

Humboldt Economic Index

March 2020

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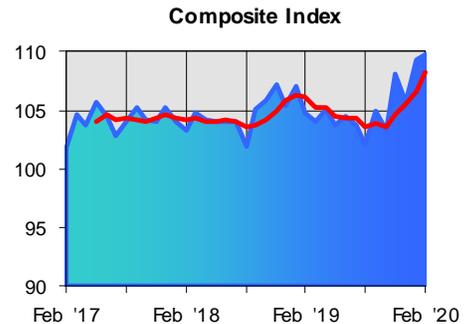
Employment Increases while Home Sales Fall

This month we say goodbye to Justice as the Index Assistant Analyst. Justice has done a great job managing Index data, and these skills will serve him well as begins his job as an analyst for the Northern California Small Business Development Center. Best of wishes to you Justice and congratulations on graduating!

The Composite Index rose to 109.8 in February, up 0.5 points from the previous month. The Composite Index is up 5.0 points from this time last year. This month the Retail Sales Index fell, the Employment Index rose, and the Hospitality Index remain constant.

The Index of Home Sales fell to 179.0 down 10.7 points from the previous month, and up 56.5 points from this time last year. The median home price fell from \$276,800 to \$264,000

Leading Indicators are mixed in



February. The Unemployment Claims Index fell, and the Building Permits Index rose. We are current unable to gather data for the Manufacturing Orders Index.

The seasonally adjusted unemployment rate in Humboldt County decreased from 3.5 percent to 3.4 percent. The seasonally adjusted unemployment rate in California remained constant at 3.9 percent. The national unemployment rate increased from 3.6 percent to 3.9 percent.

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	109.8	3.3	2.1	1.1	10.2
Home Sales	179.0	-5.6	46.2	35.7	119.2
Retail Sales	150.0	-2.6	4.3	-6.1	-1.0
Hospitality	78.9	0.0	-1.6	-7.8	-14.3
Electricity	119.6	0.0	0.0	10.0	-5.2
Employment	115.5	4.2	0.6	6.5	16.1
Lumber*	26.3	0.0	0.0	-23.7	-23.0
Manufacturing**	90.0			-	-

* 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

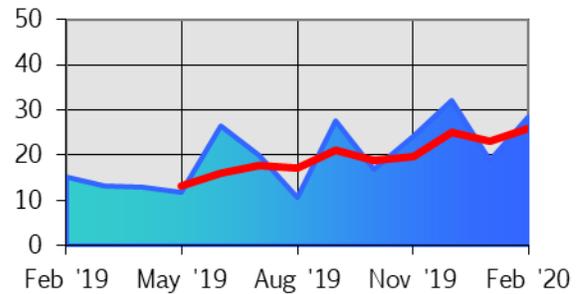
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
Unavailable	-22.9%	51.6%	-19.8%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$264,000	\$ 1,675	3.625%	3.9%
<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>			

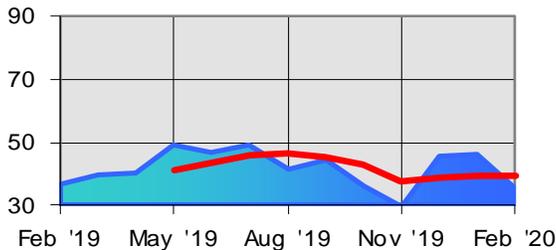
Building Permits increased 9.7 points to a new Index value of 28.4. The Building Permits Index was 15.2 in February 2019, which is 13.3 points lower than the present value.

Index of Building Permits Issued



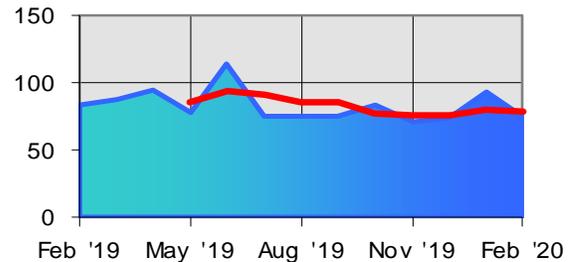
Unemployment Claims decreased 10.6 points to a new Index value of 35.6. The Unemployment Claims Index was 36.5 in February 2019, which is 0.9 points higher than the present value. The 4-month moving average fell 0.1 point to 39.2.

Index of Claims for Unemployment Insurance



Help Wanted Advertising decreased 18.5 points to a new Index value of 74.9. The 3-month moving average rose 1.3 points to 80.7. In February there were 331 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 February 2020 decreased 10.7 points to a new value of 179.0. The present Index value is 56.5 points higher than the value for this time last year. The 4-month moving average increased by 12.5 points to a new value of 171.3. The country's median home price decreased from \$276,800 to \$264,000. In comparison, the median home price this time last year was \$296,450.

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 2-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.

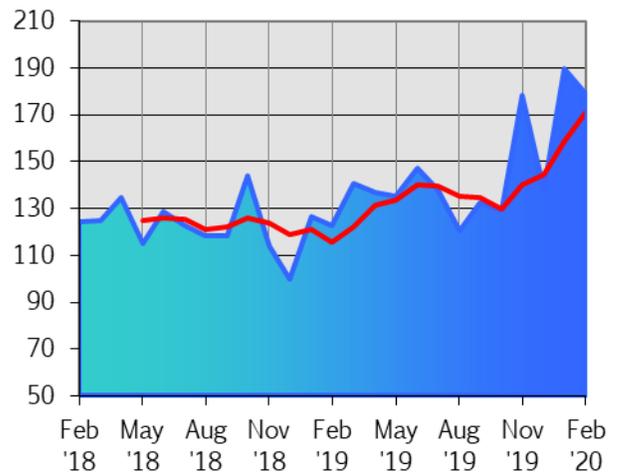
The S&P Case-Shiller Home Price Indices saw modestly higher year-over-year gains in December compared to November. The 10-City and 20-City Composites report year-over-year gains of 2.4 percent and 2.9 percent, respectively. The National Index reported a 3.8 percent annual gain over the same period. After seasonal adjustment, the 10-City Composite 0.1 percent month-over-month increase. The 20-City Composite did not post any gains, and the National Index posted a 0.1 percent month-over-month increase.

Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, comments on the continuing stability of the housing market. "December's results bring the National Composite Index to a 3.8% increase for calendar 2019. This marks eight consecutive years of increasing housing prices (an increase which is echoed in our 10- and 20-City

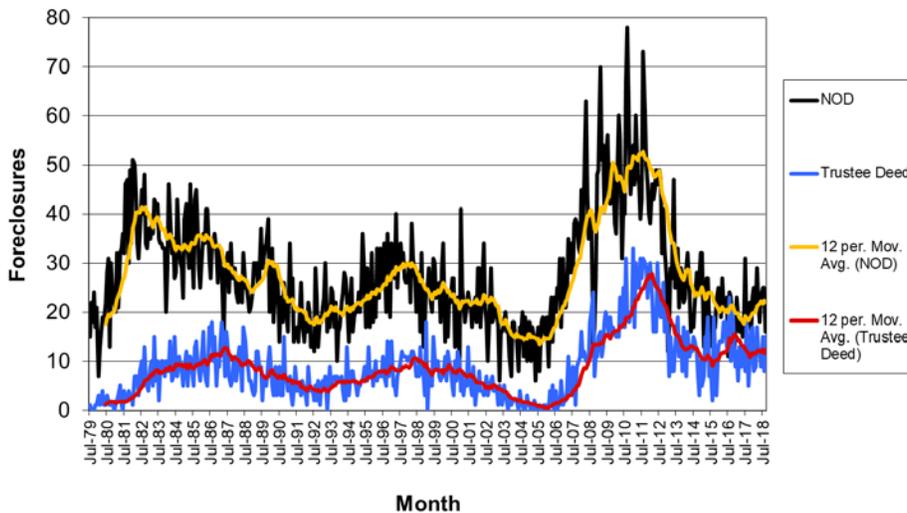
Composites). At the national level, home prices are 59% above the trough reached in February 2012, and 15% above their pre-financial crisis peak. Results for 2019 were broad-based, with gains in every city in our 20-City Composite... As was the case last month, after a long period of decelerating price increases, the National, 10-City, and 20-City Composites all rose at a faster rate in December than they had done in November; 12 of our 20 cities likewise saw accelerating prices. It is, of course, too soon to say whether this marks an end to the deceleration or is merely a pause in the longer-term trend."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of February 27, is 3.45 percent, down from 3.51 on January 30. The average 15-year fixed-rate mortgage was 2.95 percent at the end of February, down from 3.00 percent at the end of January.

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.

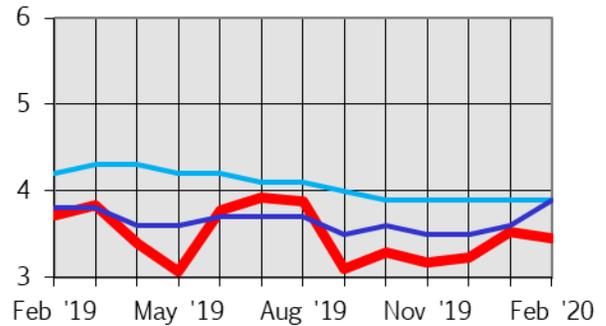
The Total County Employment Index increased 4.6 points to a seasonally adjusted value of 115.5. The seasonally adjusted unemployment rate for Humboldt County decreased from 3.5 percent to 3.4 percent. The seasonally adjusted unemployment rate for California remained constant at 3.9 percent for the fifth consecutive month. The national unemployment rate increased from 3.6 percent to 3.9 percent.

The Employment Development Department of California indicated that in February, Humboldt County's estimate of total employment rose by 400 individuals to a total of 59,700. Humboldt County's total unemployment decreased from 2,500 individuals in January to an estimated 2,400 individuals in February.

In the Labor Department's February 2020 report, total nonfarm payroll employment rose by 273,000. Education and Health Services added over 54,000 jobs, 32,000 of which were in health care. 10,000 of those health care jobs were in offices of physicians, 10,000 were in home health care services, and 8,000 were in hospitals. Leisure and Hospitality added over 51,000 jobs, including 53,000

new jobs in food services and drinking places. Government added over 45,000 jobs, including 8,000 new federal jobs mostly for the 2020 Census, and 16,000 jobs in state government education. Professional and Business Services added over 41,000 new jobs, mostly in professional and technical services like architectural and engineering services, scientific research and development services. Financial Activities gained 26,000 jobs. Transportation and Warehousing lost 4,000 jobs, and Mining saw little change.

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 is estimated to be unchanged from last month, since no data was provided to us this month. This estimated value is 78.9 this month.

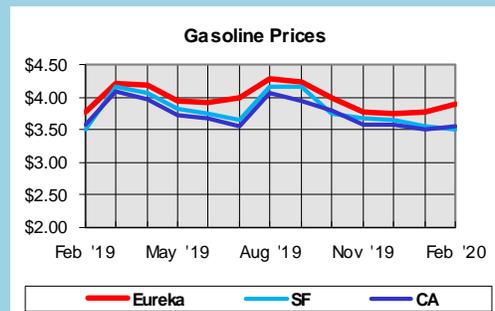
Gasoline Prices

California's average gas price rose in February to \$3.56, a 7 cent increase from the previous month. Northern California's average price decreased 5 cents to a new average of \$3.51, while Eureka's average gas price rose 11 cents to a new average of \$3.89. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.75 per gallon in 1982-84 dollars.

As covid-19 concerns rise around the world, oil prices have dropped a record-breaking 20 percent as of the first week in March. OPEC leaders are meeting to formulate a production cut plan to stabilize prices. These cuts will be in addition to the previously agreed upon cuts of 2.1 million barrels per day, already roughly 2 percent of global oil supplies. Research firm IHS Markit predicts that oil demand will suffer its steepest decline on record in the first quarter of 2020

Gas Prices		
Prices as of 3/ 31/ 2020	Average price*	Change from previous month
Eureka	\$3.89	+\$0.11
Northern California	\$3.51	-\$0.05
California	\$3.56	+\$0.07

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csaa.com).



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 contracted to a seasonally adjusted Index value of 90.0 in February, a 5.9 point decrease from the previous month's value of 95.9. Manufacturing employment increased to 2,200 individuals, according to the Employment Development Department.

The Institute for Supply Management reports that in February, economic activity in the manufacturing sector expanded, while the overall economy grew for the 130th 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 February is 50.1, down 0.8 percentage points from the previous month.

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

The New Export Orders Index for January is 51.2 percent, down 2.1 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. Eight industries reported growth in new export orders in the following order: Wood Products; Paper Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Fabricated Metal Products; Transportation Equipment; and Machinery. The four industries reporting a decrease are: Nonmetallic Mineral Products; Plastics & Rubber Products; Chemical Products; and Miscellaneous Manufacturing.

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 at a value of 150.0 for February, a decrease of 3.9 points from the value of 153.9 in January. The most recent value is 6.1 points higher than the value for this time last year in February 2019. The 4-month moving average increased by 3.0 points to a new average of 150.1.

This month we are unable to provide an update from the Consumer Confidence Index

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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■ ■ ■ *realize human potential*

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