

Humboldt Economic Index

Our Sponsors:



Professor Erick Eschker, Director

Nick Salgado-Stanley, Assistant Editor

Ellie Bourret, Assistant Analyst

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.

June 2022

Home Prices and Gasoline Fall Slightly

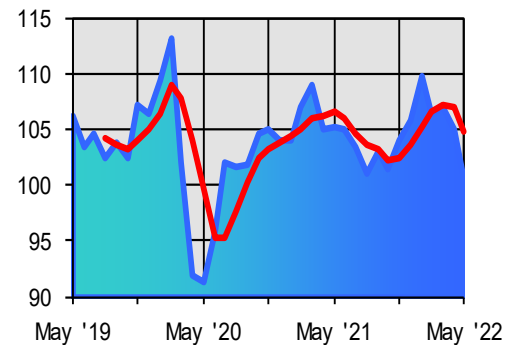
The Composite Index fell to 100.6 in May, down 4.1 percent from the previous month. The Composite Index is down 4.3 percent from this time last year. This month the Retail Sales, Employment, Hospitality and Electricity Indices all fell.

The Index of Home Sales fell to 123.6, down 16.6 percent from the previous month, and down 10.8 percent from this time last year. The median home price fell from \$463,050 to \$456,500.

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

The seasonally adjusted unemployment rate in Humboldt County decreased from 3.2 percent to 3.1 percent. The seasonally adjusted unemployment rate in California decreased from 4.6 percent to 4.3 percent. The seasonally adjusted national unemployment rate remained

Composite Index



at 3.6 percent.

The average price per gallon of gas in California increased from \$6.19 to \$6.28. However, Northern California's average fell from \$6.59 to \$6.45. Eureka's average fell from \$6.77 to \$6.58.

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	100.6	-4.1	-4.3	-6.0	-2.4
Home Sales	123.6	-16.6	-10.8	11.5	33.3
Retail Sales	135.1	-5.9	-10.8	-19.3	-16.8
Hospitality	101.7	-4.9	-6.9	11.7	21.4
Electricity	99.9	-4.0	-9.4	-18.3	-22.0
Employment	105.9	-0.1	3.0	-3.9	6.6
Lumber*	26.3	0.0	0.0	0.0	-28.7
Manufacturing**	91.4	-5.4	-4.4	-	-

* 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

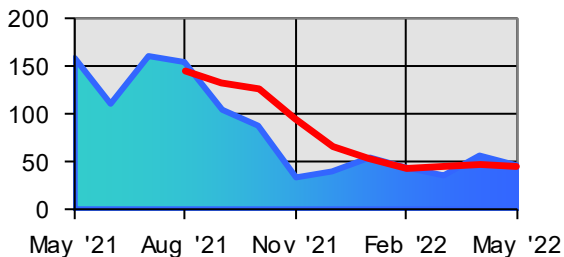
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-16.4%	131.7%	-30.2%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$456,500	\$2,440	5.250%	3.1%
<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>			

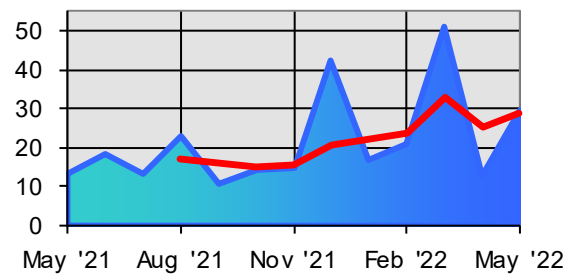
Unemployment Claims rose 16.4 percent to a new Index value of 47.1. The current value is 70.2 percent lower than the value for this time last year. The 4-month moving average fell 4.4 percent to a new average of 46.5.

Index of Claims for Unemployment Insurance



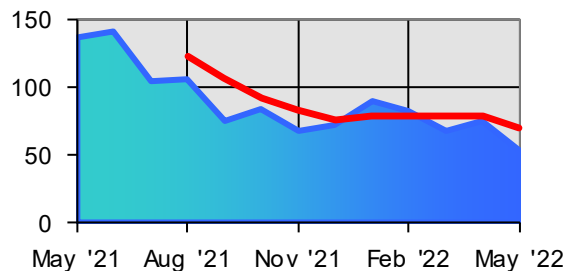
Building Permits rose 131.7 percent to a new Index value of 29.7. The current value is 122.2 percent higher than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 30.2 percent to a new Index value of 52.8. The current value is 61.5 percent lower than the value for this time last year. The 3-month moving average fell 12.9 percent to a new value of 65.6. In May there were 258 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 16.6 percent to a new value of 123.6. The present Index value is 10.8 percent lower than the value for this time last year. The 4-month moving average fell by 0.3 percent to a new value of 129.2. The country's median home price decreased from \$463,050 to \$456,500. In comparison, the median home price this time last year was \$397,300.

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 May compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 19.5 percent and 20.2 percent, respectively. The National Index reported a 20.6 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 2.2 percent and 2.4 percent, respectively. The National Index reported a seasonally adjusted increase of 2.1 percent.

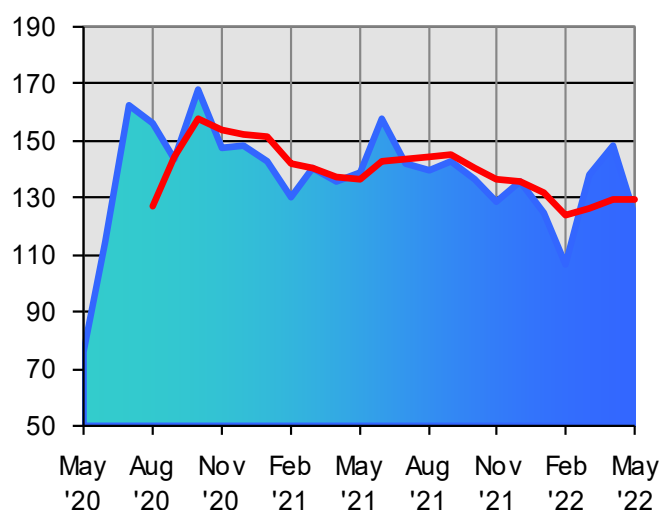
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "Those of us who have been anticipating a deceleration in the growth rate of U.S. home prices will have to wait at least a month longer." The May year-over-year gains were higher than those in April. "The strength of the Composite indices suggests

very broad strength in the housing market, which we continue to observe.

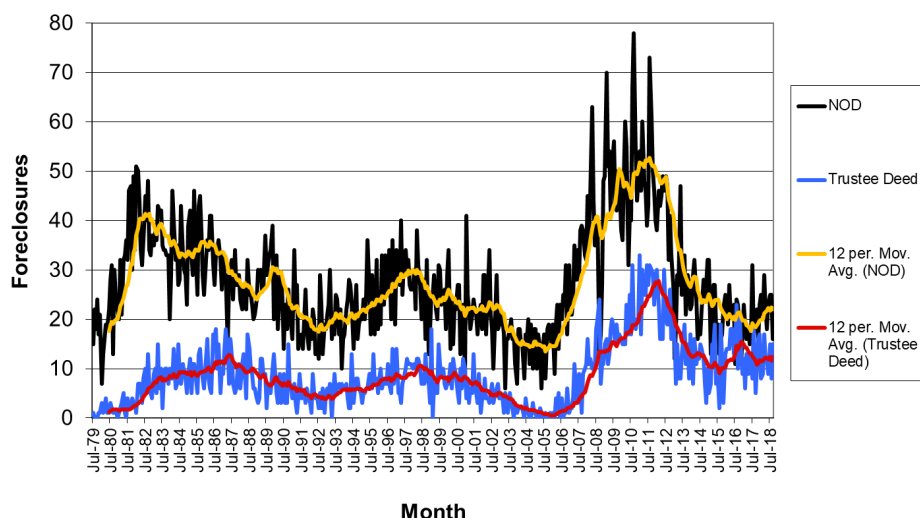
"Mortgages are becoming more expensive as the Federal Reserve has begun to ratchet up interest rates, suggesting that the macroeconomic environment may not support extraordinary home price growth for much longer. Although one can safely predict that price gains will begin to decelerate, the timing of the deceleration is a more difficult call."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of May 26, was 5.10 percent, the same as recorded on April 28. The average 15-year fixed-rate mortgage was 4.31 percent at the end of May, down from 4.40 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.

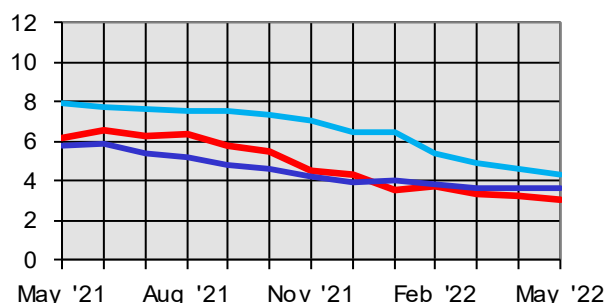
The Total County Employment Index decreased 0.1 percent to a value of 105.9. The seasonally adjusted unemployment rate in Humboldt County decreased from 3.2 percent to 3.1 percent. The seasonally adjusted unemployment rate in California decreased from 4.6 percent to 4.3 percent. The seasonally adjusted national unemployment rate remained at 3.6 percent.

The Employment Development Department of California indicated that in May Humboldt County's preliminary estimate of total employment rose by 500 individuals to a total of 58,000. Humboldt County's total unemployment decreased by 300 individuals to a total of 1,700.

In the Labor Department's May report, employment in leisure and hospitality increased by 84,000. National employment in professional and business services rose

by 75,000, transportation and warehousing added 47,000 jobs, construction increased by 36,000 jobs, employment increased by 36,000 in state government education, employment in health care rose by 28,000, manufacturing gained 18,000 jobs, and mining gained 6,000 jobs. Employment changed little in information, financial activities, and other services.

Unemployment Percentage Rates



County State National

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 4.9 percent in May to a new value of 101.7. This month's Index value is 6.9 percent lower than the value for this time last year. The 4-month moving average fell 4.1 percent to a current value of 111.5.

Gasoline Prices

California's average gas price rose in June to \$6.28, a 9-cent increase from the previous month. Northern California's average price decreased 14 cents to a new average of \$6.45, while Eureka's average gas price fell by 19 cents to a new average of \$6.58.

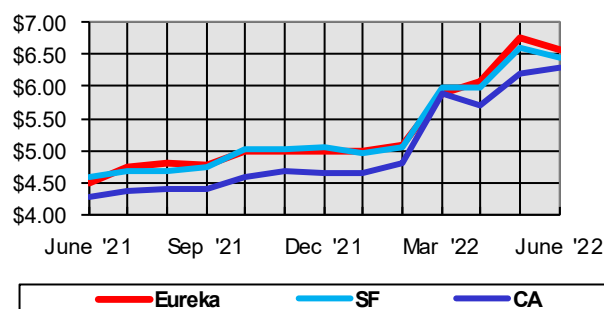
Gas prices have continued their climb, with it now being reported that it costs 32% more to fill up a tank than it did the day before Russia launched its first invasion into Ukraine, and 44 cents higher than the day President Biden released the largest quantity of crude oil from the Strategic Petroleum Reserve. Furthermore, seven of the 50 United States now average gas prices of at least \$5, with Illinois being the latest addition. California, who has long passed the benchmark, averages at \$6.19. Georgia claims the lowest average fuel price of \$4.16 a gallon. In May, the national average rose to \$4.67, a 48-cent increase just in the last month. Andy Lipow, President of Lipow Oil Associates, told CNN he expects the national average to break \$4.75 in the coming weeks.

Gas Prices

Prices as of 6/ 30/ 2022	Average price*	Change from previous month
Eureka	\$6.58	-\$0.19
Northern California	\$6.45	-\$0.14
California	\$6.28	\$0.09

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.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 shrunk in May to a seasonally adjusted Index value of 91.4, down 5.4 percent from the previous month's value of 96.6. Manufacturing employment remained at 2,200 individuals for the second consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in December economic activity in the manufacturing sector expanded, while the overall economy grew for the 24th 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 0.7 percentage points to 56.1 percent.

Nationally, eleven of the eighteen manufacturing industries reported growth in the following order: Apparel, Leather & Allied Products; Computer & Electronic Products; Primary Metals; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Machinery; Miscellaneous Manufacturing; Plastics & Rubber Products; Chemical Products; Transportation Equipment; and Fabricated Metal Products. The only industry reporting a decrease is Wood Products.

The New Export Orders Index rose 0.2 percentage points to 52.9 percent. This is the 23rd 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.

Seven industries reported growth in new export orders in the following order: Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Miscellaneous Manufacturing; Transportation Equipment; Chemical Products; and Machinery. The three industries reporting a decrease are: Paper Products; Wood Products; and Electrical Equipment, Appliances & Components. Six industries reported no change in exports in 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 May, the Electricity Index fell 4.4 percent to a new value of 99.9. The current value is 9.2 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 fell 5.9 percent in May to a new value of 135.1, down 10.8 percent from the value for this time last year. The 4-month moving average fell 4.0 percent to a new value of 147.5.

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 decreased in May from 108.6 to 106.4. The Expectations Index decreased from 79.0 to 77.5, and the Present Situation Index decreased from 152.9 to 149.6.

"Consumer confidence dipped slightly in May, after rising modestly in April," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The decline in the Present Situation Index was driven solely by a perceived softening in labor market conditions. By contrast, views of current business conditions—which tend to move ahead of trends in jobs—improved. Overall, the Present Situation Index remains at strong levels, suggesting growth did not contract further in Q2.

"Meanwhile, purchasing intentions for cars, homes, major appliances, and more all cooled—likely a reflection of rising interest rates and consumers pivoting from big-ticket items to spending on services. Vacation plans have also softened due to rising prices. Indeed, inflation remains top of mind for consumers, with their inflation expectations in May virtually unchanged from April's elevated levels."

The percentage of consumers expecting business conditions to improve over the next six months fell from 18.6 percent to 17.7 percent, while the percentage of consumers expecting business conditions to worsen rose from 21.7 percent to 24.9 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 – CNN

Layout & Design: Matt Hawk

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

www.humboldt.edu/econindex

Copyright © 2022 [Erick Eschker](#).