

Humboldt Economic Index

May 2019

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Composite Index Down, Gas Prices Falling

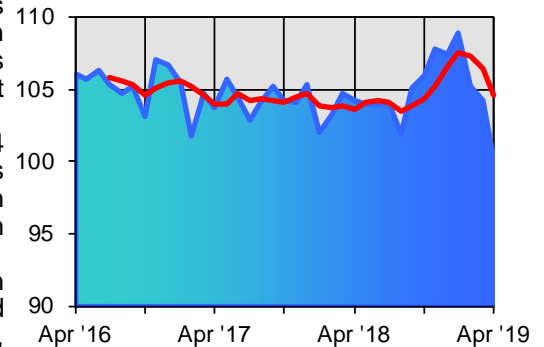
The Composite Index fell to 100.1, down 4.1 points from the previous month. The Composite Index is down 4.0 points from this time last year. This month, the Retail Sales, Employment and Hospitality Indices all fell.

The Index of Home Sales fell 3.4 points from March and is up 2.5 points from April of last year. The median home price fell to \$305,000, down from \$309,500 in March.

Leading indicators were mixed in April. Unemployment Claims and Manufacturing Orders are up slightly, and building permits are down slightly.

The seasonally adjusted unemployment rate in Humboldt County decreased from 3.8 percent to 3.4 percent. The seasonally adjusted unemployment rate in California remained constant at 4.3 percent. The national unemployment rate decreased from 3.8 percent to 3.6 percent.

Composite Index



Gas prices have fallen slightly in April after peaking in March. The average price of gas per gallon in California decreased from \$4.08 to \$3.96. Northern California's average decreased from \$4.16 to \$4.06. Eureka's average decreased from \$4.22 to \$4.18.

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	100.1	-3.9	-3.9	-1.3	4.1
Home Sales	137.1	-2.4	1.8	11.0	117.6
Retail Sales	129.0	-5.2	-2.9	-14.9	-13.7
Hospitality	63.0	-20.6	-28.5	-25.4	-30.1
Electricity	119.6	0.0	0.0	-3.1	14.1
Employment	112.1	-1.1	-0.3	14.9	12.0
Lumber*	26.3	0.0	0.0	-28.6	-23.1
Manufacturing**	89.8			-	-

* 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.

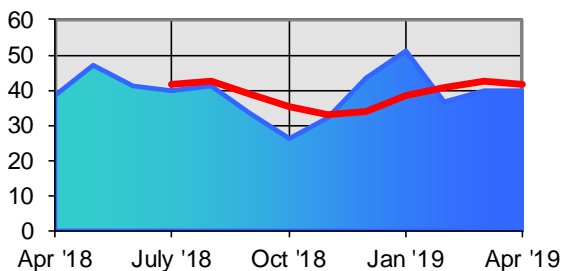
Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
1.4%	0.8%	-2.4%	7.3%
* Change from prior month. All values are seasonally adjusted.			

Unemployment Claims increased 0.3 points to a new Index value of 40.0. The Unemployment Claims Index was 38.4 in April 2018, 1.6 points lower than the present value. The 4-month moving average fell 0.9 points to 41.8.

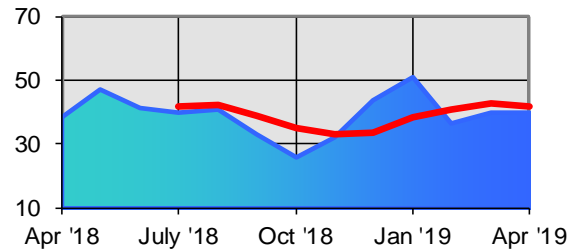
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$305,000	\$ 1,633	4.375%	3.5%
* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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.			

Manufacturing Orders increased to 74.0 from last month's value of 73.0. The Manufacturing Orders Index value in April 2018 was 89.0, which is 14.6 points higher than the present value.

Index of Manufacturing Orders

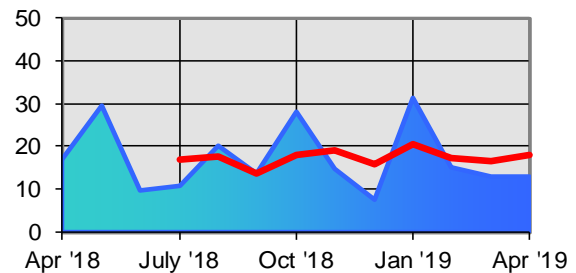


Index of Claims for Unemployment Insurance



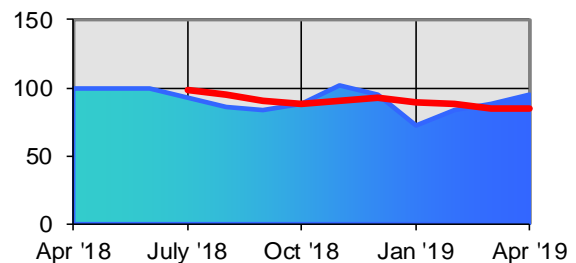
Building Permits decreased 0.3 points to a new Index value of 12.8. The current value is 4.3 points lower than the April 2018 value.

Index of Building Permits Issued



Help Wanted Advertising stands at an Index value of 94.9, up 6.4 points from last month. The 3-month moving average is at 89.2, 7.4 points higher than the previous month. In April there were 462 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.

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 April stands at an index value of 137.1, which is 3.4 points lower than the March value of 140.5. The index value in April 2018 was 2.5 points lower than the current value. The four-month moving average rose 9.3 points to a new value of 131.6. The county’s median home price in April fell to \$305,000 from \$309,500 in March. In comparison, the median home price in April 2018 was \$308,000.

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.

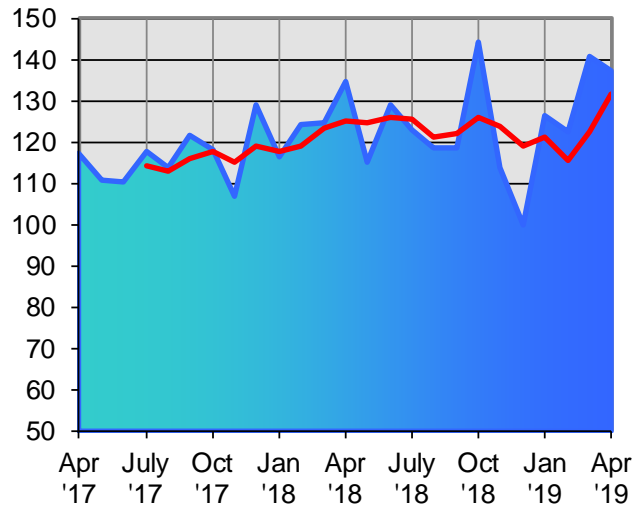
The S&P Case-Shiller Home Price Indices saw decreased year-over-year gains in March compared to February. The 10-City and 20-City Composites report year-over-year gains of 2.3 percent and 2.7 percent, respectively. The National Index reported a 3.7 percent annual gain over the same period. After seasonal adjustment, both the 10-City Composite and the 20-City Composite posted a 0.1 month-over-month percent change. The National Index reported a seasonally adjusted month-over-month increase of 0.6 percent.

David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices, notes that, “Home price gains continue to slow. The patterns seen in the last year or more continue: year-over-year price gains in most cities are consistently shrinking. Double-digit annual gains have vanished. The largest

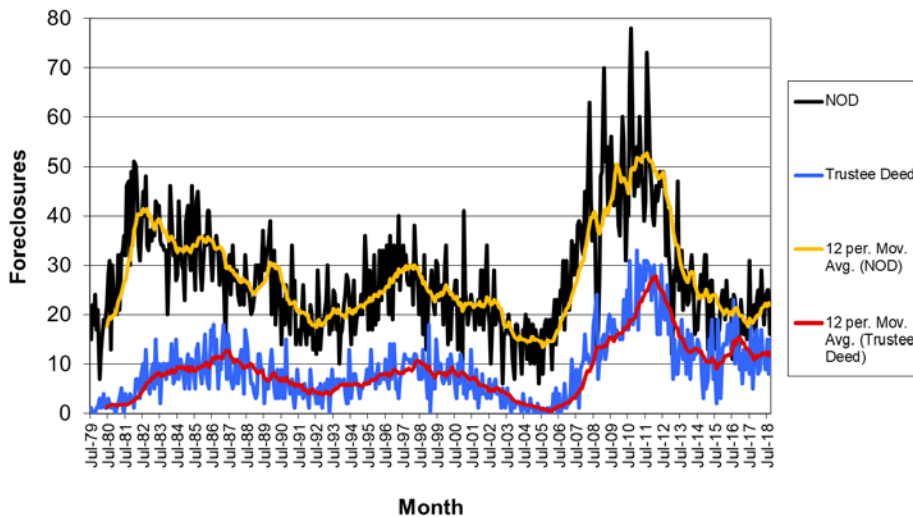
annual gain was 8.2% in Las Vegas; one year ago, Seattle had a 13% gain. In this report, Seattle prices are up only 1.6%. The 20-City Composite dropped from 6.7% to 2.7% annual gains over the last year as well. The shift to smaller price increases is broad-based and not limited to one or two cities where large price increases collapsed. Other housing statistics tell a similar story. Existing single family home sales are flat.”

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of May 29, 2019, is 3.99 percent, down from 4.20 percent as of April 24, 2019. The average 15-year fixed-rate mortgage is 3.46 percent, down from 3.64 percent in April.

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.

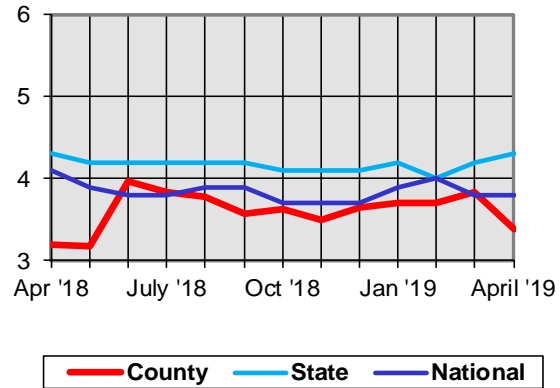
The Total County Employment Index decreased 1.2 points to a value of 112.1. The seasonally adjusted unemployment rate for Humboldt County decreased from 3.8 percent to 3.4 percent. The unemployment rate for California remained constant at 4.3 percent. The national unemployment rate decreased from 3.8 percent to 3.6 percent.

The Employment Development Department of California indicated that in April, Humboldt County's preliminary estimate of total employment fell by 200 individuals to a total of 60,800. Humboldt County's total unemployment decreased from 2,700 individuals in March to an estimated 2,200 individuals in April.

In the Labor Department's April report, total nonfarm payroll employment increased by 263,000 in April. In comparison, the average monthly gain for the past 12 months has been 213,00. National employment in professional and business services, construction,

healthcare and social assistance rose substantially. Employment in financial activities continued to trend upward moderately. Employment in manufacturing, retail trade, mining, wholesale trade, transportation and warehousing, information, leisure and hospitality, and government all showed 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 decreased in April to a new value of 63.0.0 from 79.3. This month's index value represents a 25.1-point decrease from this time last year. The 4-month moving average fell 12.3 points to a current value of 83.8.

Gasoline Prices

California's average gas price fell slightly in April to \$3.96, a 12 cent decrease from the previous month. Northern California's average price decreased 10 cents to a new average of \$4.06, while Eureka's average gas price fell by 4 cents to a new average of \$4.18. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.99 per gallon in 1982-84 dollars.

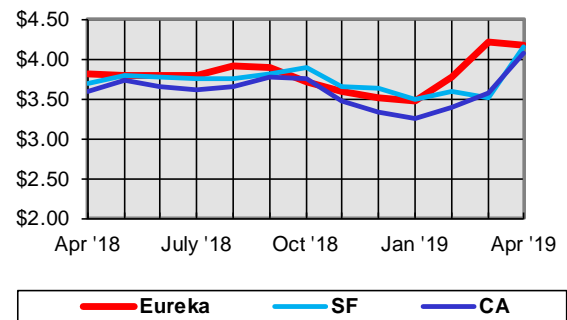
Gas prices are beginning to level out again after prices reached a record high in March due to a series of accidents, natural disasters and planned maintenance disrupted production at 6 of the 10 major oil refineries that serve California, as well as many ethanol refineries in the Midwest.

According to AAA, California currently has the highest average gas price in the nation, surpassing Hawai'i. Furthermore, Humboldt Country has the second highest county average in California, with Mono County being the most expensive. Eureka also has the highest average price of any metro area in Northern California.

Gas Prices		
Prices as of 5/31/2019	Average price*	Change from previous month
Eureka	\$4.18	-\$0.03
Northern California	\$4.06	-\$0.07
California	\$3.96	-\$0.12

* 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 remained constant at a seasonally adjusted index value of 90.0 in April. Manufacturing employment decreased from 2,200 to 2,100, according to the Employment Development Department.

The Institute for Supply Management reports that in May, economic activity in the manufacturing sector expanded and the overall economy grew for the 121th 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 is 52.1 percent, down 0.7 percentage points.

Nationally, eleven of the eighteen manufacturing industries reported growth in May. These industries are, in the following order, Printing & Related Support Activities; Furniture & Related Products; Plastics & Rubber Products; Textile Mills; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Chemical Products; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; and Machinery. Six other industries, Apparel, Leather & Allied Products; Primary Metals; Petroleum & Coal Products; Wood Products; Paper Products; and Fabricated Metal Products, reported contraction.

The New Export Orders Index for May is 52.7 percent, up 1.0 percentage point. This is the 41th 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. Twelve industries reported growth in the New Export Orders. These industries are, in the following order, Furniture & Related Products; Printing & Related Support Activities; Plastics & Rubber Products; Computer & Electronic Products; Textile Mills; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; Nonmetallic Mineral Products; Machinery; Chemical Products; Transportation Equipment; and Fabricated Metal Products. Four other industries, Apparel, Leather & Allied Products; Petroleum & Coal Products; Primary Metals; and Paper Products, are reporting a decline in new orders.

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 129.0 for April, a decrease of 7.0 points from the previous value of 136.0 in March. The most recent value is 3.9 points lower than March 2018. The 4-month moving average decreased by 4.6 points with a new value of 138.4

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 May by 4.9 points to a current index value of 134.1. The Expectations Index increased 3.9 points to a new value of 106.6, and the Present Situation Index increased by 6.2 points to a new value of 175.2.

Lynn Franco, the Director of Economic Indicators at the Conference Board, says that "Consumer Confidence posted another gain in May and is now back to levels seen last Fall when the Index was hovering near 18-year highs. The increase in the Present Situation Index was driven primarily by employment gains. Expectations regarding the short-term outlook for business conditions and employment improved, but consumers' sentiment regarding their income prospects was mixed. Consumers expect the economy to continue growing at a solid pace in the short-term, and despite weak retail sales in April, these high levels of confidence suggest no significant pullback in consumer spending in the months ahead." The percentage of consumers expecting business conditions to improve over the next six months rose from 19.4 percent to 21.9 percent, while the percentage of consumers expecting business conditions to worsen decreased from 9.0 percent to 8.4 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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