

Humboldt Economic Index

July 2021

Our Sponsors:



Professor Erick Eschker, Director

Aowyn Crailhardt, Assistant Editor

Monica Myers, Assistant Analyst

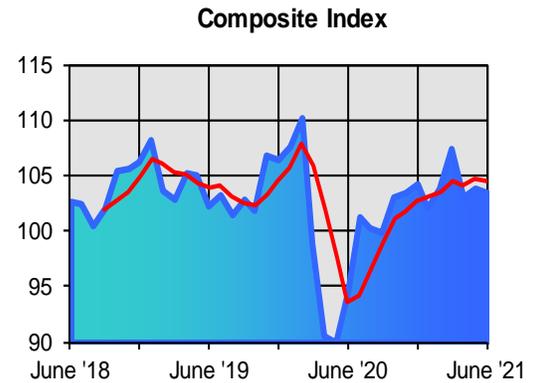
Hospitality Index sees massive year-over-year gains

The Composite Index fell to 103.5 in June, down 0.4 percent from the previous month. The Composite Index is up 9.4 percent from this time last year. This month the Retail Sales, Employment, and Electricity Indices fell. The Hospitality Index reported no change from last month, but is up 39.4 percent from last year.

The Index of Home Sales rose to 157.7, up 13.9 percent from the previous month, and up 37.8 percent from this time last year. The median home price rose from \$397,300 to \$415,000.

Leading Indicators are mixed in June. Unemployment Claims are down, while Building Permits and Help Wanted Advertising are both up.

The seasonally adjusted unemployment rate in Humboldt County increased from 6.1 percent to 6.5 percent. The seasonally adjusted unemployment rate in California decreased from 7.9 percent to 7.7



percent. The seasonally adjusted national unemployment rate increased slightly from 5.8 percent to 5.9 percent.

The average price per gallon of gas in California increased from \$4.28 to \$4.36. Northern California's average increased from \$4.57 to \$4.67. Eureka's average increased from \$4.49 to \$4.75.

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	103.5	-0.4	9.4	-2.6	3.0
Home Sales	157.7	13.9	37.8	28.6	71.9
Retail Sales	140.9	-1.6	-4.6	-11.9	-5.1
Hospitality	102.0	0.0	39.4	11.0	21.7
Electricity	107.2	-2.5	4.6	-10.7	-20.9
Employment	102.6	-0.2	5.8	-5.1	4.1
Lumber*	26.3	0.0	0.0	0.0	-28.1
Manufacturing**	100.0	4.6	-10.1	-	-

* 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

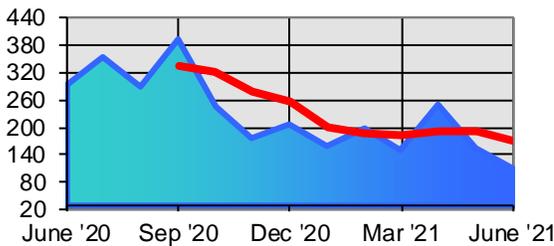
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-29.8%	35.3%	2.4%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$415,000	\$ 1,869	2.875%	6.5%
* 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.			

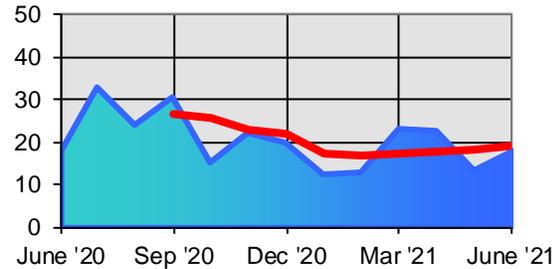
Unemployment Claims fell 29.8 percent to a new Index value of 110.9. The current value is 62.4 percent lower than the value for this time last year. The 4-month moving average fell 11.7 percent to a new average Index value of 168.7.

Index of Claims for Unemployment Insurance



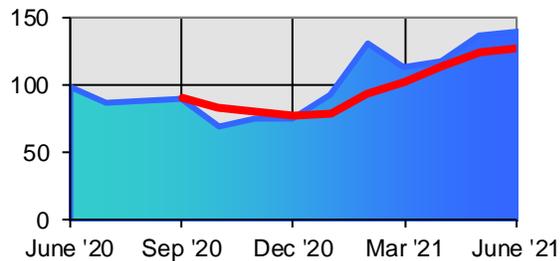
Building Permits rose 35.3 percent to a new Index value of 18.1. The current value is the same as the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 2.4 percent to a new Index value of 140.5. The current value is 42.7 percent higher than the value for this time last year. The 3-month moving average rose 7.4 percent to a new value of 131.8. In June there were 628 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 June rose 13.9 percent to a new value of 157.7. The present Index value is 37.8 percent higher than the value for this time last year. The 4-month moving average rose 5.0 percent to a new value of 143.1. The country's median home price increased from \$397,300 to \$415,000. In comparison, the median home price this time last year was \$315,000.

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 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 higher year-over-year gain in May compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 16.4 percent and 17.0 percent, respectively. The National Index reported a 16.6 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 1.7 percent and 1.8 percent, respectively. The National Index reported a seasonally adjusted increase of 1.7 percent.

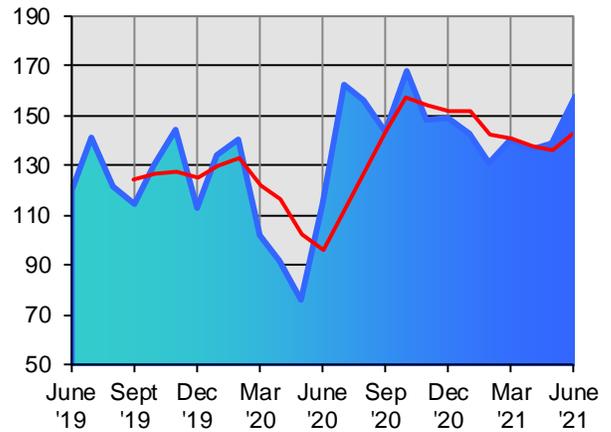
Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, notes that "Housing price growth set a record for the second consecutive month in May 2021. The National Composite Index marked its twelfth consecutive month of accelerating prices."

The market's strength is broadly-based with all 20 cities rising, and all 20 gaining more in year-over-year gains compared to April. Prices in 18 of the 20 cities, the National Composite and both the 10- and 20-City Indices are at all-time highs in May.

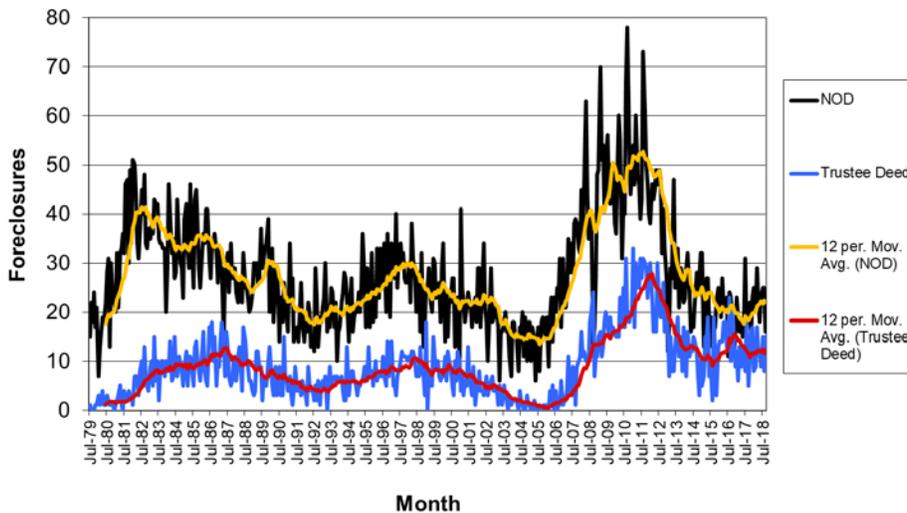
"A month ago, I described April's performance as 'truly extraordinary,' and this month I find myself running out of superlatives. The 16.6% gain is the highest reading in more than 30 years of S&P CoreLogic Case-Shiller data. As was the case last month, five cities – Charlotte, Cleveland, Dallas, Denver, and Seattle – joined the National Composite in recording their all-time highest 12-month gains. Price gains in all 20 cities were in the top quartile of historical performance; in 17 cities, price gains were in top decile."

According to Freddie Mac, the average 30-year fixed-rate mortgage as of July 29 was 2.80 percent, down from 3.02 on June 24. The average 15-year fixed-rate mortgage was 2.10 percent, down from 2.34 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.

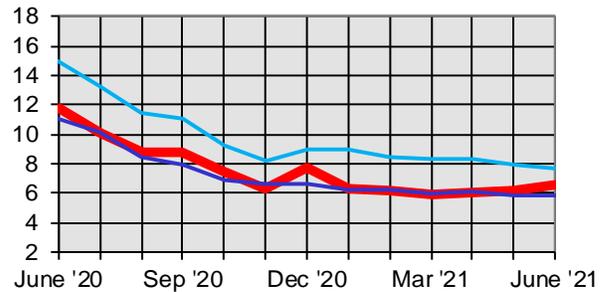
The Total County Employment Index decreased 0.2 percent to a value of 102.6. The seasonally adjusted unemployment rate in Humboldt County increased from 6.1 percent to 6.5 percent. The seasonally adjusted unemployment rate in California decreased from 7.9 percent to 7.7 percent. The seasonally adjusted national unemployment rate increased slightly from 5.8 percent to 5.9 percent.

The Employment Development Department of California indicated that in June Humboldt County's estimate of total employment fell by 300 individuals to a total of 56,100. Humboldt County's total unemployment increased from 3,400 individuals in May to an estimated 3,900 individuals in June.

In the Labor Department's June report, total nonfarm payroll employment rose by 850,000. National employment in leisure and hospitality gained the most, adding 343,000 jobs with food services and drinking

places accounting for the most growth. Government added 188,000 jobs, mostly in public education which more than offset losses in other areas. Professional and business services added 72,000 jobs, retail trade added 67,000, education and health services added 59,000, other services added 56,000, wholesale trade added 21,000, manufacturing added 15,000, mining and logging added 12,000, and transportation and warehousing added 11,000 jobs. Construction lost 7,000 jobs.

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 6.6 percent in June to a new value of 102.0. This month's Index value is 39.4 percent higher than the value for this time last year. The 4-month moving average fell 0.6 percent to a current value of 109.2.

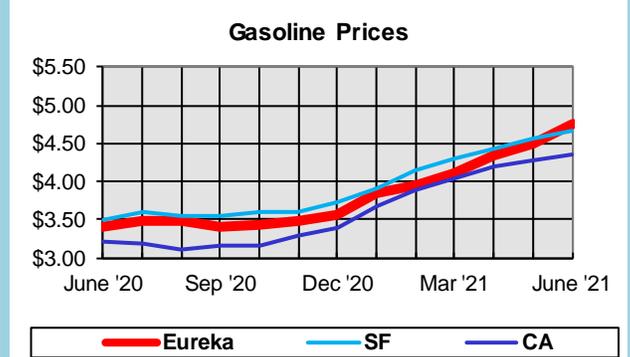
Gasoline Prices

California's average gas price continued to rise to \$4.36, an 8 cent increase from the previous month. Northern California's average price increased 10 cents to a new average of \$4.67, while Eureka's average gas price increased by 26 cents to a new average of \$4.75. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.20 per gallon in 1982-84 dollars.

Gasoline has reached its highest price nationally in seven years. The American Automobile Association predicts that prices at the pump will continue to rise as long as crude oil remains over \$70 per barrel. Oil future climbed above \$76 per barrel at the end of July, which was likely the result of a recent EIA report showing a decline of 4.1 million barrels in total domestic crude oil stock in the week to July 23.

Gas Prices		
Prices as of 7/31/2021	Average price*	Change from previous month
Eureka	\$4.75	\$0.26
Northern California	\$4.67	\$0.10
California	\$4.36	\$0.08

* 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 expanded in June to a seasonally adjusted Index value of 100.0, up 4.6 percent from the previous month's value of 95.6. Manufacturing employment remained at 2,200 individuals for the fifth consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in June economic activity in the manufacturing sector expanded, while the overall economy grew for the 13th 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 June fell 0.6 percentage points to 60.6 percent.

Nationally, seventeen of eighteen manufacturing industries reported growth in the following order: Furniture & Related Products; Machinery; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Plastics & Rubber Products; Chemical Products; Fabricated Metal Products; Transportation Equipment; Miscellaneous Manufacturing; Nonmetallic Mineral Products; Textile Mills; Primary Metals; Food, Beverage & Tobacco Products; Paper Products; Printing & Related Support Activities; Wood Products; and Petroleum & Coal Products. None reported contraction.

The New Export Orders Index rose 0.8 percentage points to 56.2 percent. This is the 12th 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.

Nine industries reported growth in new export orders in the following order: Paper Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Chemical Products; Machinery; Transportation Equipment; Food, Beverage & Tobacco Products; and Computer & Electronic Products. None reported contraction. Eight industries reported no change in June compared to May.

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 June, the Electricity Index fell 2.5 percent to a new value of 107.2. The current value is 4.6 percent higher than the value for 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 fell 1.6 percent in June to a new value of 140.9, down 4.6 percent from the value for this time last year. The 4-month moving average fell 1.8 percent to a new value of 144.4.

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 June from 120.0 to 127.3. The Expectations Index increased from 100.9 to 107.0, and the Present Situation Index increased from 157.7 to 148.7.

"Consumer confidence increased in June and is currently at its highest level since the onset of the pandemic's first surge in March 2020," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' assessment of current conditions improved again, suggesting economic growth has strengthened further in Q2. Consumers' short-term optimism rebounded, buoyed by expectations that business conditions and their own financial prospects will continue improving in the months ahead. While short-term inflation expectations increased, this had little impact on consumers' confidence or purchasing intentions. In fact, the proportion of consumers planning to purchase homes, automobiles, and major appliances all rose—a sign that consumer spending will continue to support economic growth in the short-term. Vacation intentions also rose, reflecting a continued increase in spending on services."

The percentage of consumers expecting business conditions to improve over the next six months remained virtually unchanged at 42.6 percent, while the percentage of consumers expecting business conditions to worsen fell from 20.5 percent to 15.3 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*

Cited References:

Bureau of Labor Statistics - Case-Shiller Home Price Indices
The Conference Board - Employment Development Department (CA)
Freddie Mac - Humboldt Association of Realtors
Institute for Supply Management – The Center Square – Reuters

Layout & Design: Matt Hawk

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

www.humboldt.edu/econindex

Copyright © 2021 Erick Eschker.