

Humboldt Economic Index

June 2021

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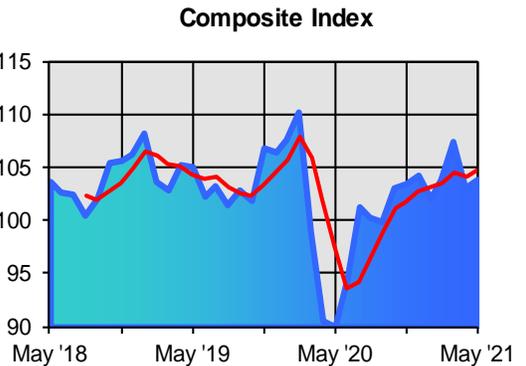
Home Sales Index rises admit surging national housing market

The Composite Index rose to 103.9 in May, up 0.7 percent from the previous month. The Composite Index is up 15.3 percent from this time last year. This month the Retail Sales, Hospitality, Electricity and Employment Indices all rose.

The Index of Home Sales rose to 138.5, up 1.9 percent from the previous month, and up 83.1 percent from this time last year. The median home price fell from \$423,000 to \$399,800.

Leading Indicators are mostly down in May. Unemployment Claims and Building Permits are down, and Help Wanted Advertising is up.

The seasonally adjusted unemployment rate in Humboldt County remained constant at 6.1 percent. The seasonally adjusted unemployment rate in California decreased from 8.3 percent to 7.9 percent. The seasonally adjusted national unemployment rate decreased from 6.1 percent to 5.8



percent.

The average price per gallon of gas in California increased from \$4.19 to \$4.28. Northern California's average increased from \$4.44 to \$4.57. Eureka's average increased from \$4.35 to \$4.49.

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	103.9	0.7	15.3	-1.7	6.3
Home Sales	138.5	1.9	83.1	23.8	124.1
Retail Sales	143.2	1.1	2.6	-10.5	-3.4
Hospitality	109.2	0.9	68.3	15.3	31.4
Electricity	110.0	0.2	5.2	-5.1	-16.0
Employment	102.8	0.4	5.0	-5.7	4.1
Lumber*	26.3	0.0	0.0	0.0	-28.3
Manufacturing**	95.6	1.3	-5.3	-	-

* 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

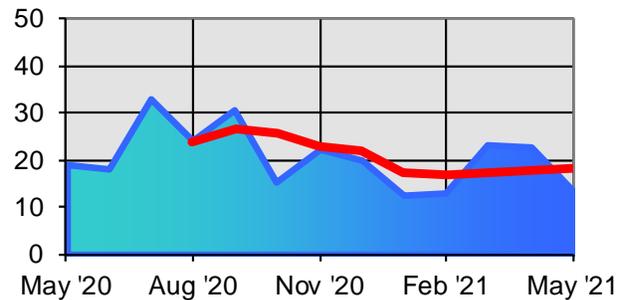
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-37.4%	-41.3%	16.6%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$399,800	\$ 1,722	3.000%	6.1%
* 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.			

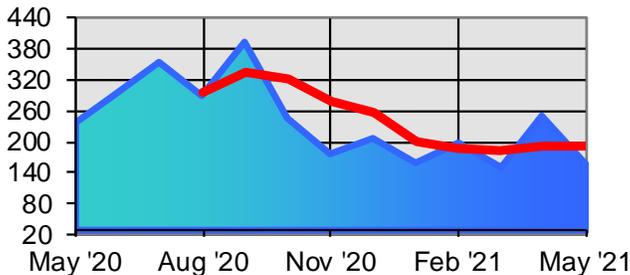
Building Permits fell 41.3 percent to a new Index value of 13.3. The current value is 30.8 percent lower than the value for this time last year.

Index of Building Permits Issued



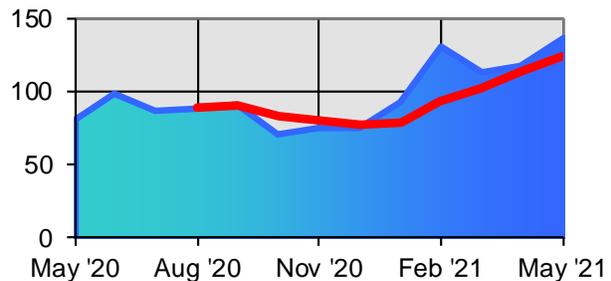
Unemployment Claims fell 37.4 percent to a new Index value of 158.0. The current value is 33.4 percent lower than the value for this time last year. The 4-month moving average fell 0.5 percent to a new average Index value of 191.0 in May.

Index of Claims for Unemployment Insurance



Help Wanted Advertising rose 16.6 percent to a new Index value of 137.2. The current value is 68.6 percent higher than the value for this time last year. The 3-month moving average rose 1.7 percent to a new average value of 122.7. In May there were 671 unique job postings on Craigslist.

Index of Help Wanted Advertising



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.

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 Humboldt County Home Sales Index for May rose 1.9 percent to a new value of 138.5. The present Index value is 83.1 percent higher than the value for this time last year. The 4-month moving average fell 0.8 percent to a new average value of 136.3. The country's median home price decreased from \$423,000 to \$399,800. In comparison, the median home price this time last year was \$320,000.

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 April compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 14.4 percent and 14.9 percent, respectively. The National Index reported a 14.6 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 1.4 percent and 1.6 percent, respectively. The National Index reported a seasonally adjusted increase of 1.6 percent.

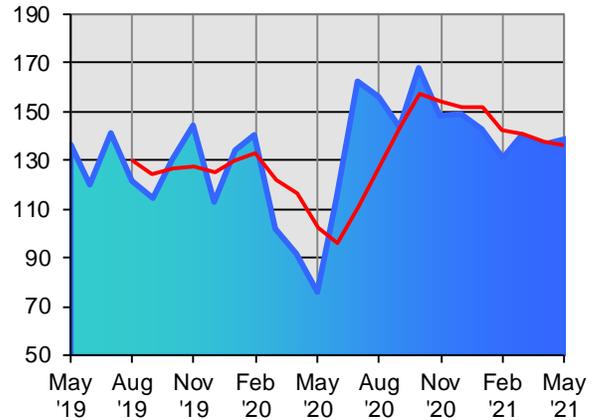
Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, commented on this extraordinary performance in the housing market. "Housing prices accelerated their surge in April 2021," he said. "April's performance was truly extraordinary. The 14.6% gain in the National

Composite is literally the highest reading in more than 30 years of S&P CoreLogic Case-Shiller data. Housing prices in all 20 cities rose; price gains in all 20 cities accelerated; price gains in all 20 cities were in the top quartile of historical performance. In 15 cities, price gains were in top decile. Five cities – Charlotte, Cleveland, Dallas, Denver, and Seattle – joined the National Composite in recording their all-time highest 12-month gains.

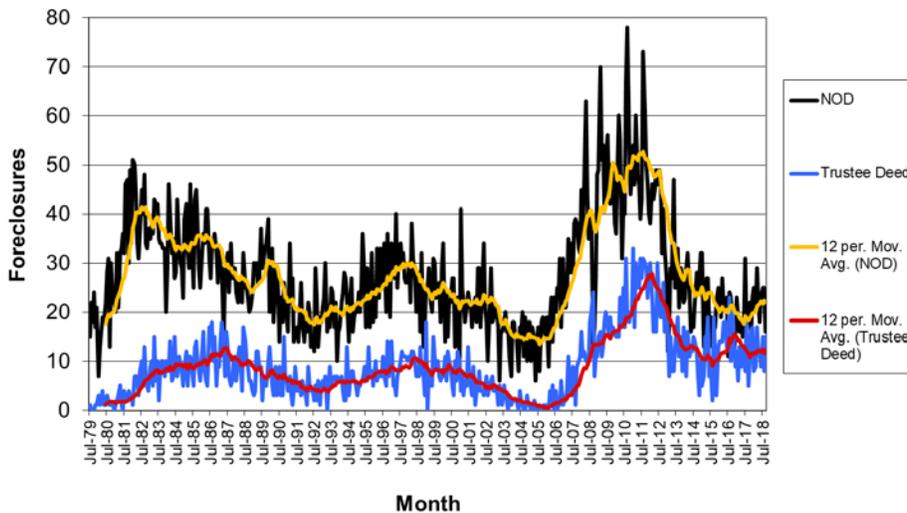
"We have previously suggested that the strength in the U.S. housing market is being driven in part by reaction to the COVID pandemic, as potential buyers move from urban apartments to suburban homes. April's data continue to be consistent with this hypothesis."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of June 24, was 3.02 percent, up from 2.95 on May 27. The average 15-year fixed-rate mortgage was 2.34 percent at the end of June, up from 2.27 at the end of May.

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.

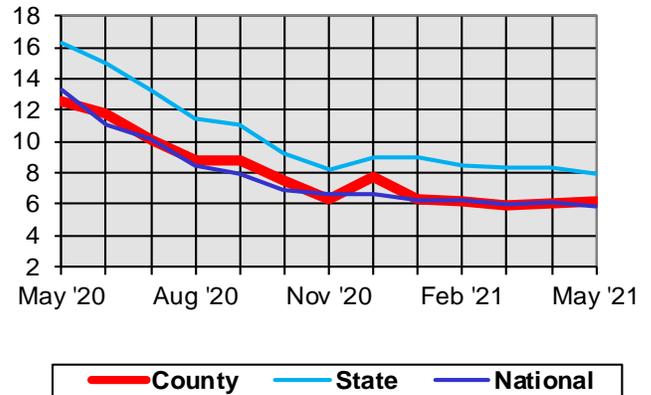
The Total County Employment Index increased 0.4 percent to a new value of 102.8 in May. The seasonally adjusted unemployment rate in Humboldt County remained constant at 6.1 percent. The seasonally adjusted unemployment rate in California decreased from 8.3 percent to 7.9 percent. The seasonally adjusted national unemployment rate decreased from 6.1 percent to 5.8 percent.

The Employment Development Department of California indicated that in May Humboldt County's estimate of total employment rose by 900 individuals to a total of 65,400. Humboldt County's total unemployment fell by an estimated 300 individuals to a total of 3,400.

In the Labor Department's May report, total payroll employment rose by 559,000. National employment in leisure and hospitality gained 292,000 jobs with food

services and drinking places accounting for most of the growth. Education and health services gained 87,000 jobs, government gained 67,000 jobs, information gained 29,000 jobs, manufacturing gained 23,000 jobs, transportation and warehousing gained 23,000 jobs, wholesale trade gained 20,000 jobs, and professional and business services gained 35,000 jobs. Employment declined in two industries: construction and retail trade.

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 0.9 percent in May to a new value of 109.2. This month's Index value is 68.3 percent higher than the value for this time last year, when travel was restricted statewide due to the COVID-19 pandemic. The 4-month moving average rose 6.7 percent to a current average value of 109.9.

Gasoline Prices

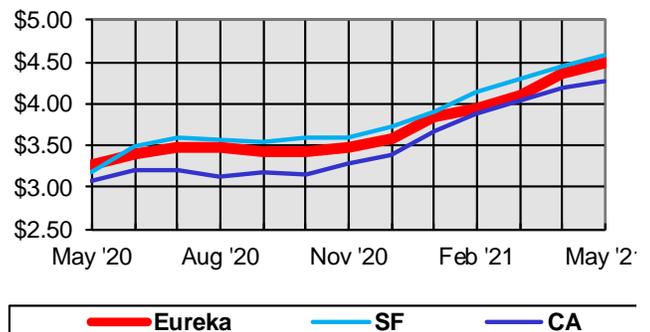
California's average gas price rose in May to \$4.28, a 9 cent increase from the previous month. Northern California's average price increased 13 cents to a new average of \$4.57, while Eureka's average gas price increased 14 cents to a new average of \$4.49. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.05 per gallon in 1982-84 dollars.

Gas prices continue to rise after initially passing the four-dollar mark in March. The upward trend will likely continue due to fuel excise taxes increasing at the end of June from 50.5 to 51.5 cent per gallon. This scheduled increase to the statewide tax, which is already the highest in the nation, is one of many automatic incremental increases signed into legislation in 2017.

Gas Prices		
Prices as of 6/30/2021	Average price*	Change from previous month
Eureka	\$4.49	\$0.14
Northern California	\$4.57	\$0.13
California	\$4.28	\$0.09

* 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



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 May to a seasonally adjusted Index value of 95.6, up 1.3 percent from the previous month. Manufacturing employment remained at 2,200 individuals for the fourth consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in May economic activity in the manufacturing sector expanded, while the overall economy grew for the 12th 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 May rose 0.5 percentage points to 61.2 percent.

Nationally, sixteen of the eighteen manufacturing industries reported growth in the following order: Furniture & Related Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Textile Mills; Primary Metals; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Food, Beverage & Tobacco Products; Machinery; Chemical Products; Miscellaneous Manufacturing; Transportation Equipment; Wood Products; Paper Products; and Petroleum & Coal Products. The only industry that contracted is Printing & Related Support Activities.

The New Export Orders Index rose 0.5 percentage points to 55.4 percent. This is the 11th 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.

Eight industries reported growth in new export orders in May in the following order: Nonmetallic Mineral Products; Miscellaneous Manufacturing; Transportation Equipment; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Machinery; Chemical Products; and Computer & Electronic Products. The only industry that reported a decrease is Wood 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 May, the Electricity Index rose 0.2 percent to a new value of 110.0. The current value is 5.2 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 rose 1.1 percent in May to a new value of 143.2, up 2.6 percent from the value for this time last year. The 4-month moving average fell 1.4 percent to a new value of 147.0.

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 slightly in May from 117.5 to 117.2. The Expectations Index decreased from 107.9 to 99.1, and the Present Situation Index increased from 131.9 to 144.3

"After rebounding sharply in recent months, U.S. consumer confidence was essentially unchanged in May," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' assessment of present-day conditions improved, suggesting economic growth remains robust in Q2. However, consumers' short-term optimism retreated, prompted by expectations of decelerating growth and softening labor market conditions in the months ahead. Consumers were also less upbeat this month about their income prospects—a reflection, perhaps, of both rising inflation expectations and a waning of further government support until expanded Child Tax Credit payments begin reaching parents in July. Overall, consumers remain optimistic, and confidence should remain resilient in the short term, as vaccination rates climb, COVID-19 cases decline further, and the economy fully reopens."

The percentage of consumers expecting business conditions to improve over the next six months fell from 33.1 percent to 30.3 percent, while the percentage of consumers expecting business conditions to worsen rose from 12.1 percent to 14.8 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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Institute for Supply Management – KTLA

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