

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.

January 2023

End of Year Brings Favorable Conditions

The Composite Index rose to 102.2 in December, up 0.7 percent from the previous month. The Composite Index is down 4.7 percent from this time last year. This month only the Electricity fell.

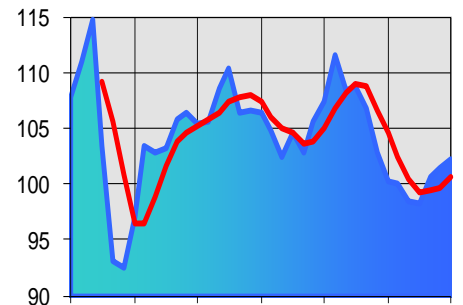
The Index of Home Sales rose to 98.7, up 3.9 percent from the previous month, and down 27.4 percent from this time last year. The median home price fell from \$444,000 to \$392,500.

Leading Indicators are mixed in December, with Unemployment Claims and Permit indices are both up.

The seasonally adjusted unemployment rate in Humboldt County decreased from 3.9 percent to 3.5 percent. The seasonally adjusted unemployment rate in California remained at 4.1 percent. The seasonally adjusted national unemployment rate decreased from 3.7 to 3.5 percent.

The average price per gallon of gas in California increased from \$4.36 to \$4.347. Northern California's average increased from \$4.58 to \$4.88.

Composite Index



Dec '19 Dec '20 Dec '21 Dec '22

Eureka's average increased from \$4.89 to \$5.19.

The observant reader will notice that Retail jumped this month compared to published amounts over the last few years. That is because we made a minor change to how we estimated the retail sector. Any reader who is interested in historical Index data should contact us.

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	102.2	0.7	-4.7	-5.5	1.2
Home Sales	98.7	3.9	-27.4	-23.4	-2.3
Retail Sales	152.4	3.8	-3.9	-11.9	-6.7
Hospitality	109.1	4.4	4.0	19.4	28.6
Electricity	93.5	-11.6	-19.6	-15.5	-26.4
Employment	107.1	1.1	1.4	-2.7	6.9
Lumber*	26.3				
Manufacturing**	87.7	-5.1	-6.7	-	-

* 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

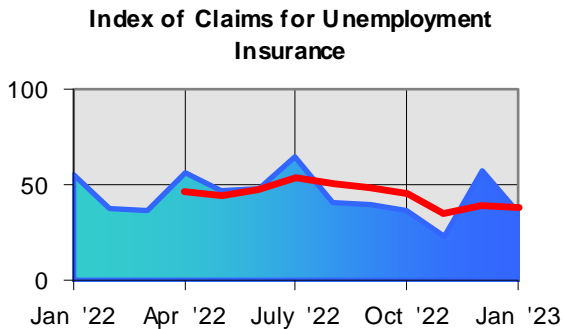
Leading Indicators

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%	-38.8%	12.7%	85.6%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$392,500	\$2,170	5.88%	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>			

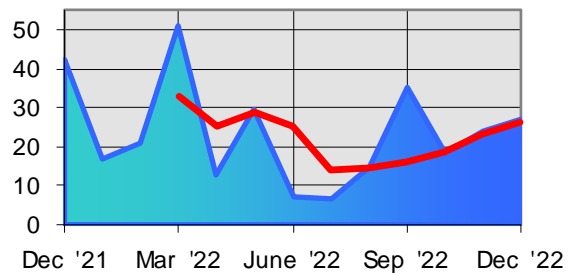
Unemployment Claims fell 38.8 percent to a new Index value of 35.5 in January. The current value is 36.1 percent higher than the value for this time last year. The 4-month moving average fell 1.2 points to a new average of 38.4.



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.

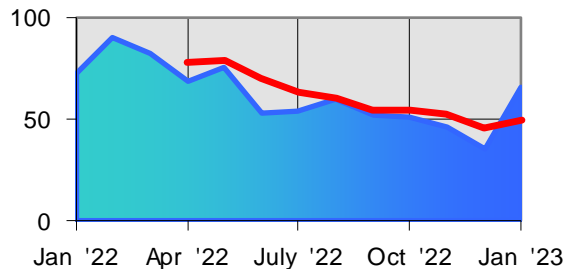
Building Permits rose 12.7 percent to a new Index value of 27.2. The current value is 35.3 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 85.6 percent to a new Index value of 65.5. The current value is 10.1 percent lower than the value for this time last year. The 3-month moving average rose 3.4 points to a new value of 49.5. In January there were 294 unique job postings on Craigslist.

Index of Help Wanted Advertising



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 December rose 3.8 percent to a new value of 98.7. The present Index value is 27.4 percent lower than the value for this time last year. The 4-month moving average fell by 3.8 percent to a new value of 102.4. The country's median home price decreased from \$444,00 to \$392,500. 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.

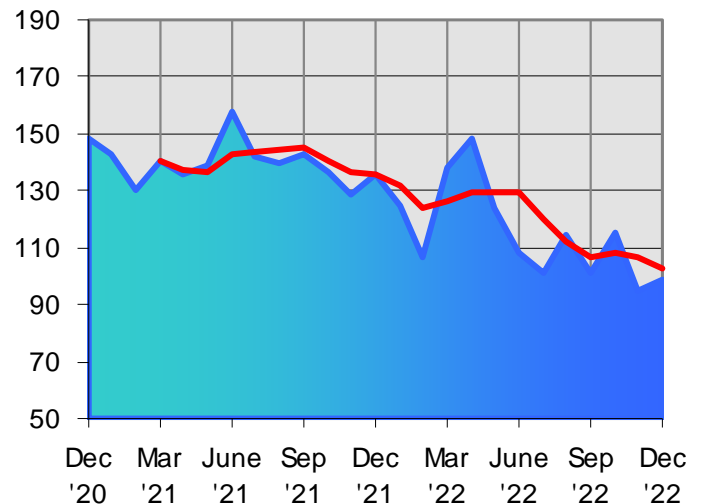
The S&P Case-Shiller Home Price Indices saw a smaller year-over-year gain in December compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 6.3 percent and 6.8 percent, respectively. The National Index reported a 7.7 percent annual gain over the same period. 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 fifth consecutive month of declining home prices in the U.S. For example, the National Composite Index fell -0.6% for the month, reflecting a -3.6% decline since the market peaked in June 2022. We saw comparable patterns in

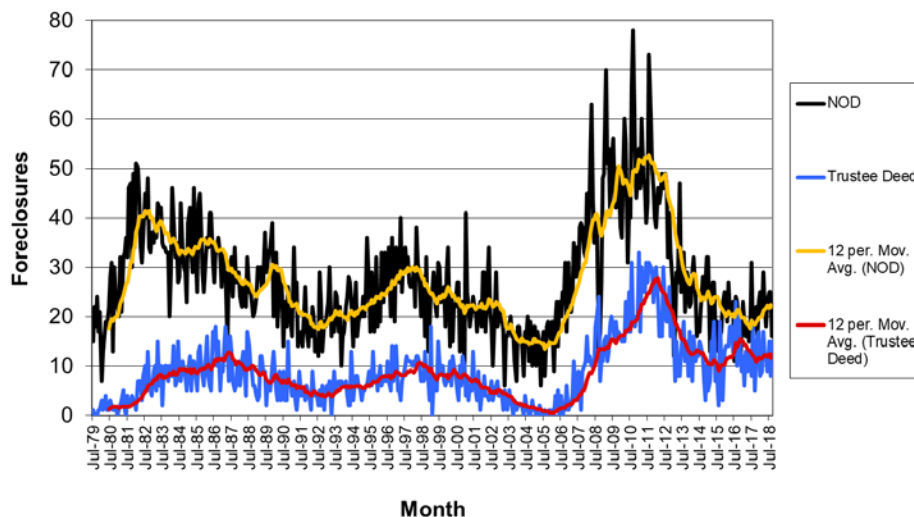
our 10- and 20-City Composites, both of which stand more than -5.0% below their June peaks. These declines, of course, came after very strong price increases in late 2021 and the first half of 2022. Despite its recent weakness, on a year-over-year basis the National Composite gained 7.7%, which is in the 74th percentile of historical performance levels.

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of December 29, was 6.42 percent, down from 6.49 on December 1st. The average 15-year fixed-rate mortgage was 5.68 percent at the end of November, down from 5.76 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.

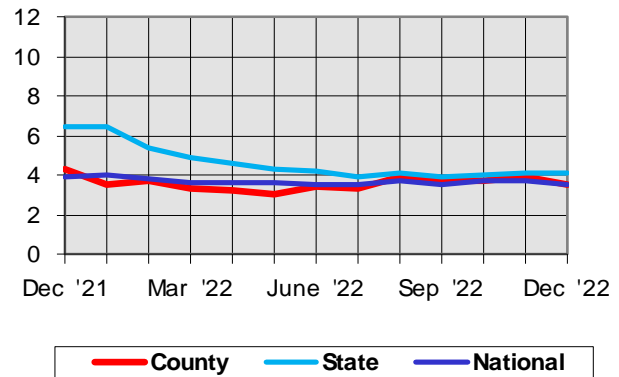
The seasonally adjusted unemployment rate in Humboldt County decreased from 3.9 percent to 3.5 percent. The seasonally adjusted unemployment rate in California remained at 4.1 percent. The seasonally adjusted national unemployment rate decreased from 3.7 to 3.5 percent.

The Employment Development Department of California indicated that in November Humboldt County's estimate of total employment fell by 500 individuals to a total of 58,500. Humboldt County's total unemployment remained at 2,000 individuals.

In the Labor Department's December report, total nonfarm payroll employment rose by 223,000. National employment in leisure and hospitality gained 76,000 jobs, employment in health care rose by 55,000, construction gained 28,000 jobs, social assistance employment rose

by 20,000, other services gained 14,000 jobs, and mining gained 4,000 jobs. Employment changed little in retail, manufacturing, transportation, and government activities.

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 4.4 percent in December to a new value of 109.1. This month's Index value is 4.0 percent higher than the value for this time last year. The 4-month moving average rose 6.0 percent to a current value of 101.3.

Gasoline Prices

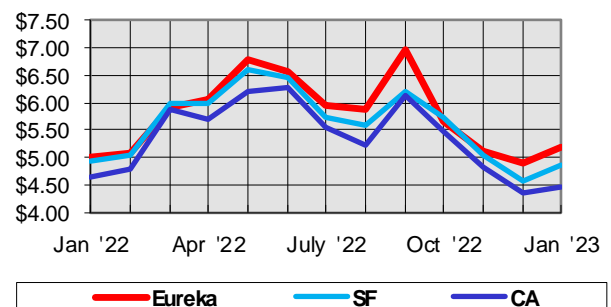
The average price per gallon of gas in California increased from \$4.36 to \$4.47. Northern California's average increased from \$4.58 to \$4.88. Eureka's average increased from \$4.89 to \$5.19.

The US National gas price is \$3.45 per gallon, down 16 cents from this time last month. Despite this continual dip in prices, they still remain relatively high. At this time last year, in the peak of COVID lockdowns, the American average was \$3.46 a gallon. The demand for barrels of oil fell in December, but experts are noting a steady rise throughout January. The cost of crude oil fell for the second month as world suppliers predicted a worldwide economic downturn. Given China's reopening after a wave of strict lockdowns, demand is expected to continue to rise in February and the foreseeable future.

Gas Prices		
Prices as of 1/ 31/ 2023	Average price*	Change from previous month
Eureka	\$5.19	\$0.30
Northern California	\$4.88	\$0.30
California	\$4.47	\$0.11

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (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 December to a seasonally adjusted Index value of 87.7, down 5.1 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 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 0.6 percentage points to 48.4 percent.

Nationally, five of the eighteen manufacturing industries reported growth in the following order: Petroleum & Coal Products; Furniture & Related Products; Plastics & Rubber Products; Machinery; and Miscellaneous Manufacturing. The six industries reporting a decrease are: Textile Mills; Wood Products; Primary Metals; Electrical Equipment, Appliances & Components; Computer & Electronic Products; and Food, Beverage & Tobacco Products.

The New Export Orders Index fell 2.2 percentage points to 46.2 percent. This is the 5th 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.

Five industries reported growth in new export orders in the following order: Wood Products; Apparel, Leather & Allied Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing.

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 fell 11.6 percent to a new value of 93.5. The current value is 19.6 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 3.8 percent in December to a new value of 152.4, down 3.9 percent from the value for this time last year. The 4-month moving average rose 2.4 percent to a new value of 145.3.

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 101.4 to 108.3. The Expectations Index increased from 76.7 to 82.4, and the Present Situation Index increased from 138.3 to 147.2.

"Consumer confidence bounced back in December, reversing consecutive declines in October and November to reach its highest level since April 2022," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation and Expectations Indexes improved due to consumers' more favorable view regarding the economy and jobs. Inflation expectations retreated in December to their lowest level since September 2021, with recent declines in gas prices a major impetus. Vacation intentions improved but plans to purchase homes and big-ticket appliances cooled further. This shift in consumers' preference from big-ticket items to services will continue in 2023, as will headwinds from inflation and interest rate hikes."

The percentage of consumers expecting business conditions to improve over the next six months rose slightly from 19.8 percent to 20.4 percent, while the percentage of consumers expecting business conditions to worsen fell from 21.0 percent to 20.3 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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