

Humboldt Economic Index

March 2021

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Housing Cools While Job Postings Increase

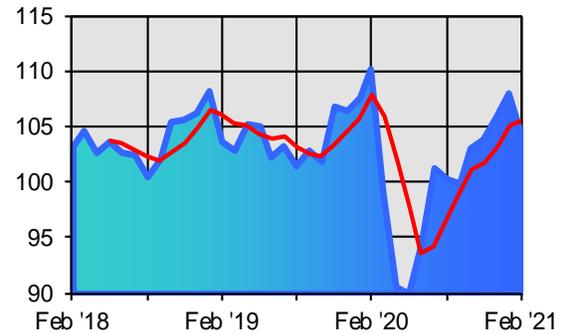
The Composite Index fell to 104.3 in February, down 3.4 percent from the previous month. The Composite Index is down 5.4 percent from this time last year. This month the Employment Index is up, while the Hospitality, Electricity and Retail Sales Indices are all down.

The Index of Home Sales fell to 122.1, down 14.4 percent from the previous month, and down 12.7 percent from this time last year. The median home price decreased from \$363,200 to \$360,000.

Leading Indicators are up in February. Unemployment Claims, Building Permits and Manufacturing Orders are all up.

The seasonally adjusted unemployment rate in Humboldt County decreased from 6.3 percent to 6.2 percent. The seasonally adjusted unemployment rate in California decreased from 9.0 percent to 8.5 percent. The national

Composite Index



unemployment rate decreased from 6.3 percent to 6.2 percent.

The average price per gallon of gas in California increased from \$3.67 to \$3.89. Northern California's average increased from \$3.91 to \$4.14. Eureka's average increased from \$3.84 to \$3.95.

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	104.3	-3.4	-5.4	-3.0	6.1
Home Sales	122.1	-14.4	-12.7	-7.5	85.1
Retail Sales	151.5	-0.1	1.0	-11.5	1.1
Hospitality	112.0	-9.4	-0.5	30.2	23.0
Electricity	107.4	-8.7	-0.5	-4.8	-12.9
Employment	103.4	1.7	-10.5	-5.9	4.3
Lumber*	26.3	0.0	0.0	0.0	-22.6
Manufacturing**	95.3			-	-

* 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

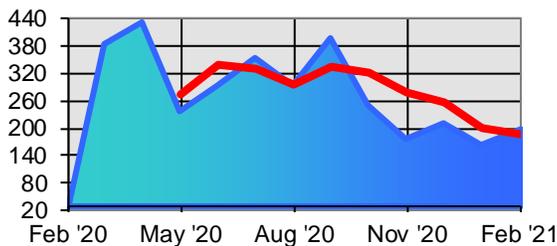
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	24.0%	6.1%	42.3%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$360,000	\$ 1,869	3.000%	6.2%
* 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.			

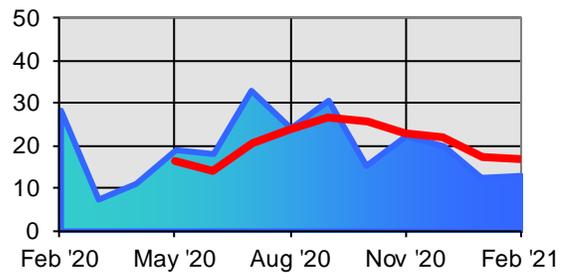
Unemployment Claims rose 24.0 percent to a new Index value of 200.3. The current value is 463.3 percent higher than the value for this time last year. The 4-month moving average fell 6.1 percent to a new average of 187.7.

Index of Claims for Unemployment Insurance



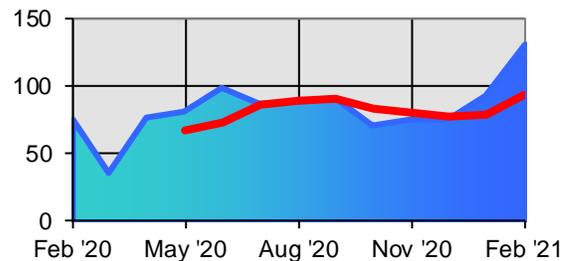
Building Permits rose 6.1 percent to a new Index value of 13.3. The current value is 53.3 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 42.3 percent to a new Index value of 131.2. The current value is 75.2 percent higher than the value for this time last year. The 3-month moving average rose 23 percent to a new value of 99.6. In February there were 580 unique job postings on Craigslist, the highest number ever recorded for the Index.

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 February fell 14.4 percent to a new value of 122.1. The present Index value is 12.7 percent lower than the value for this time last year. The 4-month moving average fell 7.6 percent to a new value of 140.3. The country's median home price decreased from \$363,200 to \$360,000. In comparison, the median home price this time last year was \$305,000.

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.

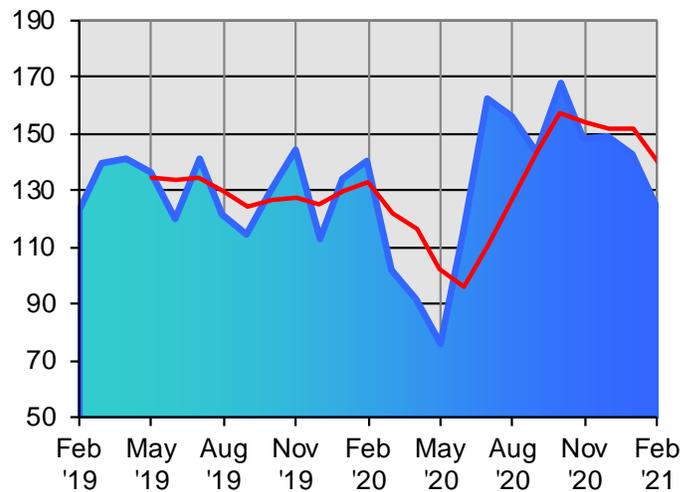
The S&P Case-Shiller Home Price Indices saw a higher year-over-year gain in January compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 10.9 percent and 11.1 percent, respectively. The National Index reported a 11.2 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both reported month-over-month gains of 1.2 percent. The National Index reported a seasonally adjusted month-over-month increase of 1.2 percent.

Craig J. Lazzara, Managing Director and Chairman of Global Head of Index Investment Strategy at S&P Dow Jones Indices, noted that this is the eighth month in the trend of accelerating housing prices that began in June 2020. He commented, "January's performance is particularly impressive in historical context. The National Composite's 11.2% gain is the highest recorded since

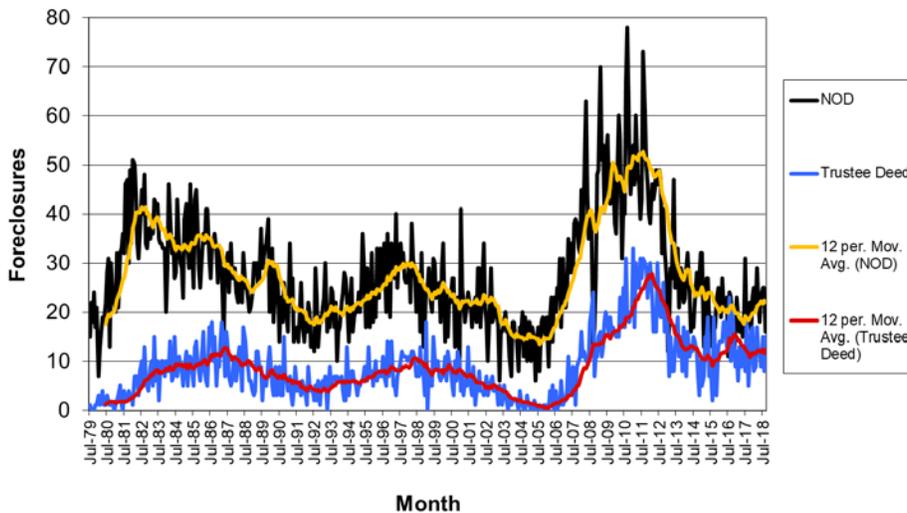
February 2006, just one month shy of 15 years ago. In more than 30 years of S&P CoreLogic Case-Shiller data, January's year-over-year change is comfortably in the top decile. That strength is reflected across all 20 cities. January's price gains in every city are above that city's median level, and rank in the top quartile of all reports in 18 cities." He also noted that January's data remains consistent with the view that COVID-19 has encouraged potential buyers to move from urban apartments to suburban homes.

According to Freddie Mac, the average 30-year fixed-rate mortgage as of March 25 was 3.17 percent, up from 2.97 on February 25. The average 15-year fixed-rate mortgage was 2.45 percent at the end of March, up from 2.34 in February.

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.

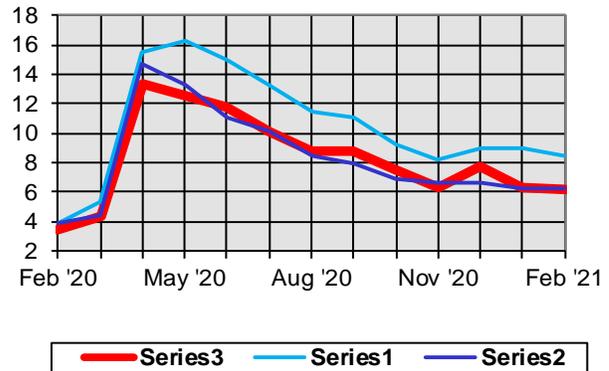
The Total County Employment Index increased 1.7 percent to a value of 103.4. The seasonally adjusted unemployment rate in Humboldt County decreased from 6.3 percent to 6.2 percent. The seasonally adjusted unemployment rate in California decreased from 9.0 percent to 8.5 percent. The seasonally adjusted national unemployment rate decreased from 6.3 percent to 6.2 percent.

The Employment Development Department of California indicated that in February Humboldt County's estimate of total employment rose by 1,100 to a total of 55,500 individuals. Humboldt County's total unemployment fell by 100 to an estimated total of 4,000 individuals.

In the Labor Department's February report, total nonfarm payroll employment rose by 379,000. National employment in leisure and hospitality increased by 355,000 jobs, but remains 3.5 million lower than

employment one year ago in February 2020. Professional and business services gained 63,000 jobs, education and health services gained 44,000 jobs, retail trade gained 41,000 jobs, manufacturing gained 21,000 jobs, and transportation and warehousing gained 4,000 jobs. Mining and logging lost 8,000 jobs, construction lost 61,000 jobs, and government lost 86,000 jobs.

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 decreased 9.4 percent in February from 123.6 to a new value of 112.0. This month's Index value is 0.5 percent lower than the value for this time last year. The 4-month moving average rose 3.1 percent to a current value of 111.3.

Gasoline Prices

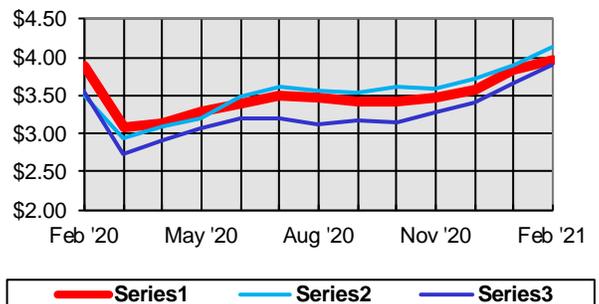
The average price per gallon of gas in California rose 22 cents to \$3.89. Northern California's average increased 23 cents to \$4.14. Eureka's average increased 11 cents to \$3.95. When adjusted for inflation, the "real price" of gasoline in Eureka was \$2.75 per gallon in 1982-84 dollars.

Including Saudi Arabia's extra voluntary production cuts, OPEC+ crude producers have been reducing production by 8 million bpd. However as of April 1, OPEC+ is reportedly considering raising its oil output by 350,000 bpd in May, another 350 bpd in June, and 400,000 bpd in July. This tentative decision come after a recent sharp rise in oil prices. Demand for oil in Asia and the United States is also generally expected increase in the summer every year. US energy secretary Jennifer Granholm said that she had a "positive" call with Saudi energy minister Prince Abdulaziz Bin Salman before the OPEC+ meeting, saying "We reaffirmed the importance of international cooperation to ensure affordable and reliable sources of energy for consumers."

Gas Prices		
Prices as of 3/31/2021	Average price*	Change from previous month
Eureka	\$3.95	+\$0.11
Northern California	\$4.14	+\$0.23
California	\$3.89	+\$0.22

* 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 contracted to a seasonally adjusted Index value of 95.3 in February, down 7.7 percent from the previous month, and up 5.9 percent from this time last year. Manufacturing employment increased from 2,100 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 9th 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 increased 2.1 percentage points to 60.8.

Nationally, 16 of the 18 manufacturing industries are reporting growth in the following order: Textile Mills; Electrical Equipment, Appliances & Components; Primary Metals; Paper Products; Chemical Products; Machinery; Fabricated Metal Products; Transportation Equipment; Wood Products; Plastics & Rubber Products; Computer & Electronic Products; Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Furniture & Related Products; and Nonmetallic Mineral Products. The two industries reporting contraction are: Printing & Related Support Activities; and Petroleum & Coal Products.

The New Export Orders Index rose 2.3 percentage points to 57.2 percent. This is the 8th 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. 13 industries reported growth in the following order: Nonmetallic Mineral Products; Textile Mills; Wood Products; Electrical Equipment, Appliances & Components; Machinery; Transportation Equipment; Fabricated Metal Products; Food, Beverage & Tobacco Products; Primary Metals; Computer & Electronic Products; Miscellaneous Manufacturing; Plastics & Rubber Products; and Chemical Products. Only Furniture & Related Products reported a decrease.

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. 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 February, the Electricity Index fell 10.2 points to a new value of 107.4. This month's Index value is 0.6 lower 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 fell 0.1 percent in February to a new value of 151.5, up 1.0 percent from the value for this time last year. The 4-month moving average rose 3.3 percent to a new value of 147.9.

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 in February by 2.4 percentage points to a current Index value of 91.3. The Expectations Index fell 0.4 percentage points to 90.8, and the Present Situation Index rose 6.5 percentage points to 92.0.

Lynn Franco, the Director of Economic Indicators at the Conference Board, commented, "While the Expectations Index fell marginally in February, consumers remain cautiously optimistic, on the whole, about the outlook for the coming months. Notably, vacation intentions—particularly, plans to travel outside the U.S. and via air—saw an uptick this month, and are poised to improve further as vaccination efforts expand."

In February, the percentage of consumers expecting business conditions to improve over the next six months fell from 34.1 percent to 31.0 percent, while the percentage of consumers expecting business conditions to worsen also fell from 19.0 percent to 17.7 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
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Institute for Supply Management – CNN Business

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