

Humboldt Economic Index

May 2021

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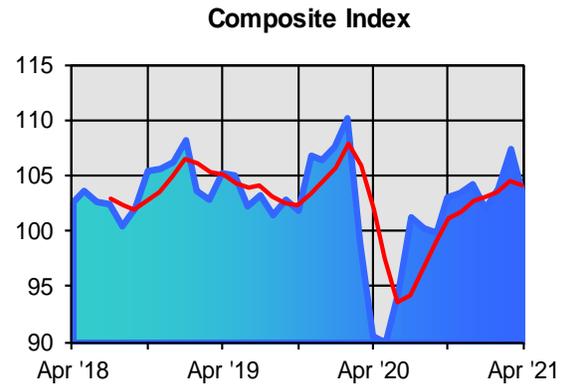
All Sectors Fall as Unemployment Rises

The Composite Index fell to 103.2 in April, down 4.0 percent from the previous month. The Composite Index has risen 13.8 percent since this time last year. All components of the Index fell this month.

The Index of Home Sales fell to 135.9, down 3.3 percent from the previous month, and up 48.6 percent from this time last year. The median home price increased from \$359,000 to \$423,000 in April.

Leading Indicators are mixed in April. Unemployment Claims and Help Wanted Advertising are up, and Building Permits are down.

The seasonally adjusted unemployment rate in Humboldt County increased from 6.0 percent to 6.1 percent. The seasonally adjusted unemployment rate in California remained constant at 8.3 percent. The seasonally adjusted national unemployment rate



increased from 6.0 percent to 6.1 percent.

The average price per gallon of gas in California increased from \$4.04 to \$4.19. Northern California's average increased from \$4.29 to \$4.44. Eureka's average increased from \$4.10 to \$4.35.

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	103.2	-4.0	13.8	-2.8	4.1
Home Sales	135.9	-3.3	48.6	5.8	59.4
Retail Sales	141.6	-6.7	0.4	-12.1	-1.3
Hospitality	108.2	-7.8	96.7	21.0	27.5
Electricity	109.7	-5.2	7.3	-2.3	-15.9
Employment	102.3	-1.2	2.4	-6.5	3.7
Lumber*	26.3	0.0	0.0	0.0	-32.2
Manufacturing**	94.3			-	-

* 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

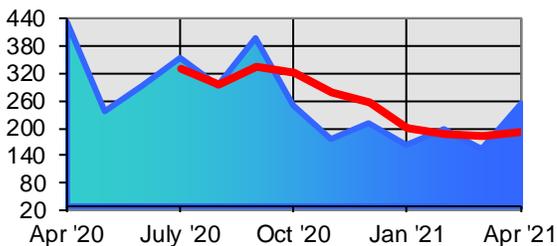
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	64.5%	-2.4%	4.0%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$423,000	\$ 1,824	3.125%	6.1%
* 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.			

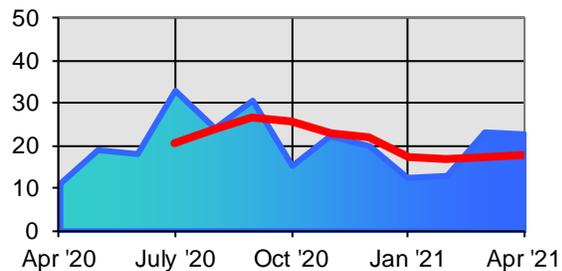
Unemployment Claims rose 64.5 percent to a new Index value of 252.4. The current value is 41.9 percent lower than the value for this time last year. The 4-month moving average rose 5.8 percent to a new average of 191.9.

Index of Claims for Unemployment Insurance



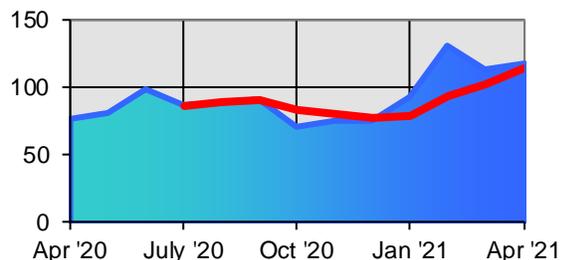
Building Permits fell 2.5 percent to a new Index value of 22.8. The current value is 100.0 percent higher than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 4.0 percent to a new Index value of 117.7. The current value is 54.0 percent higher than the value for this time last year. The 3-month moving average rose 7.6 percent to a new value of 120.7. In April there were 573 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 3.3 percent to a new value of 135.9. The present Index value is 48.6 percent higher than the value for this time last year. The 4-month moving average fell 2.3 percent to a new value of 137.3. The country's median home price increased from \$359,000 to \$423,000. In comparison, the median home price this time last year was \$316,000.

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 March compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 12.8 percent and 13.3 percent, respectively. The National Index reported a 12.0 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both reported month-over-month gains of 1.4 percent. The National Index reported a seasonally adjusted increase of 1.5 percent.

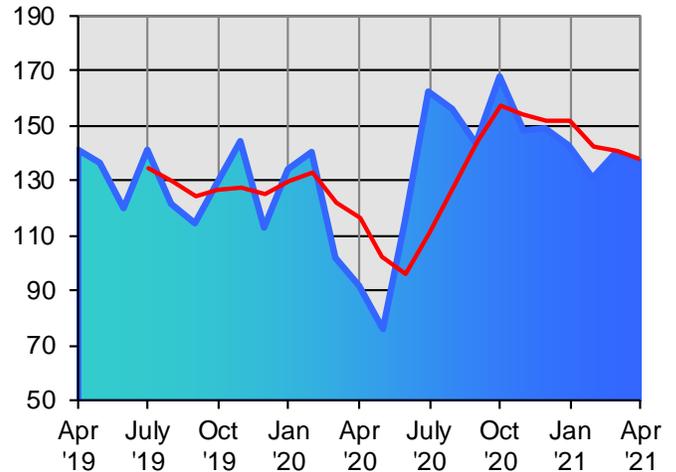
Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, says, "Housing prices continued to rise robustly in March 2021. The National Composite Index marked its tenth consecutive month of accelerating prices with a 13.2% gain from year-ago levels, up from 12.0% in February.

"More than 30 years of S&P CoreLogic Case-Shiller data put these results into historical context. The National Composite's 13.2% gain was last exceeded more than 15 years ago in December 2005, and lies very comfortably in the top decile of historical performance. The unusual strength is reflected across all 20 cities; March's price gains in every city are above that city's median level, and rank in the top quartile of all reports in 19 cities.

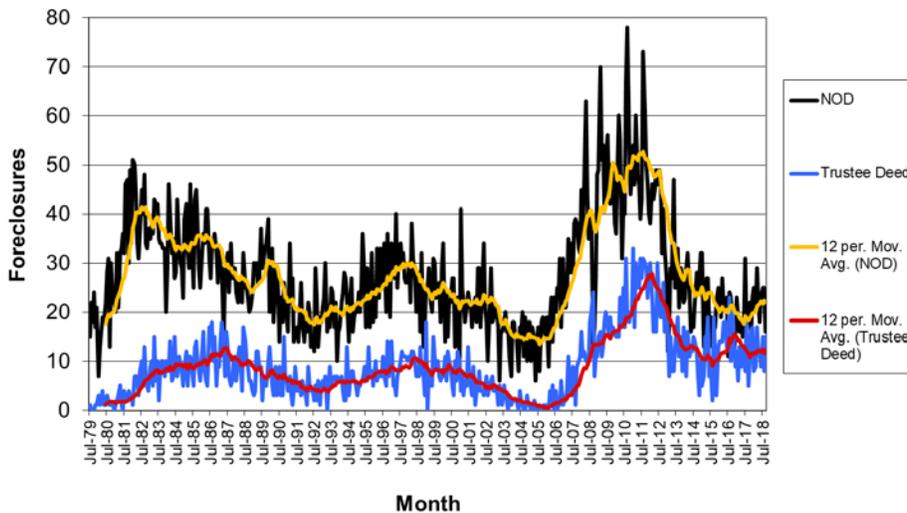
"These data are consistent with the hypothesis that COVID has encouraged potential buyers to move from urban apartments to suburban homes."

According to Freddie Mac, the average 30-year fixed-rate mortgage as of May 27 was 2.95 percent, down from 2.98 percent on April 29. The average 15-year fixed-rate mortgage was 2.27 percent at the end of May, down from 2.31 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.

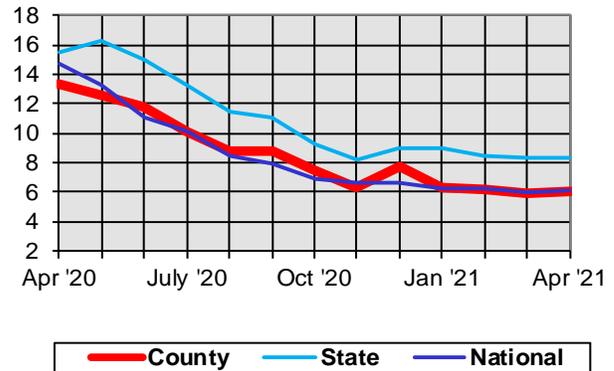
The Total County Employment Index fell 1.2 percent in April to a new Index value of 102.3. The seasonally adjusted unemployment rate in Humboldt County increased from 6.0 percent to 6.1 percent. The seasonally adjusted unemployment rate in California remained constant at 8.3 percent. The seasonally adjusted national unemployment rate increased from 6.0 percent to 6.1 percent.

The Employment Development Department of California indicated that Humboldt County's estimate of total employment decreased from 55,900 in March to 55,500 in April. Humboldt County's total unemployment decreased from 4,000 individuals in March to an estimated 3,700 individuals in April.

In the Labor Department's April report, total nonfarm payroll employment rose by 266,000. National employment in leisure and hospitality rose 331,000 jobs, mostly in food services and drinking places. Government

added 48,000 jobs, other services added 44,000 jobs, and financial activities added 19,000 jobs. Professional and business services lost 79,000 jobs, transportation and warehousing lost 74,000 jobs, manufacturing lost 18,000 jobs, retail trade lost 15,000 jobs, and education and health services lost 1,000 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 fell 7.8 percent to a new Index value of 108.2. This month's Index value is 96.7 percent higher than the value for this time last year. The 4-month moving average rose 3.7 percent to a current value of 103.0.

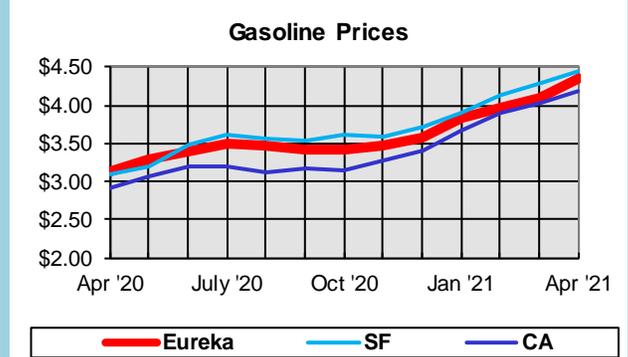
Gasoline Prices

The average price per gallon of gas in California increased by 15 cents from \$4.04 to \$4.19. Northern California's average increased by 15 cents from \$4.29 to \$4.44. Eureka's average increased by 25 cents from \$4.10 to \$4.35. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.98 per gallon in 1982-84 dollars.

Gas prices continue to rise past \$4 per gallon in California amid increasing crude oil prices. Demand for fuel across the country increased for the third consecutive month according to the Energy Information Administration, the longest streak since the summer of 2020. This is consistent with usual seasonal trend of increased demand for fuel in the summer. Fuel producers have also switched to the more expensive summer blends required by the Environmental Protection Agency, effective until mid-September.

Gas Prices		
Prices as of 5/31/2021	Average price*	Change from previous month
Eureka	\$4.35	+\$0.25
Northern California	\$4.44	+\$0.15
California	\$4.19	+\$0.15

* 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 contracted to a seasonally adjusted Index value of 94.3 in April, down 10.3 percent from the previous month's value of 105.1. Manufacturing employment remained at 2,200 individuals for the third 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 11th 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 April fell 4 percentage points to 60.7 percent.

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

The New Export Orders Index for April is 54.9 percent, up 0.4 percentage points from the previous month. This is the 10th 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.

Seven industries reported growth in new export orders in the following order: Electrical Equipment, Appliances & Components; Chemical Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Machinery; and Computer & Electronic Products. The four industries reporting a decrease in new export orders are: Primary Metals; Paper Products; Plastics & Rubber Products; and Transportation Equipment. Six industries reported no change.

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 April, the Electricity Index fell 5.2 percent to a new value of 109.7. The current value is 7.3 percent higher 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 6.7 percent in April to a new value of 141.6. The current Index value is 0.4 percent higher than the value for this time last year. The 4-month moving average fell 1.1 percent to a new value of 149.1.

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 from 109.0 in March to a current Index value of 121.7 in April. The Expectations Index increased from 108.3 to 109.8, and the Present Situation Index increased 110.1 to 139.6.

Lynn Franco, Senior Director of Economic Indicators at The Conference Board, says, "Consumer confidence has rebounded sharply over the last two months and is now at its highest level since February 2020. Consumers' assessment of current conditions improved significantly in April, suggesting the economic recovery strengthened further in early Q2. Consumers' optimism about the short-term outlook held steady this month. Consumers were more upbeat about their income prospects, perhaps due to the improving job market and the recent round of stimulus checks. Short-term inflation expectations held steady in April, but remain elevated. Vacation intentions posted a healthy increase, likely boosted by the accelerating vaccine rollout and further loosening of pandemic restrictions."

In April, the percentage of consumers expecting business conditions to improve over the next six months increased from 40.3 percent to 40.5 percent, while the percentage of consumers expecting business conditions to worsen remained constant at 11.9.

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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Institute for Supply Management – Al Jazeera

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