

# 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 2024

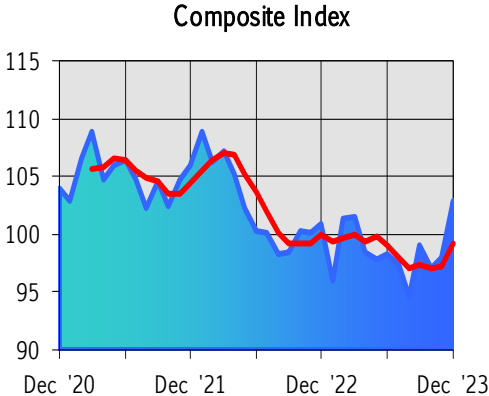
Index Rises Driven by Home Sales

The Composite Index rose to 102.8 in December, up 5.0 percent from the previous month. The Composite Index is up 1.9 percent from this time last year. This month the Home and Hospitality Indices both rose.

The Home Sales Index rose to 112.6, up 28.0 percent from the previous month, and up 15.5 percent from last year. The median home price fell from \$440,000 to \$425,000.

Leading Indicators are down in December.

The seasonally adjusted unemployment rate in Humboldt County rose from 4.9 to 5.2 percent. The seasonally adjusted unemployment rate in California increased from 4.8 to 5.1 percent. The seasonally adjusted national unemployment rate fell from



3.9 to 3.7 percent.

The average price per gallon of gas in California decreased from \$4.68 to \$4.55. Eureka's average decreased from \$5.11 to \$4.94.

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	102.8	5.0	1.9	-3.9	-1.4
Home Sales	112.6	28.0	15.5	12.8	-1.0
Retail Sales	148.0	3.0	-2.9	-8.4	-13.4
Hospitality	96.8	0.7	6.4	-4.3	6.4
Electricity	98.0	1.9	-5.6	-11.8	-27.1
Employment	110.6	5.1	3.2	-1.9	10.4
Lumber*	26.3				
Manufacturing**	71.0	-8.3	-31.7	-19.1	.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

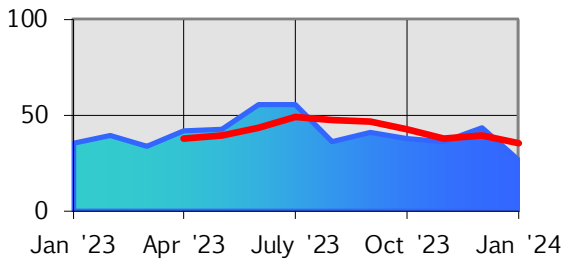
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
N/A	-39.0%	-51.7%	-16.6%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$425,000	\$2,167	6.75%	5.2%
<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 39.0 percent to a new Index value of 26.3. The current value is 25.9 percent lower than the value for this time last year. The 4-month moving average fell 9.3 percent to a new average of 35.7.

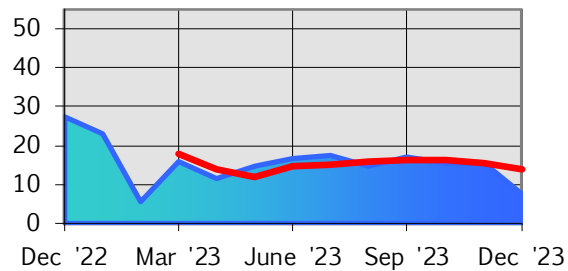
Index of Claims for Unemployment Insurance



**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** fell from an index value of 15.4 to 7.4. The current value is 72.7 percent lower than the value for this time last year.

Index of Building Permits Issued



**Help Wanted Advertising** fell 16.6 percent to a new Index value of 45.3. The current value is 30.9 percent lower than the value for this time last year. The 3-month moving average fell 10.4 percent to a new value of 45.3. In January there were 186 unique job postings on Craigslist.

**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 December Humboldt County Home Sales Index rose 28.0 percent to a new value of 112.6. The present Index value is 15.5 percent higher than the value for this time last year. The 4-month moving average rose by 5.8 percent to a new value of 98.4. The country's median home price decreased from \$440,000 to \$425,000. The median home price this time last year was \$388,750.

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 December compared to the previous month. The 10-City and 20-City Composites reported year-over-year increases of 6.2 and 5.4, respectively. The National Index reported a 5.7 percent annual gain over the same period. After seasonal adjustment, the U.S. National Index and 10-city index reported a growth of 0.2 percent. The 20-city index reported a growth of 0.1 percent.

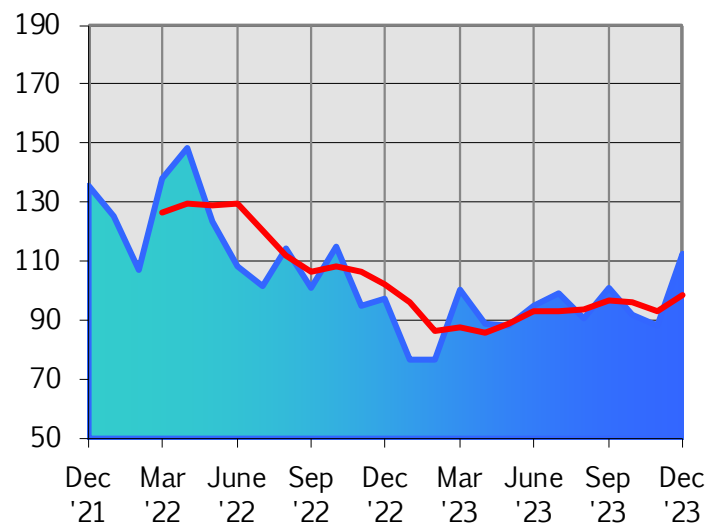
"U.S. home prices edged downward from their all-time high in December", says Brian D. Luke, Head of Commodities, Real & Digital assets at S&P DJI. "

"The streak of nine monthly gains ended in November, setting the index back to levels last seen over the summer months. Seattle and San Francisco reported the largest monthly declines, falling 1.4% and 1.3%, respectively."

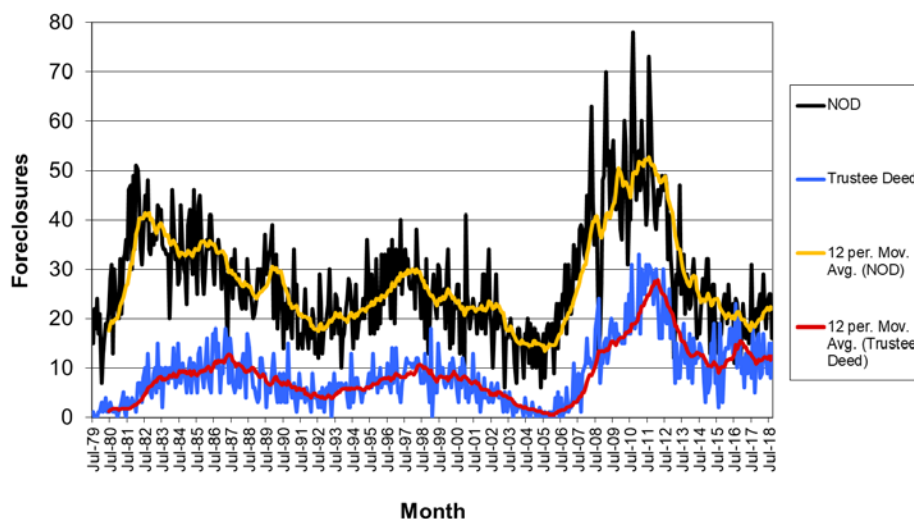
"The tight disparity speaks to a rising tide across the country, with less evidence of micro-markets bucking the trend. The days of markets in the South rising double digits with markets in the Midwest remaining flat are over. The house price decline came at a time where mortgage rates peaked, with the average Freddie Mac 30-year fixed rate mortgage nearing 8%, according to Federal Reserve data. The rate has since fallen over 1%, which could support further annual gains in home prices."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of December 28th, was 6.61 percent, down from 7.03 on December 7th. The average 15-year fixed-rate mortgage was 5.93 percent at the end of November, down from 6.02 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 rose from 4.9 to 5.2 percent. The seasonally adjusted unemployment rate in California increased from 4.8 to 5.1 percent. The seasonally adjusted national unemployment rate fell from 3.9 to 3.7 percent.

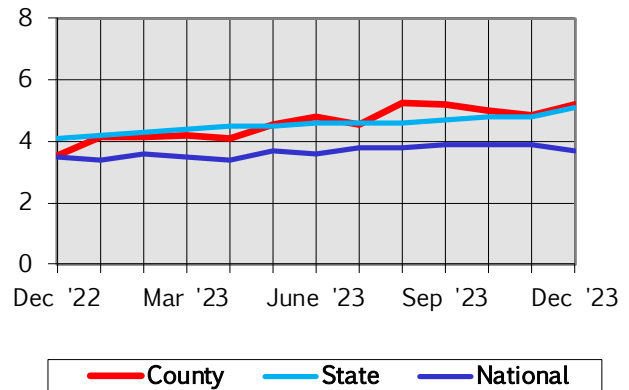
The Employment Development Department of California indicated that in December Humboldt County's preliminary estimate of total employment fell to 57,400 individuals from 58,200. Humboldt County's total unemployment increased to 3,000 individuals.

In the Labor Department's December report, total nonfarm payroll employment rose by 216,000.

In December, government employment rose by 50,000 individuals; health care added 38,000 jobs; social assistance employment grew by 21,000; construction

gained 17,000 positions; professional and business services gained 13,000 positions. Employment showed little change over the month in other major industries, including mining, quarrying, and oil and gas extraction; manufacturing; wholesale trade; information; financial activities; and other services.

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 rose 0.7 percent to an index of 96.8 in December. This month's Index value is 6.4 percent lower than the value for this time last year. The 4-month moving average rose 3.9 percent to a current value of 96.0

## Gasoline Prices

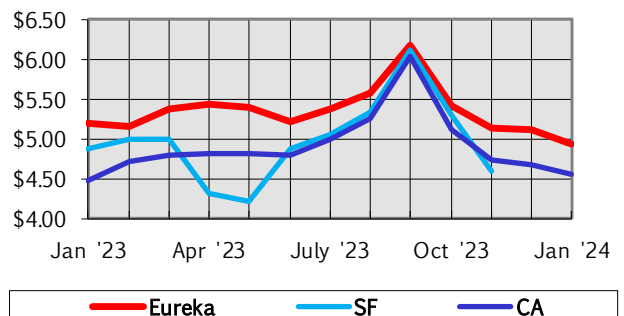
The average price per gallon of gas in California decreased from \$4.68 to \$4.55. Northern California's average increased from \$3.28 to \$4.76 Eureka's average decreased from \$5.11 to \$4.94.

National gas averages have been forced upwards due to a refinery closure in Northwest Indiana that typically processes nearly half a million barrels of crude oil daily. The national average, as of February, is 14 cents lower than February 2023's average and has continued falling since the September peak of \$3.88. However, this downward trend does not apply everywhere. Hawaii and California see \$4.70 and \$4.65 state averages, respectively.

Gas Prices		
Prices as of 01/31/24	Average price*	Change from previous month
Eureka	\$4.94	-\$0.17
Northern California	\$4.76	N/A
California	\$4.55	-\$0.13

\* 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)).

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 fell in December to a seasonally adjusted Index value of 71.0, down 31.7 percent from the previous month's value of 103.9. Manufacturing employment remained at 2,600 individuals for the eleventh consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in December economic activity in the manufacturing sector contracted for the 14<sup>th</sup> 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 grew to 47.4 percent.

The only manufacturing industry to report growth in December is Primary Metals. The 16 industries reporting contraction in December — in the following order — are: Printing & Related Support Activities; Apparel, Leather & Allied Products; Plastics & Rubber Products; Machinery; Nonmetallic Mineral Products; Textile Mills; Petroleum & Coal Products; Paper Products; Wood Products; Fabricated Metal Products; Computer & Electronic Products; Miscellaneous Manufacturing; Furniture & Related Products; Electrical Equipment, Appliances & Components; Transportation Equipment; and Chemical Products.

The New Export Orders Index rose 3.9 percentage points to 49.9 percent. This is the 7<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.

The six industries reporting growth in new export orders in December — in the following order — are: Paper Products; Food, Beverage & Tobacco Products; Chemical Products; Plastics & Rubber Products; Primary Metals; and Transportation Equipment. The five industries reporting a decrease in new export orders in December are: Textile Mills; Furniture & Related Products; Machinery; Computer & Electronic Products; 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. 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 1.9 percent to a new value of 98.0. The current value is 5.6 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 3.0 percent in November to a new value of 148.0, down 2.9 percent from the value for this time last year. The 4-month moving average rose 1.1 percent to a new value of 144.9.

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 101.9 to 110.7. The Expectations Index increased from 77.6 to 85.6, and the Present Situation Index decreased slightly from 136.5 to 148.5.

"December's increase in consumer confidence reflected more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months," said Dana Peterson, Chief Economist at The Conference Board.

"While December's renewed optimism was seen across all ages and household income levels, the gains were largest among householders aged 35-54 and households with income levels of \$125,000 and above. December's write-in responses revealed the top issue affecting consumers remains rising prices in general, while politics, interest rates, and global conflicts all saw downticks as top concerns. Consumers' Perceived Likelihood of a US Recession over the Next 12 Months abated in December to the lowest level seen this year—though two-thirds still perceive a downturn is possible in 2024."

The percentage of consumers expecting business conditions to improve over the next six months rose from 17.2 to 18.7 while the percentage of consumers expecting business conditions to worsen fell from 20.1 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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