

Humboldt Economic Index

May 2020

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US Nonfarm Payroll Employment Falls by Historic 20.5 Million

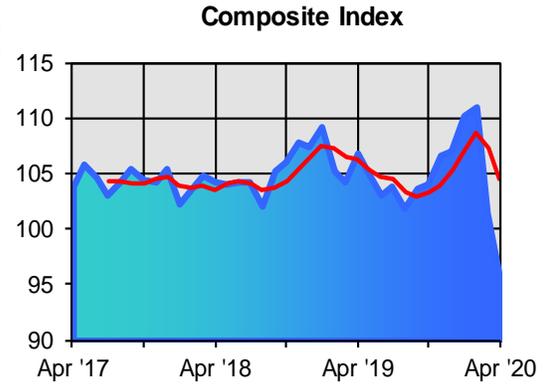
Note: This text was updated in May, 2021 to reflect major revisions to the housing data.

The Composite Index fell to 95.3 in April, down 6 points from the previous month. The Composite Index is down 10.6 points from this time last year. This month the Retail Sales, Employment and Hospitality Indices all fell.

The Index of Home Sales fell to 91.4, down 10.2 points from the previous month, and down 35.1 points from this time last year. The median home price fell from \$349,400 to \$316,000.

Leading Indicators are up in April. Unemployment Claims and Building Permits are both up.

The seasonally adjusted unemployment rate in Humboldt County increased from 4.4 percent to 13.3 percent. The seasonally adjusted unemployment rate in California increased from 5.3 percent to 15.5



percent. The national seasonally adjusted unemployment rate increased from 4.4 percent to 14.7 percent.

The average price per gallon of gas in California increased from \$2.73 to \$2.92. Northern California's average increased from \$2.94 to \$3.10. Eureka's average increased from \$3.09 to \$3.15.

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	95.3	-6.0	-10.6	-9.0	-6.5
Home Sales	91.4	-10.2	-35.1	-14.0	2.8
Retail Sales	141.1	6.9	-1.9	-10.2	-2.7
Hospitality	73.5	-15.8	-20.0	-18.1	-20.1
Electricity	119.6	0.0	0.0	-0.4	-14.2
Employment	99.9	-10.7	-10.9	-8.3	0.0
Lumber*	26.3	0.0	0.0	0.0	-28.0
Manufacturing**	98.5			-	-

* 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

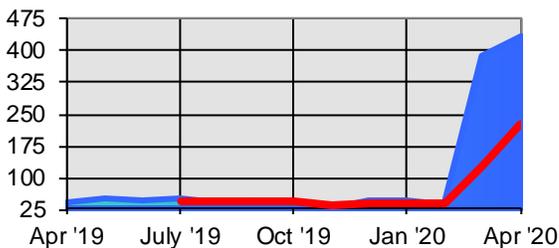
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
-0.5%	12.7%	56.1%	117.7%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$316,000	\$ 1,799		13.3%
* 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.			

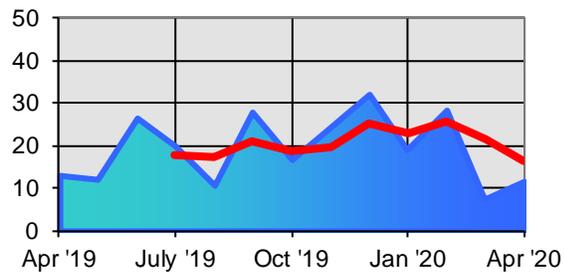
Unemployment Claims rose 49.0 points to a new Index value of 434.3. The current value is 394.3 points higher than the value for this time last year. The 4-month moving average rose 97.1 points to a new average of 225.3.

Index of Claims for Unemployment Insurance



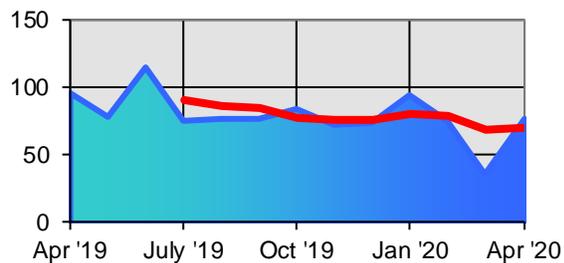
Building Permits rose 4.1 points to a new Index value of 11.4. The current value is 1.4 points lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 41.3 points to a new Index value of 76.4. The current value is 18.5 points lower than the value for this time last year. The 3-month moving average fell 5.7 points to a new value of 62.1. In April there were 372 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 April fell 10.2 points to a new value of 91.4. The present Index value is 35.1 points lower than the value for this time last year. The country's median home price decreased from \$349,400 to \$316,000. 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 higher year-over-year gains in March compared to February. The 10-City and 20-City Composites report year-over-year gains of 3.4 percent and 3.9 percent, respectively. The National Index reported a 4.4 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites posted month-over-month gains of 0.4 percent and 0.5 percent, respectively. The National Index reported a seasonally adjusted increase of 0.5 percent.

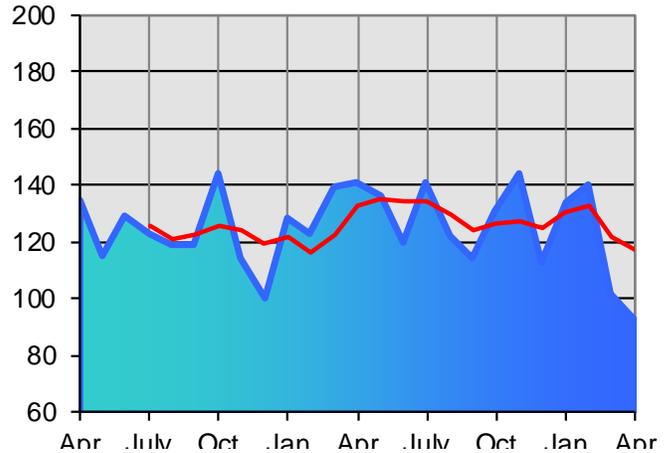
Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, notes the first impact of COVID-19 on the Indices. "We have data from only 19 cities this month... That said, housing prices continue to be remarkably stable. The National Composite Index rose by 4.4% in March 2020, with comparable growth in the 10- and 20-City Composites (up 3.4% and 3.9%, respectively). In all three cases, March's year-over-year gains were ahead of

February's, continuing a trend of gently accelerating home prices that began last autumn. March results were broad-based. Prices rose in each of the 19 cities for which we have reported data, and price increases accelerated in 17 cities."

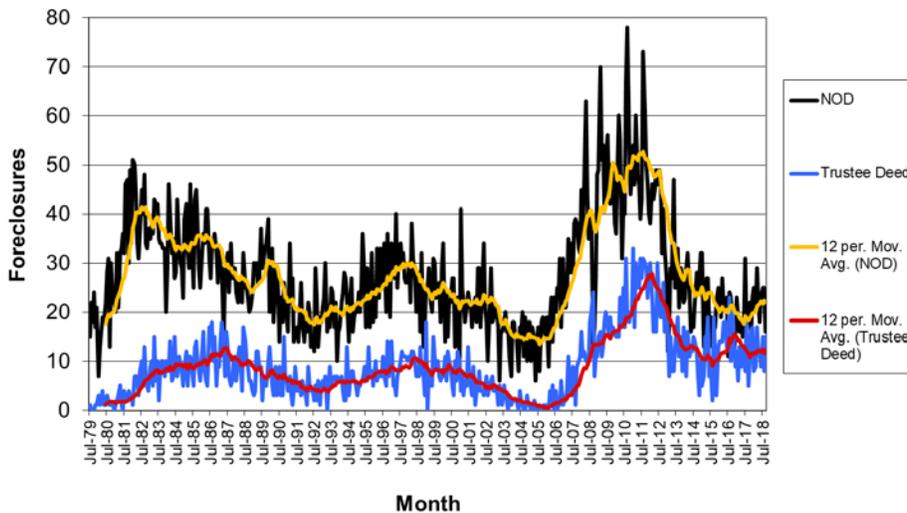
"Importantly," Lazzara adds, "Today's report covers real estate transactions closed during the month of March. Housing prices have not yet registered any adverse effects from the governmental suppression of economic activity in response to the COVID-19 pandemic. As much of the U.S. economy remained shuttered in April, next month's data may show a more noticeable impact."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of May 28, was 3.25 percent, down from 3.23 on April 30. The average 15-year fixed-rate mortgage was 2.62 percent at the end of May, down from 2.77 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.

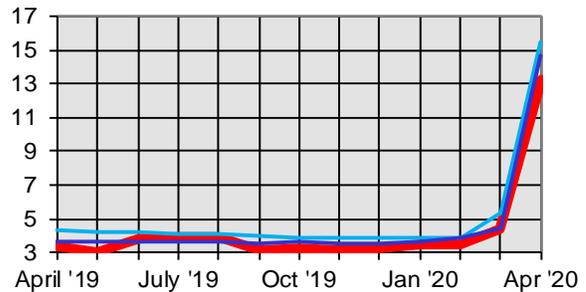
The Total County Employment Index fell 11.9 points to a new value of 99.9. The seasonally adjusted unemployment rate in Humboldt County increased from 4.4 percent to 13.3 percent. The seasonally adjusted unemployment rate in California increased from 5.3 percent to 15.5 percent. The national seasonally adjusted unemployment rate increased from 4.4 percent to 14.7 percent.

The Employment Development Department of California indicated that in April, Humboldt County's estimate of total employment fell by 5,100 individuals to a total of 53,600. Humboldt County's total unemployment increased from 3,100 individuals in March to an estimated 8,600 individuals in April.

In the Labor Department's April report, total nonfarm payroll employment fell by 20.5 million, bringing employment to its lowest level since January 2011. National employment fell sharply in every major industry

sector. Most notably, leisure and hospitality lost 7,653,000 jobs, education and health services lost 2,544,000, professional and business services lost 2,165,000, retail trade lost 2,107,000, manufacturing lost 1,330,000, other services lost 1,267,000, construction lost 975,000, government lost 980,000, transportation and warehousing lost 584,000, wholesale trade lost 363,000, financial activities lost 262,000, and information lost 254,000..

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 73.5, which is 15.8 points lower than the previous month and reflects a very large impact of Coronavirus on the sector.

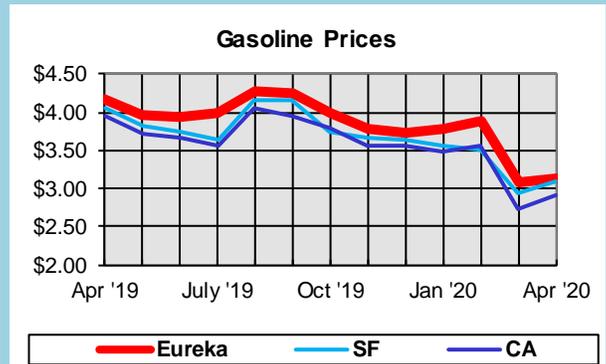
Gasoline Prices

The average price for one gallon of gas in California increased by 6 cents to \$2.92. Northern California's average increased by 16 cents to \$3.10. Eureka's average increased by 18 cents to \$3.15. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.25 per gallon in 1982-84 dollars.

On April 20, oil futures dropped 300%. West Texas Intermediate was trading at negative \$37.63 per barrel when the market closed. This was the first instance of negative oil prices in history. Prices have since started to recover, reaching a three-month high in the first week of June amid anticipation of record production cuts from OPEC and allied countries. Brent crude rose above \$41 per barrel for the first time since early March.

Gas Prices		
Prices as of 5/30/2020	Average price*	Change from previous month
Eureka	\$3.15	\$0.06
Northern California	\$3.10	\$0.16
California	\$2.92	\$0.18

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



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 expanded to a seasonally adjusted Index value of 98.5 in April, down 6.4 points from the previous month. Manufacturing employment fell from 2,200 to 2,000 individuals according to the Employment Development Department.

The Institute for Supply Management reports that in May economic activity in the manufacturing sector contracted, while the overall economy returned to expansion after one month of contraction.

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 43.1 percent, up 1.6 percentage points from the previous month.

Nationally, six of the eighteen manufacturing industries are reporting growth in May in the following order: Nonmetallic Mineral Products; Furniture & Related Products; Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Paper Products; and Wood Products. The 11 industries reporting contraction in May, in order, are: Printing & Related Support Activities; Primary Metals; Transportation Equipment; Petroleum & Coal Products; Fabricated Metal Products; Machinery; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Chemical Products; Computer & Electronic Products; and Plastics & Rubber Products.

The New Export Orders Index for May is 39.5 percent, up 4.2 percentage points from the previous month. This is the second-lowest reading since March 2009. 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. The two industries reporting growth are Paper Products, and Food, Beverage & Tobacco Products. The 12 industries reporting a decrease are, in the following order: Nonmetallic Mineral Products; Transportation Equipment; Printing & Related Support Activities; Miscellaneous Manufacturing; Fabricated Metal Products; Primary Metals; Furniture & Related Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Machinery; Computer & Electronic Products; and Chemical Products.

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 141.1 for April, up 9.1 points from the previous month. The most recent value is 2.8 points lower than the value for this time last year. The 4-month moving average is down 1.8 points with a new value of 144.2.

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 has started to make a modest recovery from the sharp drop experienced in April, increasing in May by 0.9 points to a current Index value of 86.6. The Expectations Index increased 2.6 points to a new value of 96.9, and the Present Situation Index fell 1.9 points to a new value of 71.1.

"Following two months of rapid decline, the free-fall in Confidence stopped in May," says Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The severe and widespread impact of COVID-19 has been mostly reflected in the Present Situation Index, which has plummeted nearly 100 points since the onset of the pandemic. Short-term expectations moderately increased as the gradual re-opening of the economy helped improve consumers' spirits. However, consumers remain concerned about their financial prospects. In addition, inflation expectations continue to climb, which could lead to a sense of diminished purchasing power and curtail spending. While the decline in confidence appears to have stopped for the moment, the uneven path to recovery and potential second wave are likely to keep a cloud of uncertainty hanging over consumers' heads."

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

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■ ■ ■ *realize human potential*

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