2	-5.4	-	-

* 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

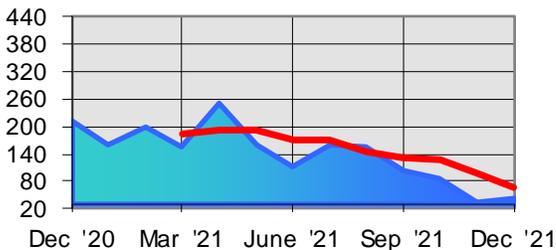
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	20.3%	183.1%	6.1%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$440,000	\$1,943	3.375%	4.3%
* 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.			

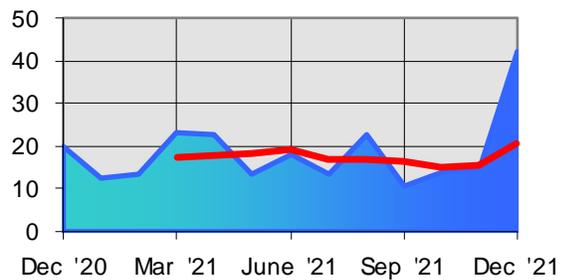
Unemployment Claims rose 20.3 percent to a new Index value of 41.5. The current value is 80.3 percent lower than the value for this time last year. The 4-month moving average fell 29.6 percent to a new average of 67.1

Index of Claims for Unemployment Insurance



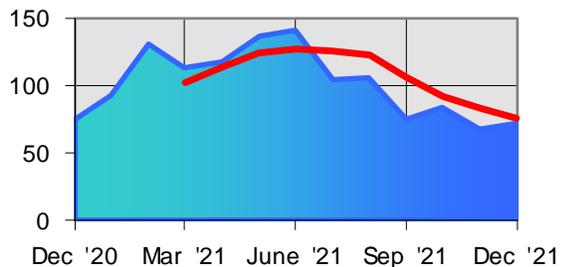
Building Permits rose 183.1 percent to a new Index value of 42.1. The current value is 112.5 percent higher than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 6.1 percent to a new Index value of 72.8. The current value is 3.3 percent lower than the value for this time last year. The 3-month moving average fell 1.3 percent to a new value of 75.1. In December there were 327 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 December rose 5.3 percent to a new value of 135.8. The present Index value is 8.6 percent lower than the value for this time last year. The 4-month moving average fell by 0.6 percent to a new value of 136.0. The country's median home price rose from \$437,613 to \$440,000. In comparison, the median home price this time last year was \$370,000.

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 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 16.8 percent and 18.3 percent, respectively. The National Index reported a 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 1.1 percent and 1.2 percent, respectively. The National Index reported a seasonally adjusted increase of 1.1 percent.

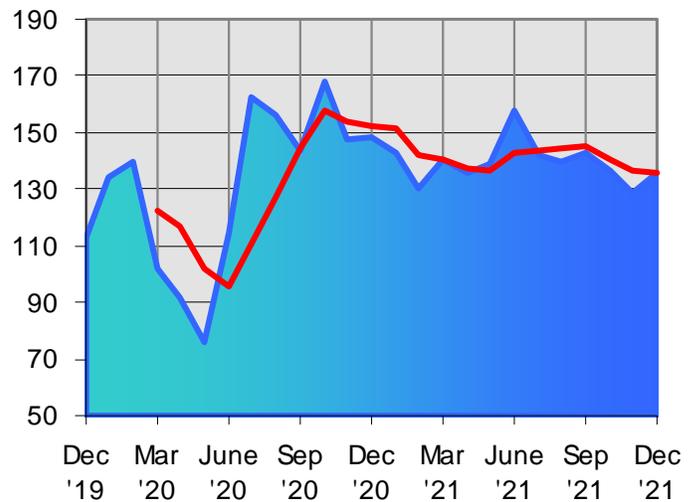
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "For the past several months, home prices have been rising at a very high, but decelerating, rate. That trend continued in November 2021." The November year-over-year gains were higher than those in October. "Despite this deceleration, it's important to remember that November's 18.8% gain was the sixth-

highest reading in the 34 years covered by our data (the top five were the months immediately preceding November).

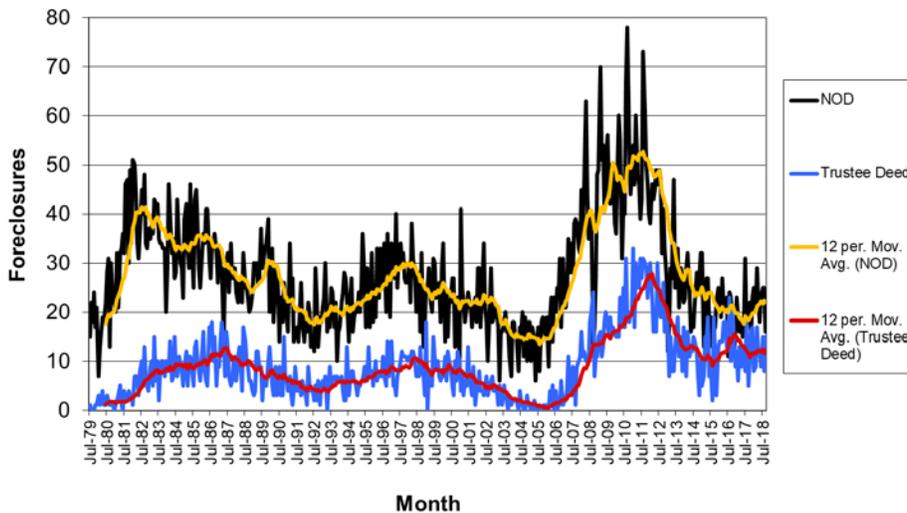
"We continue to see very strong growth at the city level. All 20 cities saw price increases in the year ended November 2021, and prices in 19 cities are at their all-time highs. November's price increase ranked in the top quintile of historical experience for 19 cities, and in the top decile for 16 of them."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of December 30, was 3.11 percent, up slightly from 3.10 on November 24. The average 15-year fixed-rate mortgage was 2.33 percent at the end of December, down from 2.42 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.

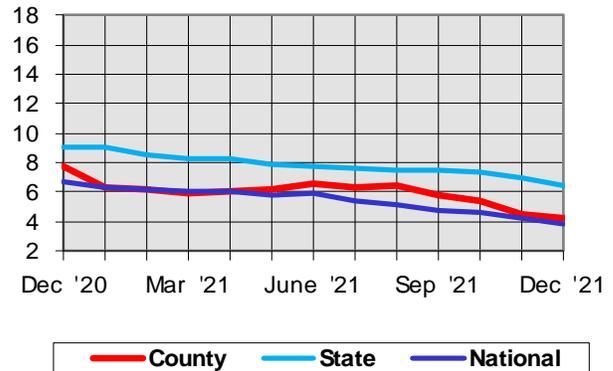
The Total County Employment Index increased 0.8 percent to a value of 105.6. The seasonally adjusted unemployment rate in Humboldt County decreased from 4.5 percent to 4.3 percent. The seasonally adjusted unemployment rate in California decreased from 7.0 percent to 6.5 percent. The seasonally adjusted national unemployment rate decreased from 4.2 percent to 3.9 percent.

The Employment Development Department of California indicated that in December Humboldt County's preliminary estimate of total employment fell by 300 individuals to a total of 57,700. Humboldt County's total unemployment decreased by 100 individuals to a total of 2,500.

In the Labor Department's December report, total nonfarm payroll employment rose by 199,000. National employment in hospitality gained 53,000 jobs,

professional and business services gained 43,000 jobs, manufacturing gained 26,000 jobs, construction gained 22,000 jobs, transportation and warehousing gained 19,000 jobs, wholesale trade gained 14,000 jobs, and mining gained 7,000 jobs. Employment changed little in retail trade, information, financial activities, health care, other services, and government.

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 decreased 0.4 percent in December to a new value of 104.8. This month's Index value is 12.1 percent higher than the value for this time last year. The 4-month moving average rose 4.3 percent to a current value of 100.0.

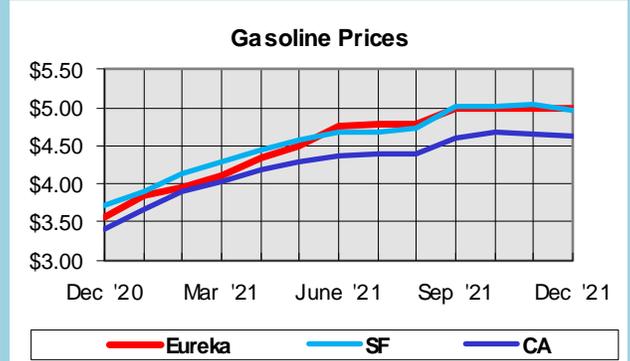
Gasoline Prices

California's average gas price fell slightly in December to \$4.63, a 1-cent decrease from the previous month. Northern California's average price decreased 10 cents to a new average of \$4.95, while Eureka's average gas price remained constant at \$4.99 for the fourth consecutive month. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.28 per gallon in 1982-84 dollars.

As December closed, national gas prices dropped to an average of \$3.45 a gallon according to GasBuddy. The holiday average of \$3.26 did become the highest average price for holiday gas prices by passing the 2013 record. Crude oil prices rose in the last week of December despite expert's opinions that the new Omicron variant could force prices to fall. An ExxonMobil refinery fire in Texas is also said to be to blame for the rise in addition to the unpredictability that a COVID variant brings consumers.

Gas Prices		
Prices as of 1/ 31/ 2022	Average price*	Change from previous month
Eureka	\$4.99	+\$0.00
Northern California	\$4.95	-\$0.10
California	\$4.63	-\$0.01

* 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 December to a seasonally adjusted Index value of 94.0, down 3.2 percent from the previous month's value of 97.1. Manufacturing employment remained at 2,200 individuals for the third consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in December economic activity in the manufacturing sector expanded, while the overall economy grew for the 19th 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 December fell 2.4 percentage points to 58.7 percent.

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

The New Export Orders Index fell 0.4 percentage points to 53.6 percent. This is the 18th 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.

Six industries reported growth in new export orders in the following order: Plastics & Rubber Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Miscellaneous Manufacturing; Chemical Products; and Transportation Equipment. The three industries reporting a decrease are: Textile Mills; Paper Products; and Machinery. Seven industries reported no change in exports in 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 December, the Electricity Index rose 6.5 percent to a new value of 116.3. The current value is 1.7 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 0.3 percent in December to a new value of 135.6, down 8.4 percent from the value for this time last year. The 4-month moving average rose 0.2 percent to a new value of 135.8.

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 December from 111.9 to 115.8. The Expectations Index increased from 90.2 to 96.9, and the Present Situation Index increased from 144.4 to 144.1.

"Consumer confidence improved further in December, following a very modest gain in November," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index dipped slightly but remains very high, suggesting the economy has maintained its momentum in the final month of 2021. Expectations about short-term growth prospects improved, setting the stage for continued growth in early 2022. The proportion of consumers planning to purchase homes, automobiles, major appliances, and vacations over the next six months all increased.

"Meanwhile, concerns about inflation declined after hitting a 13-year high last month as did concerns about COVID-19, despite reports of continued price increases and the emergence of the Omicron variant. Looking ahead to 2022, both confidence and consumer spending will continue to face headwinds from rising prices and an expected winter surge of the pandemic."

The percentage of consumers expecting business conditions to improve over the next six months rose from 25.6 percent to 26.7 percent, while the percentage of consumers expecting business conditions to worsen fell from 19.6 percent to 17.9 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*

Cited References:

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