

# Humboldt Economic Index

## Our Sponsors:



Professor Erick Eschker, Director

Nick Salgado-Stanley, Assistant Editor

Elizabeth Redfern, 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 2023

## Business Conditions Stabilize

The Composite Index fell to 97.1 in May, down 1.3 percent from the previous month. The Composite Index is down 5.0 percent from this time last year. This month the Retail Sales, Employment and Home Indices all fell.

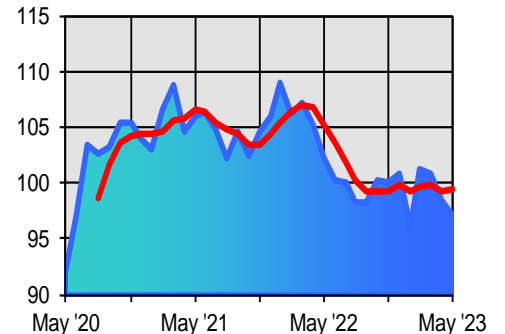
The Index of Home Sales fell to 88.4, down 0.6 percent from the previous month, and down 28.4 percent from this time last year. The median home price rose from \$437,000 to \$430,000.

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

The seasonally adjusted unemployment rate in Humboldt County rose from 4.1 to 4.6 percent. The seasonally adjusted unemployment rate in California remained at 4.5 percent. The seasonally adjusted national unemployment rate increased from 3.4 to 3.7 percent.

The average price per gallon of gas

Composite Index



in California decreased from \$4.81 to \$4.79. Northern California's average increased from \$4.22 to \$4.88. Eureka's average decreased from \$5.40 to \$5.22.

## Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
<b>Composite</b>	<b>97.1</b>	<b>-1.3</b>	<b>-5.0</b>	<b>-8.7</b>	<b>-6.0</b>
Home Sales	88.4	-0.6	-28.4	-23.1	-22.4
Retail Sales	144.5	-4.1	-3.5	-4.0	-16.0
Hospitality	93.2	0.0	-4.2	3.9	12.9
Electricity	94.0	-1.2	-5.9	-19.2	-28.3
Employment	104.4	-0.5	-1.4	-9.4	3.4
Lumber*	26.3				
Manufacturing**	78.9	-8.3	-15.5	-2.2	-11.7

\* 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

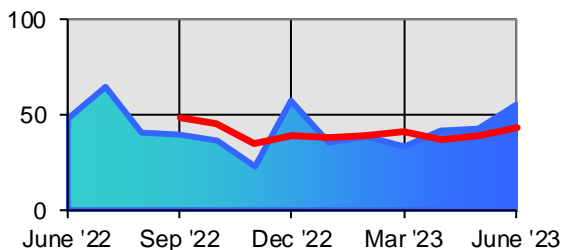
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	2.4%	-29.0%	25.2%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$430,000	#REF!	7.00%	4.6%
<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 2.4 percent to a new Index value of 42.7. The current value is 9.3 percent lower than the value for this time last year. The 4-month moving average rose 4.8 percent to a new average of 39.3.

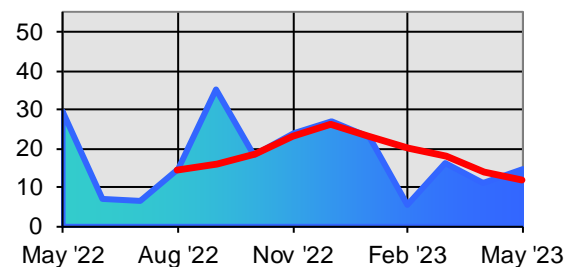
Index of Claims for Unemployment Insurance



**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.

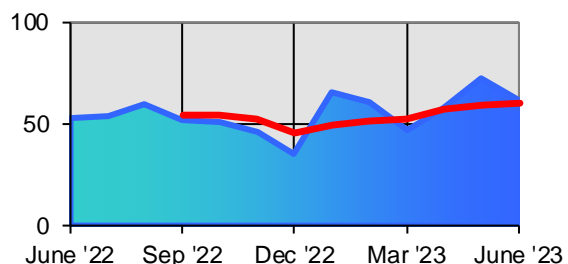
**Building Permits** rose 30.3 percent to a new Index value of 14.8. The current value is 50.0 percent lower than the value for this time last year.

Index of Building Permits Issued



**Help Wanted Advertising** rose 25.2 percent to a new Index value of 72.5. The current value is 4.1 percent lower than the value for this time last year. The 3-month moving average rose 7.0 percent to a new value of 59.3. In June there were 304 unique job postings on Craigslist.

Index of Help Wanted Advertising



**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 fell 0.6 percent to a new value of 88.4. The present Index value is 36.0 percent lower than the value for this time last year. The 4-month moving average rose by 3.5 percent to a new value of 88.7. The country's median home price increased from \$437,000 to \$430,000. In comparison, the median home price this time last year was \$465,500.

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 larger year-over-year gain in May compared to the previous month. The 10-City and 20-City Composites reported year-over-year decreases of 1.0 and 1.7, respectively. The National Index reported a 0.5 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month increases of 1.1 and 1.0 percent, respectively. The National Index reported a seasonally adjusted increase of 0.7 percent.

Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "The rally in U.S. home prices continued in May 2023.

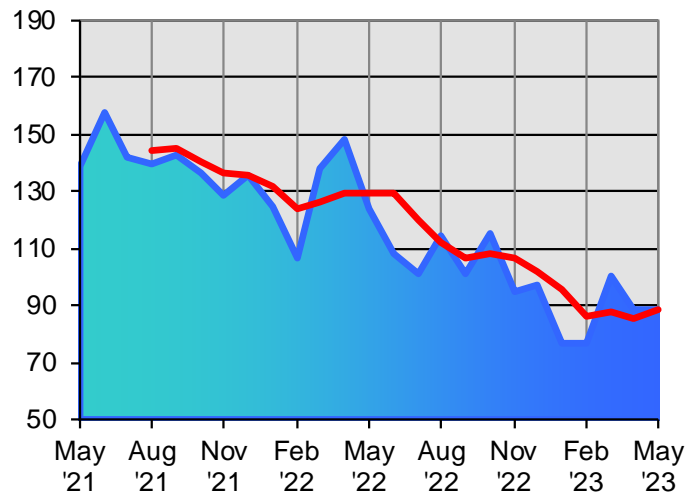
"The ongoing recovery in home prices is broadly based. Before seasonal adjustment, prices rose in all 20 cities in May (as they had also done in March and April).

Seasonally adjusted data showed rising prices in 19 cities in May, repeating April's performance. (The outlier is Phoenix, down 0.1% in both months.) On a trailing 12-month basis, the National Composite is 0.5% below its May 2022 level, with the 10- and 20-City Composites also negative on a year-over-year basis.

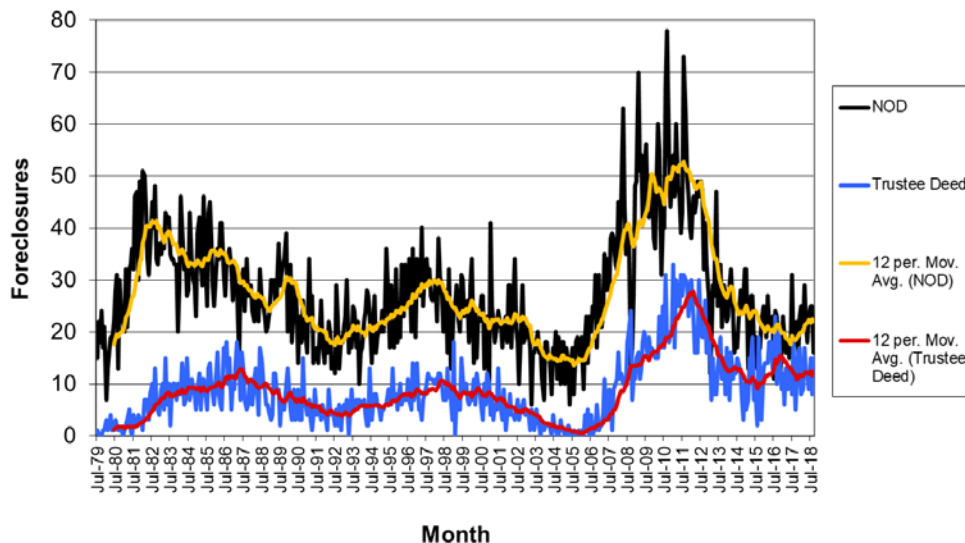
"Home prices in the U.S. began to fall after June 2022, and May's data bolster the case that the final month of the decline was January 2023."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of May 25, was 6.57 percent, up from 6.39 on May 5th. The average 15-year fixed-rate mortgage was 6.18 percent at the end of May, up from 5.76 percent.

Home Sales Index, Humboldt County



Monthly Foreclosures, Humboldt County



# 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.

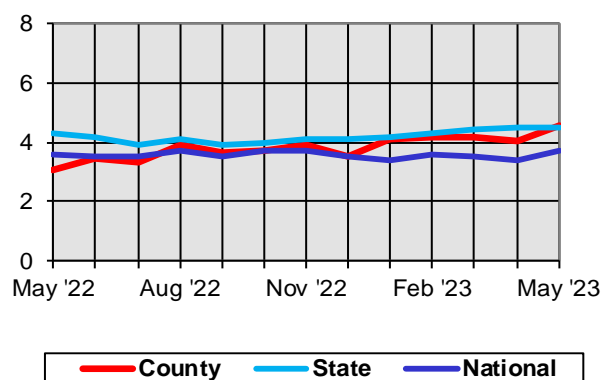
The seasonally adjusted unemployment rate in Humboldt County rose from 4.1 to 4.6 percent. The seasonally adjusted unemployment rate in California remained at 4.5 percent. The seasonally adjusted national unemployment rate increased from 3.4 to 3.7 percent.

The Employment Development Department of California indicated that in May Humboldt County's preliminary estimate of total employment rose by 100 individuals to a total of 57,100. Humboldt County's total unemployment remained at 2,500 individuals.

In the Labor Department's May report, total nonfarm payroll employment rose by 339,000. National employment in professional and business services rose by 64,000, government employment increased by 56,000, health care added 52,000 jobs, leisure and hospitality

added 48,000 jobs, construction gained 25,000 positions, employment in transportation and warehousing rose by 24,000 jobs, and employment in social assistance rose by 22,000. Employment was little changed over the month in other major industries, including mining, quarrying, and oil and gas extraction; manufacturing; wholesale trade; retail trade; information; financial activities; and other services.

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 93.2 in May. This month's Index value is 12.5 percent lower than the value for this time last year. The 4-month moving average rose 9.7 percent to a current value of 95.0.

## Gasoline Prices

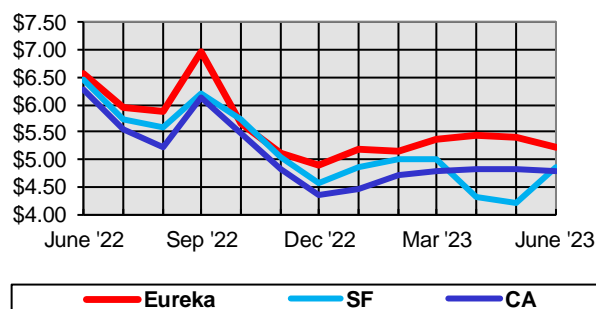
The average price per gallon of gas in California decreased from \$4.81 to \$4.79. Northern California's average increased from \$4.22 to \$4.88. Eureka's average decreased from \$5.40 to \$5.22.

May saw the first decline of national gas prices since December. Despite only a 1% decrease, prices are nearly 20% lower than this time last year. Aside from January, there has not been a month in 2023 where gasoline's prices have exceeded their 2022 counterparts. Drivers behavior is cautious, though. 40% of drivers report cancelling a trip in 2023 due to gasoline prices being too high, according to the Bureau of Transportation Statistics. This pattern is exacerbated in low-income households, with over 50% of people living in households with less than a \$50,000 annual income skipping trips for the same reason.

Gas Prices		
Prices as of 6/30/2023	Average price*	Change from previous month
Eureka	\$5.22	-\$0.18
Northern California	\$4.88	+\$0.66
California	\$4.79	-\$0.02

\* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey ([www.csaa.com](http://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 sixth consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in April economic activity in the manufacturing sector expanded, while the overall economy grew for the 7<sup>th</sup> 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 4.6 percentage points to 46.9 percent.

Nationally, four of the eighteen manufacturing industries reported growth in the following order: Printing & Related Support Activities; Nonmetallic Mineral Products; Primary Metals; and Transportation Equipment. The 11 industries reporting contraction in April, in the following order, are: Plastics & Rubber Products; Wood Products; Textile Mills; Chemical Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Paper Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Machinery.

The New Export Orders Index rose 2.2 percentage points to 49.8 percent. This is the 9<sup>th</sup> 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.

Two industries reported growth in new export orders in May: Printing & Related Support Activities; and Miscellaneous Manufacturing. The eight industries reporting a decrease in new export orders in May — in the following order — are: Wood Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Machinery; Computer & Electronic Products; Fabricated Metal Products; and Food, Beverage & Tobacco Products. Six industries reported no change in exports in May compared to April.

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 1.2 percent to a new value of 94.0. The current value is 10.4 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 4.1 percent in May to a new value of 144.5, down 9.7 percent from the value for this time last year. The 4-month moving average fell 2.9 percent to a new value of 152.2.

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 decreased in May from 103.7 to 102.3. The Expectations Index decreased from 71.7 to 71.5, and the Present Situation Index decreased from 151.8 to 148.6.

"Consumer confidence declined in May as consumers' view of current conditions became somewhat less upbeat while their expectations remained gloomy," said Ataman Ozyildirim, Senior Director, Economics at The Conference Board.

"Their assessment of current employment conditions saw the most significant deterioration, with the proportion of consumers reporting jobs are 'plentiful' falling 4 pts from 47.5 percent in April to 43.5 percent in May. Consumers also became more downbeat about future business conditions, weighing on the expectations index. However, expectations for jobs and incomes over the next six months held relatively steady. While consumer confidence has fallen across all age and income categories over the past three months, May's decline reflects a particularly notable worsening in the outlook among consumers over 55 years of age.

"Consumers' inflation expectations remain elevated, but stable."

The percentage of consumers expecting business conditions to improve over the next six months fell from 14.6 to 12.1 while the percentage of consumers expecting business conditions to worsen fell from 21.6 to 20.5.

## 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

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**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

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■ ■ ■ *realize human potential*

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The Conference Board - Employment Development Department (CA)  
Freddie Mac - Humboldt Association of Realtors  
Institute for Supply Management - BTS

Layout & Design: Matt Hawk

**Contact Info:** Erick Eschker can be contacted at [ee3@humboldt.edu](mailto:ee3@humboldt.edu)

[www.humboldt.edu/econindex](http://www.humboldt.edu/econindex)

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