

Humboldt Economic Index

July 2022

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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.

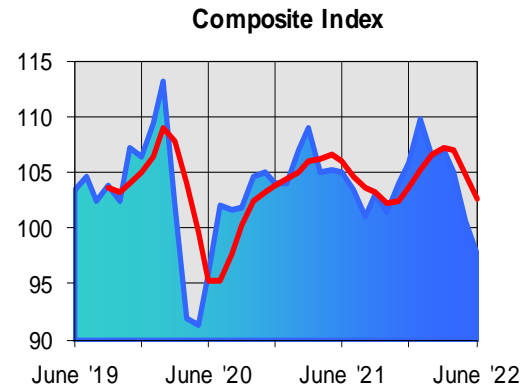
Gas Prices Begin to Fall

The Composite Index fell to 97.6 in June, down 2.9 percent from the previous month. The Composite Index is down 7.0 percent from this time last year. This month the Employment, Hospitality and Electricity Indices all fell.

The Index of Home Sales fell to 108.2, down 12.4 percent from the previous month, and down 31.0 percent from this time last year. The median home price fell from \$456,500 to \$435,000.

Leading Indicators are mostly up June. Unemployment Claims and Help Wanted Advertising are both down.

The seasonally adjusted unemployment rate in Humboldt County increased from 3.1 percent to 3.5 percent. The seasonally adjusted unemployment rate in California decreased from 4.2 percent to 4.1 percent. The seasonally adjusted national unemployment rate decreased



from 3.6 percent to 3.5 percent.

The average price per gallon of gas in California increased from \$6.28 to \$5.56. Northern California's average decreased from \$6.45 to \$5.74. Eureka's average decreased from \$6.58 to \$5.95.

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	97.6	-2.9	-7.0	-7.4	-4.3
Home Sales	108.2	-12.4	-31.4	-1.9	5.0
Retail Sales	137.2	2.1	-9.1	-16.2	-12.9
Hospitality	92.1	-9.4	-9.7	1.6	7.4
Electricity	94.9	-5.0	-5.2	-5.5	-20.6
Employment	105.1	-0.7	2.5	-3.4	6.3
Lumber*	26.3	0.0	0.0	0.0	-27.5
Manufacturing**	100.4	6.3	0.3	-	-

* 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

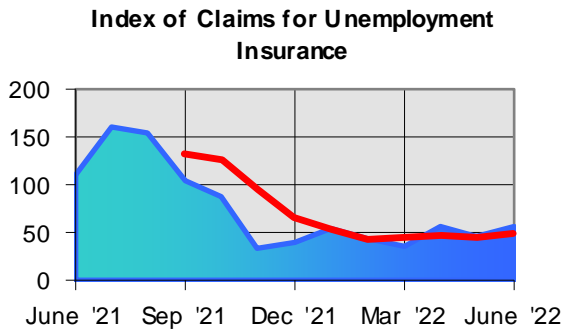
Leading Indicators

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%	21.3%	-76.6%	3.0%
* Change from prior month. All values are seasonally adjusted.			

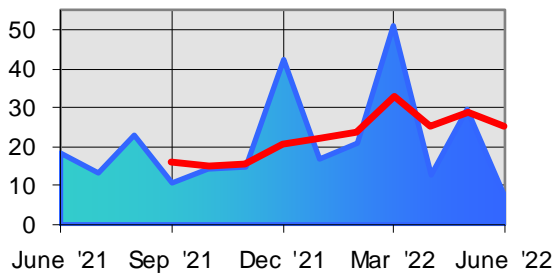
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$435,000	\$2,332	5.380%	3.5%
<p>* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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 rose 21.3 percent to a new Index value of 57.1. The current value is 48.5 percent lower than the value for this time last year. The 4-month moving average fell 6.3 percent to a new average of 49.4.



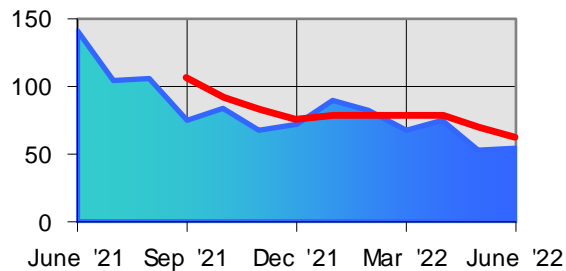
Building Permits fell 76.6 percent to a new Index value of 6.9. The current value is 61.5 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 3.0 percent to a new Index value of 54.4. The current value is 61.3 percent lower than the value for this time last year. The 3-month moving average fell 7.2 percent to a new value of 60.9. In June there were 243 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 fell 12.4 percent to a new value of 108.2. The present Index value is 31 percent lower than the value for this time last year. The 4-month moving average rose by 0.3 percent to a new value of 129.5. The country's median home price decreased from \$456,500 to \$435,000. In comparison, the median home price this time last year was \$415,000.

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.

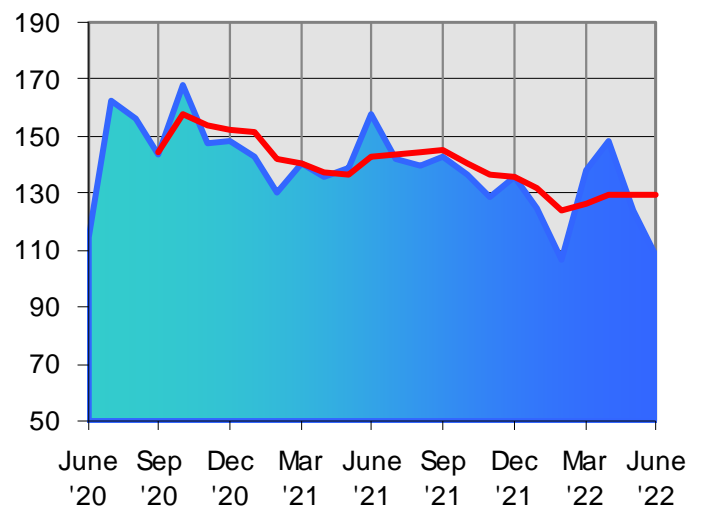
The S&P Case-Shiller Home Price Indices saw a lower year-over-year gain in July compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 19.0 percent and 20.5 percent, respectively. The National Index reported a 19.7 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both reported month-over-month gains of 1.3 percent. The National Index reported a seasonally adjusted increase of 1.0 percent.

David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices, notes the rise in home sales, "Housing data for May 2022 continued strong, as price gains decelerated slightly from very high levels... The market's strength continues to be broadly based, as all 20 cities recorded double-digit price increases for the 12 months ended in May. May's gains

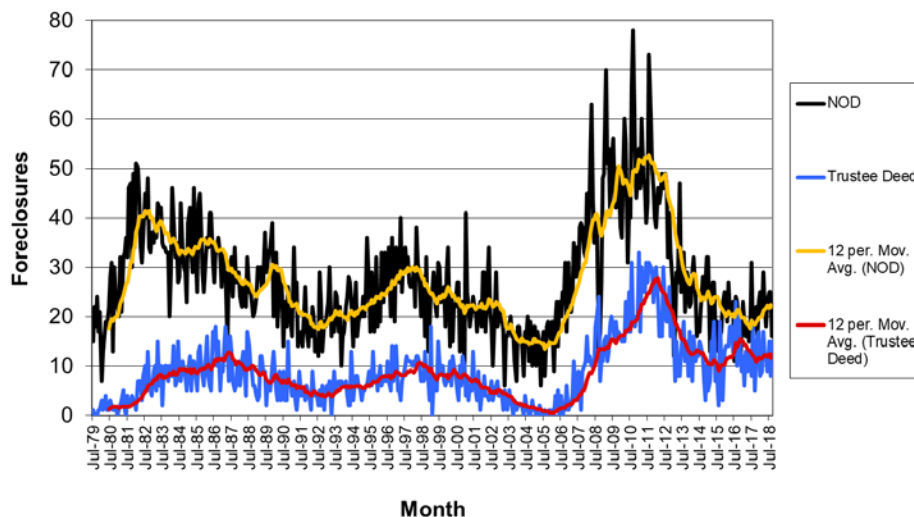
ranked in the top quintile of historical experience for 19 cities, and in the top decile for 17 of them. However, at the city level we also see evidence of deceleration. Price gains for May exceeded those for April in only four cities. As recently as February of this year, all 20 cities were accelerating. We've noted previously that mortgage financing has become more expensive as the Federal Reserve ratchets up interest rates, a process that was ongoing as our May data were gathered."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of June 30, was 5.70 percent, down from 5.89 on June 2. The average 15-year fixed-rate mortgage was 4.83 percent at the end of June, up from 4.82.

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.

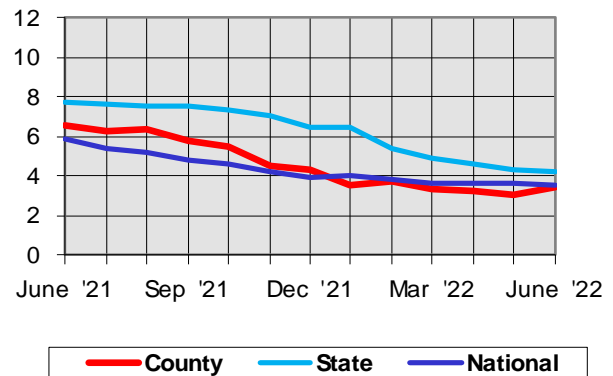
The seasonally adjusted unemployment rate in Humboldt County increased from 3.1 percent to 3.5 percent. The seasonally adjusted unemployment rate in California decreased from 4.2 percent to 4.1 percent. The seasonally adjusted national unemployment rate decreased from 3.6 percent to 3.5 percent.

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 57,500. Humboldt County's total unemployment increased by 300 individuals to a total of 2,000.

In the Labor Department's June report, total nonfarm payroll employment rose by 327,000. National employment in professional and business services rose with an increase of 74,000, leisure and hospitality added 67,000 jobs, employment in health care rose by

57,000, transportation and warehousing added 36,000 jobs, manufacturing increased by 29,000 jobs, information added 25,000 jobs, employment in social assistance rose by 21,000, wholesale trade added 16,000 jobs, and mining employment rose by 5,000. Employment in construction, retail trade, financial activities, 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 9.4 percent in June to a new value of 92.1. This month's Index value is 9.7 percent lower than the value for this time last year. The 4-month moving average fell 6.2 percent to a current value of 104.6.

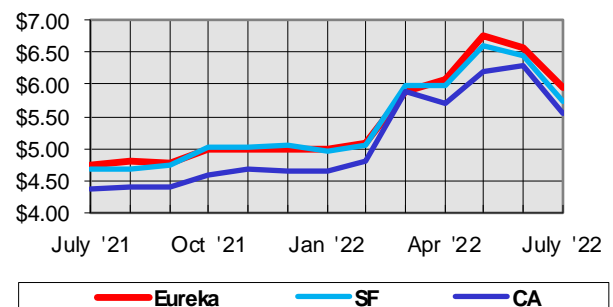
Gasoline Prices

California's average gas price fell in July to \$5.56, a 72 cent decrease from the previous month. Northern California's average price decreased 71 cents to a new average of \$5.74, while Eureka's average gas price fell by 63 cents to a new average of \$5.95.

Gasoline prices began to fall in June after demand for domestic oil fell; it appears that the President's choice to utilize the national oil reserves took some weight off consumer's wallets. However, AAA spokesperson Andrew Gross warns that July may spike prices again due to increased demand for summer travels. In June, the spike in gas prices began to fall as the month brought a national average of \$4.80. Some experts are voicing concerns that decreased demand for fuel could be one of many indicators pointing to a recession. Additionally, they warn to not get excited too early; Patrick De Haan of GasBuddy warns that prices could still reach new highs.

Gas Prices		
Prices as of 7/ 31/ 2022	Average price*	Change from previous month
Eureka	\$5.95	-\$0.03
Northern California	\$5.74	-\$0.07
California	\$5.56	-\$0.03
* 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 contracted in June to a seasonally adjusted Index value of 104.1, up 10.0 percent from the previous month's value of 95.3. Manufacturing employment remained at 2,500 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 26th 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 March rose 3.9 percentage points to 64.7 percent.

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

The New Export Orders Index rose 1.9 percentage points to 52.6 percent. This is the 25th 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.

Four industries reported growth in new export orders in the following order: Petroleum & Coal Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Computer & Electronic Products. The six industries reporting a decrease in new export orders in July — in the following order — are: Wood Products; Paper Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; and Chemical Products. Seven industries reported no change in exports.

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 5.0 percent to a new value of 94.9. The current value is 11.5 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 2.1 percent in June to a new value of 137.2, down 9.1 percent from the value for this time last year. The 4-month moving average fell 4.2 percent to a new value of 141.1.

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 fell in June from 103.2 to 98.7. The Expectations Index decreased from 76.7 to 66.4, and the Present Situation Index decreased from 147.4 to 147.1.

Consumer confidence fell for a second consecutive month in June," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "While the Present Situation Index was relatively unchanged, the Expectations Index continued its recent downward trajectory—falling to its lowest point in nearly a decade. Consumers' grimmer outlook was driven by increasing concerns about inflation, in particular rising gas and food prices. Expectations have now fallen well below a reading of 80, suggesting weaker growth in the second half of 2022 as well as growing risk of recession by yearend."

The percentage of consumers expecting business conditions to improve over the next six months fell from 16.7 percent to 16.4 percent, while the percentage of consumers expecting business conditions to worsen rose from 26.4 percent to 29.5 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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