

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.

July 2023

Business Conditions Remain Steady

The Composite Index rose to 98.1 in June, up 0.8 percent from the previous month. The Composite Index is down 2.1 percent from this time last year. This month the Retail Sales, Hospitality, and Home Indices all rose.

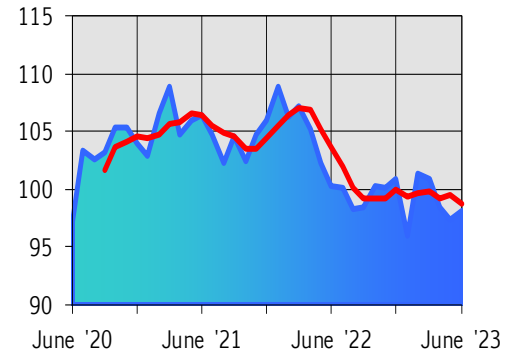
The Index of Home Sales rose to 94.8, up 7.2 percent from the previous month, and down 12.4 percent from this time last year. The median home price rose from \$430,000 to \$466,525.

Leading Indicators are mostly up in May. Unemployment Claims and Help Wanted indices are both up.

The seasonally adjusted unemployment rate in Humboldt County rose from 4.6 to 4.8 percent. The seasonally adjusted unemployment rate in California rose from 4.5 to 4.6 percent. The seasonally adjusted national unemployment rate decreased from 3.7 to 3.6 percent.

The average price per gallon of gas in California increased from \$4.79 to

Composite Index



\$4.99. Northern California's average increased from \$4.88 to \$5.05. Eureka's average increased from \$5.22 to \$5.37

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	98.1	0.8	-2.1	-6.3	-1.9
Home Sales	94.8	7.2	-12.4	-26.4	-2.1
Retail Sales	151.6	4.9	0.6	0.0	-7.0
Hospitality	94.6	0.0	-1.3	4.1	8.7
Electricity	90.1	-4.1	-5.0	-16.4	-25.7
Employment	103.7	-0.8	-1.4	-5.8	3.7
Lumber*	26.3				
Manufacturing**	94.1				

* 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

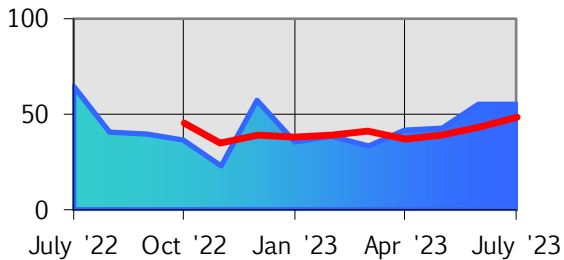
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	0.6%	12.4%	25.6%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$466,525	\$2,326	7.25%	4.8%
<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>			

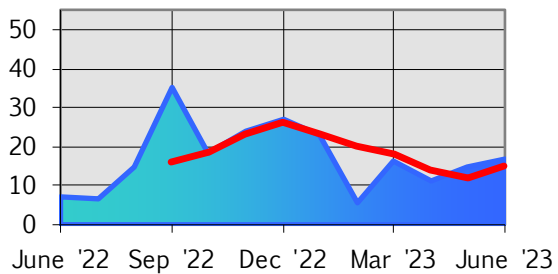
Unemployment Claims rose 0.6 percent to a new Index value of 55.5, which is 0.64 percent greater than last month.

Index of Claims for Unemployment Insurance



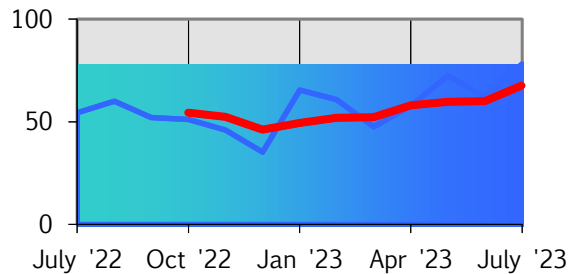
Building Permits rose 12.4 percent to a new Index value of 16.7. The current value is 46.5 percent higher than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 25.6 percent to a new Index value of 78.1. In July there were 349 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 7.2 percent to a new value of 94.8. The present Index value is 12.4 percent lower than the value for this time last year. The 4-month moving average rose by 5.0 percent to a new value of 93.2. The country's median home price increased from \$430,000 to \$466,525. In comparison, the median home price this time last year was \$435,000.

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 larger year-over-year gain in June compared to the previous month. The 10-City and 20-City Composites reported year-over-year decreases of 0.5 and 1.2, respectively. The National Index reported a 0.0 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both reported month-over-month increases of 0.7 percent. The National Index reported a seasonally adjusted increase of 0.9 percent.

Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "U.S. home prices continued to increase in June 2023.

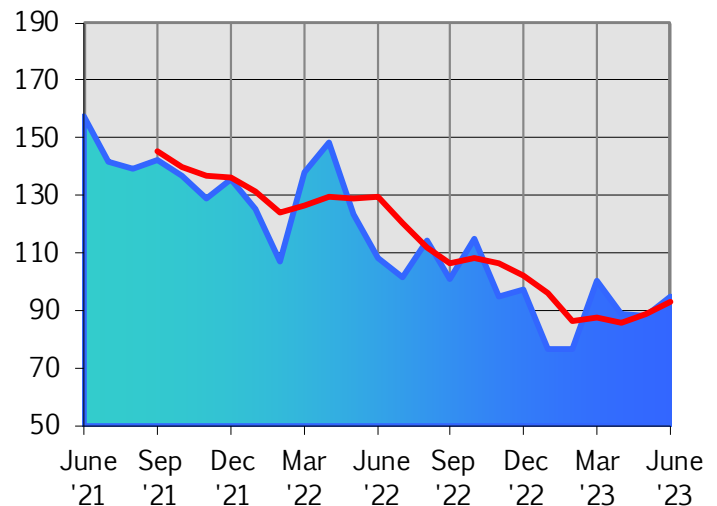
"As we've noted previously, the recovery in home prices is broadly based. Prices rose in all 20 cities in June, both before and after seasonal adjustment. Over

the last 12 months, 10 cities show positive returns. Otherwise said, half the cities in our sample now sit at all-time high prices.

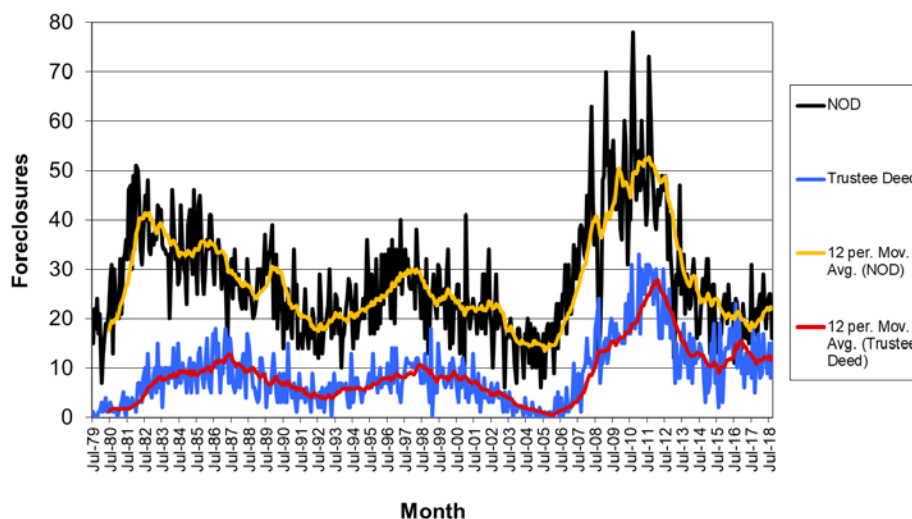
"June is the fifth consecutive month in which home prices have increased across the U.S. With 2023 half over, the National Composite has risen 4.7%, which is slightly above the median full calendar year increase in more than 35 years of data."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of June 29, was 6.71 percent, down from 6.79 on June 1st. The average 15-year fixed-rate mortgage was 6.06 percent at the end of June, down from 6.18 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.

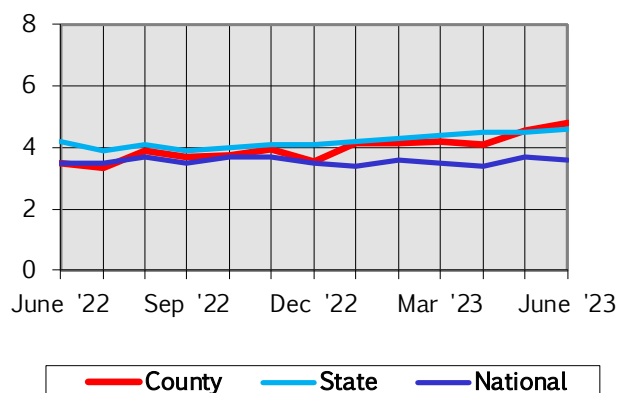
The seasonally adjusted unemployment rate in Humboldt County rose from 4.6 to 4.8 percent. The seasonally adjusted unemployment rate in California rose from 4.5 to 4.6 percent. The seasonally adjusted national unemployment rate decreased from 3.7 to 3.6 percent.

The Employment Development Department of California indicated that in June Humboldt County's preliminary estimate of total employment fell by 300 individuals to a total of 56,800. Humboldt County's total unemployment increased to 2,800 individuals.

In the Labor Department's June report, total nonfarm payroll employment rose by 209,000. National government employment increased by 60,000, 41,000 healthcare jobs were added, social assistance added 24,000 jobs, 23,000 new construction jobs were added, professional and business services gained 21,000 jobs,

and leisure and hospitality added 21,000 jobs. Retail trade employment changed little in June.

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 did not change from 94.6 in June. This month's Index value is 1.3 percent lower than the value for this time last year. The 4-month moving average fell 1.1 percent to a current value of 94.3.

Gasoline Prices

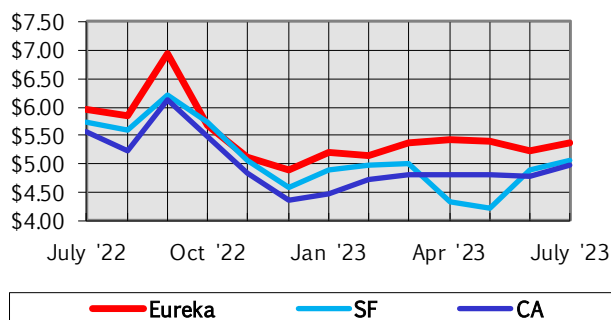
The average price per gallon of gas in California increased from \$4.79 to \$4.99. Northern California's average increased from \$4.88 to \$5.05. Eureka's average increased from \$5.22 to \$5.37.

The national average peaked for 2023 at \$3.82, a 29-cent increase since last month. The likely culprit is US crude oil prices increasing about 15%, with West Texas pricing out at \$81/barrel. In an effort to maintain a floor on prices, Saudi nationals announced they would continue their 1 million barrel-a-day cut into September. This announcement comes after OPEC declared production cuts of similar magnitude. More frequent heatwaves across the States also abate the refinery of crude oil once it is US soil, meaning there are several obstacles to efficient production at this time.

Gas Prices		
Prices as of 6/30/2023	Average price*	Change from previous month
Eureka	\$5.37	+\$0.15
Northern California	\$5.05	+\$0.17
California	\$4.99	+\$0.20

* 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 employment remained at 2,600 individuals for the seventh 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 7th 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 rose 0.4 percentage points to 46.4 percent.

Nationally, two industries reported growth in the following order: Petroleum & Coal Products; and Furniture & Related Products. The 16 industries reporting contraction in July, in the following order, are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Paper Products; Textile Mills; Wood Products; Computer & Electronic Products; Chemical Products; Primary Metals; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Printing & Related Support Activities; Miscellaneous Manufacturing; Fabricated Metal Products; Transportation Equipment; Nonmetallic Mineral Products; and Machinery.

The New Export Orders Index fell 1.1 percentage points to 46.2 percent. This is the 10th 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.

Three industries reported growth in new export orders in July: Wood Products; Primary Metals; and Electrical Equipment, Appliances & Components. The eight industries reporting a decrease in new export orders in July — in the following order — are: Plastics & Rubber Products; Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; Miscellaneous Manufacturing; and Machinery.

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 4.1 percent to a new value of 90.1. The current value is 5.0 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 4.9 percent in June to a new value of 151.6, up 0.6 percent from the value for this time last year. The 4-month moving average fell 2.4 percent to a new value of 148.8.

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 June from 102.5 to 109.7. The Expectations Index increased from 71.5 from 79.1, and the Present Situation Index decreased from 148.9 to 155.3.

"Consumer confidence improved in June to its highest level since January 2022, reflecting improved current conditions and a pop in expectations," said Dana Peterson, Chief Economist at The Conference Board.

"Assessments of the present situation rose in June on sunnier views of both business and employment conditions. Indeed, the spread between consumers saying jobs are 'plentiful' versus 'not so plentiful' widened, indicating upbeat feelings about a labor market that continues to outperform. Likewise, expectations for the next six months improved materially, reflecting greater confidence about future business conditions and job availability.

"While income expectations ticked down slightly in June, new questions included in this month's release found a notably brighter outlook for consumers' family finances: Around 30 percent expect their family's financial situation to be 'better' in the next six months, compared to less than 14 percent expecting it to be 'worse.'"

The percentage of consumers expecting business conditions to improve over the next six months rose from 13.2 to 14.2 while the percentage of consumers expecting business conditions to worsen fell from 21.4 to 17.7.

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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