

Humboldt Economic Index

June 2020

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Consumer Confidence Rises Despite Ongoing Pandemic

Note: This text was updated in May, 2021 to reflect major revisions to the housing data.

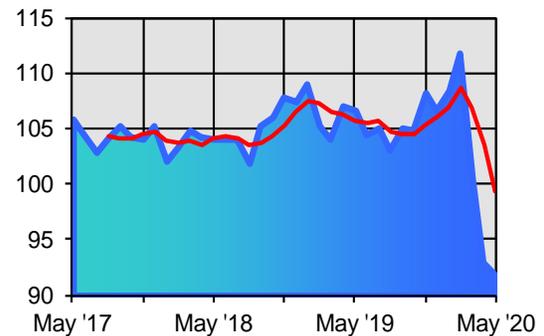
The Composite Index fell to 91.8 in May, down 1.1 points from the previous month, and down 13.9 points from this time last year. This month the Retail Sales and Employment Indices fell, and the Hospitality Index rose.

The Index of Home Sales fell to 75.6 in May, down 17.2 points from the previous month, and down 44.5 points from this time last year. The median home price rose from \$316,000 to \$320,000.

Leading Indicators are mostly up in May. Building Permits and Manufacturing Orders are both up, and Unemployment Claims are down.

The seasonally adjusted unemployment rate in Humboldt County decreased from 13.3 percent to 12.5 percent. The seasonally adjusted unemployment rate in California increased from 15.5 percent to 16.3 percent. The seasonally

Composite Index



adjusted national unemployment rate decreased from 14.7 percent to 13.3 percent.

The average price per gallon of gas in California increased from \$2.92 to \$3.07. Northern California's average increased from \$3.10 to \$3.19. Eureka's average increase from \$3.15 to \$3.28.

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	91.8	-1.1	-13.9	-12.1	-8.8
Home Sales	75.6	-17.2	-44.5	-33.0	-12.3
Retail Sales	137.7	-2.4	-1.9	-10.7	-9.5
Hospitality	65.5	17.7	-32.9	-28.4	-25.1
Electricity	119.6	0.0	0.0	3.5	-4.3
Employment	97.9	-2.1	-12.6	-10.1	-2.7
Lumber*	26.3	0.0	0.0	0.0	-26.7
Manufacturing**	100.9			-	-

* 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

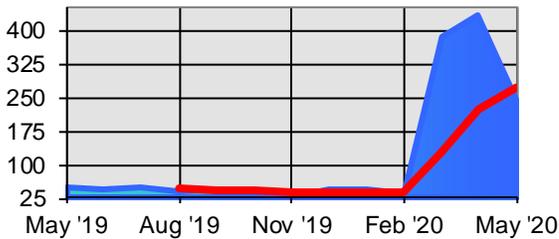
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
-0.5%	12.7%	56.1%	117.7%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$320,000	\$ 1,892	3.125%	12.5%
* 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.			

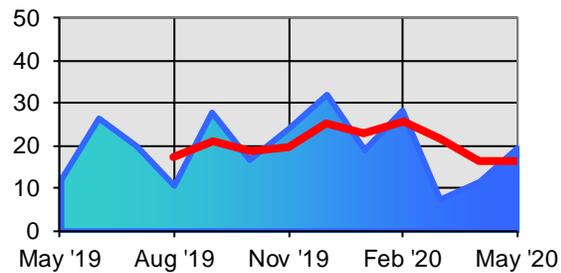
Unemployment Claims fell 197.1 points to a new Index value of 237.2. The current value is 188.3 points higher than the value for this time last year. The 4-month moving average rose 47.8 points to a new average of 273.1.

Index of Claims for Unemployment Insurance



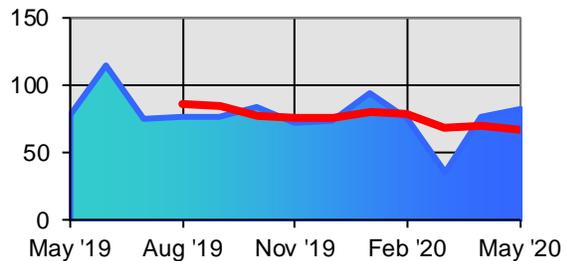
Building Permits rose 7.9 points to a new Index value of 19.3. The current value is 7.4 points higher than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 5 points to a new Index value of 81.4. The current value is 3.7 points higher than the value for this time last year. The 3-month moving average rose 2.2 points to a new value of 64.3. In March there were 398 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 May fell 17.2 points to a new value of 75.6. The present Index value is 44.5 points lower than the value for this time last year. The country’s median home price increased from \$316,000 to \$320,000. In comparison, the median home price this time last year was \$314,500.

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.

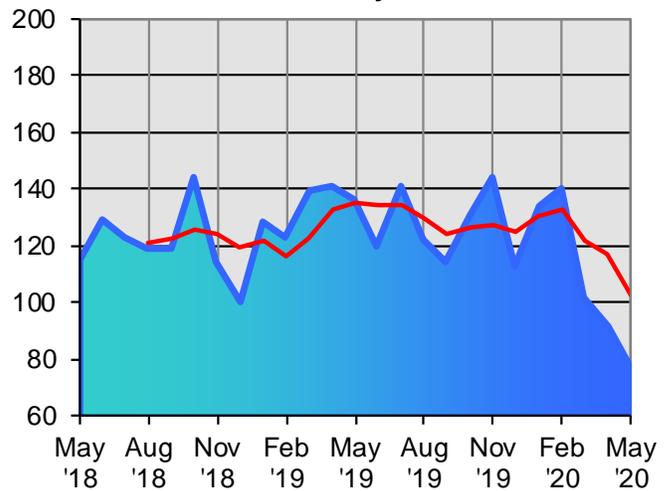
The S&P Case-Shiller Home Price Indices saw a slightly higher year-over-year gain in April compared to March. The 10-City and 20-City Composites report year-over-year gains of 3.4 percent and 4.0 percent, respectively. The National Index reported a 4.7 percent annual gain over the same period. After seasonal adjustment, both the 10-City Composite and the 20-City Composite posted a 0.3 month-over-month percent change. The National Index reported a seasonally adjusted increase of 0.5 percent.

Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, notes the remarkable stability of April’s housing price data, “April’s year-over-year gains were ahead of March’s, continuing a trend of gently accelerating home prices that began last fall. Results in April continued to be broad-based. Prices rose in each of the 19 cities for which we have reported data, and price increases

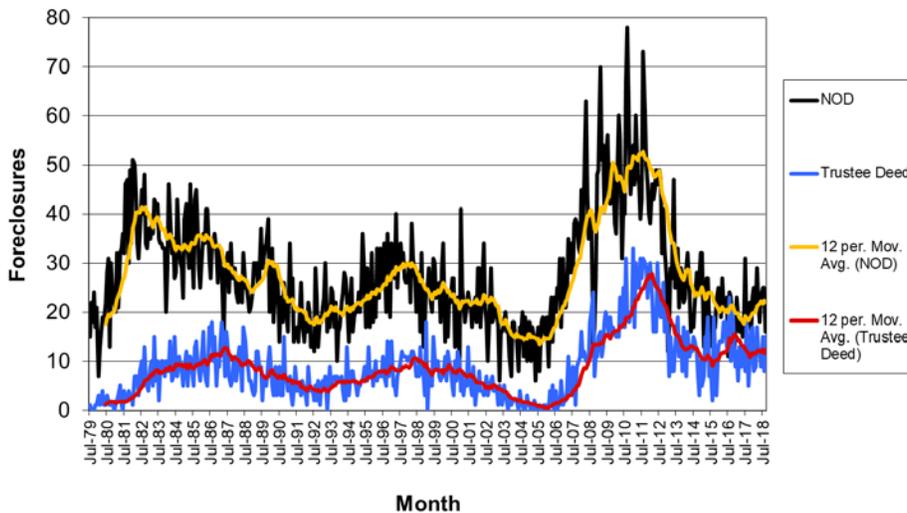
accelerated in 12 cities. As was the case in March, we have data from only 19 cities this month, since transactions records for Wayne County, Michigan (in the Detroit metropolitan area) continue to be unavailable. This is, so far, the only directly visible impact of COVID-19 on the S&P CoreLogic Case-Shiller Indices. The price trend that was in place pre-pandemic seems so far to be undisturbed, at least at the national level. Indeed, prices in 12 of the 20 cities in our survey were at an all-time high in April.”

According to Freddie Mac, the average 30-year fixed-rate mortgage as of May 28 was 3.15 percent, down from 3.23 on April 30. The average 15-year fixed-rate mortgage was 2.62 percent, down from 2.77.

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.

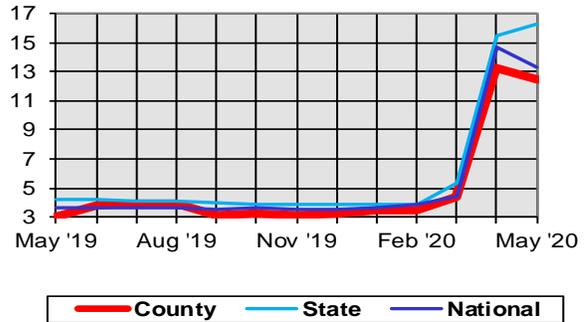
The Total County Employment Index fell 2.1 points to a value of 97.9. The seasonally adjusted unemployment rate in Humboldt County decreased from 13.3 percent to 12.5 percent. The seasonally adjusted unemployment rate in California increased from 15.5 percent to 16.3 percent. The seasonally adjusted national unemployment rate decreased from 14.7 percent to 13.3 percent.

The Employment Development Department of California indicated that in May Humboldt County's estimate of total employment remained constant at a total of 53,600 individuals. Humboldt County's total unemployment fell from 8,600 individuals in April to an estimated 7,300 individuals in May due to a reduction in the overall labor force.

In the Labor Department's May report, total nonfarm payroll employment rose by 2.5 million after dropping 22.1 million in March and April combined. National employment in leisure and hospitality added over 1.2 million jobs, with 1.4 million new jobs in food services and

drinking places bringing up the sector average despite continuing job losses in accommodations. Construction added 464,000 jobs, educations and health services added 424,000 jobs, and retail trade added 368,000 jobs. Employment also increased in other services, manufacturing, professional and business services, financial activities, and wholesale trade. Employment decreased in government, information, mining and logging, and transportation and warehousing.

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 in May from 55.7 to a new value of 65.5. This month's Index value is 32.9 points lower than the value for this time last year. Occupancy in May, while still very low, is above the extremely low rate after Covid-19 shelter in place orders were implemented.

Gasoline Prices

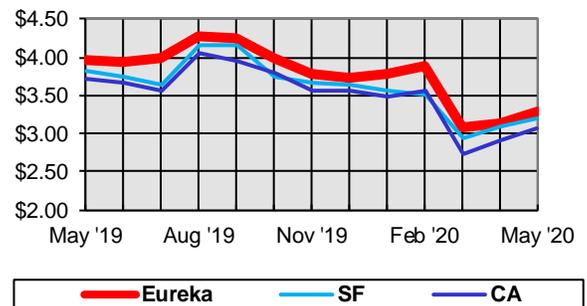
California's average gas price rose 16 cents in May to a new average of \$3.07. Northern California's average price rose 9 cents to a new average of \$3.19. Eureka's average gas price rose 14 cents to a new average of \$3.28. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.34 per gallon in 1982-84 dollars.

A month after April's historic negative oil prices, prices are beginning to recover, passing \$30 per barrel in mid-May. Despite U.S. Federal Reserve Chairman Jerome Powell's public optimism about economic recovery in the second half of the year, the U.S. Commodity Futures Trading Commission issued a rare warning to exchange operators and brokerages ahead of the oil futures expiry date, telling them they need to protect markets from manipulation and potentially intervene to protect customers. Brokerage firms are restricting customers from buying new positions in certain crude contracts, and some are raising maintenance margins by as much as 20 percent.

Gas Prices		
Prices as of 6/30/2020	Average price*	Change from previous month
Eureka	\$3.28	+\$0.14
Northern California	\$3.19	+\$0.09
California	\$3.07	+\$0.16

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csa.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 expanded to a seasonally adjusted Index value of 100.9 in May, up 2.4 points from the previous month's value of 98.5. Manufacturing employment increase from 2,000 to 2,100 individuals, 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 second consecutive month after one month of contraction.

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 is 52.6, up 9.5 points from the previous month.

Nationally, thirteen of the eighteen manufacturing industries are reporting growth in June in the following order: Textile Mills; Wood Products; Furniture & Related Products; Printing & Related Support Activities; Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Plastics & Rubber Products; Chemical Products; Miscellaneous Manufacturing; Nonmetallic Mineral Products; Paper Products; and Electrical Equipment, Appliances & Components. The four industries reporting contractions are Transportation Equipment; Primary Metals; Fabricated Metal Products; and Machinery.

The New Export Orders Index for June is 47.6 percent, up 8.1 percentage points from the previous month. 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 three industries reporting growth are, in the following order: Textile Mills; Paper Products; and Plastics & Rubber Products. The nine industries reporting contraction are, in the following order: Nonmetallic Mineral Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Primary Metals; Fabricated Metal Products; Computer & Electronic Products; Transportation Equipment; Food, Beverage & Tobacco Products; and Chemical Products. Six industries reported no change in new export orders.

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. Because we collect our data for this sector quarterly, values are frequently estimated, and are revised when the quarterly data are received.

Energy sector updates are still unavailable. We estimate this sector to be unchanged from the first quarter of 2018, which is the last quarter of data. We will update this sector as new data become available.

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 is reporting a value of 137.7 for May, down 3.4 points from the value of 141.1 in April. The most recent value is 2.6 points lower than the value for this time last year. The 4-month moving average is down 4.1 points with a new value of 140.2.

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 more than experts had anticipated in June by 12.2 points to a current Index value of 98.1. The Expectations Index increased 8.4 points to a new value of 106.0. The Present Situation Index increased 17.8 points to a new value of 86.2.

Lynn Franco, the Director of Economic Indicators at the Conference Board, says that "The re-opening of the economy and relative improvement in unemployment claims helped improve consumers' assessment of current conditions. The Present Situation Index suggests that economic conditions remain weak. Looking ahead, consumers are less pessimistic about the short-term outlook, but do not foresee a significant pickup in economic activity. Faced with an uncertain and uneven path to recovery, and a potential COVID-19 resurgence, it's too soon to say that consumers have turned the corner and are ready to begin spending at pre-pandemic levels."

The percentage of consumers expecting business conditions will improve over the next six months remained the same at 42.6 percent, while those expecting business conditions will worsen decreased 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.

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Institute for Supply Management – Reuters

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