

Humboldt Economic Index

Our Sponsors:



Belonging Never Felt Better



Professor Erick Eschker, Director

Nick Salgado-Stanley, Assistant Editor

Ellie Bourret, Assistant Analyst

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.

May 2022

Gas Prices and Mortgage Rates Rise

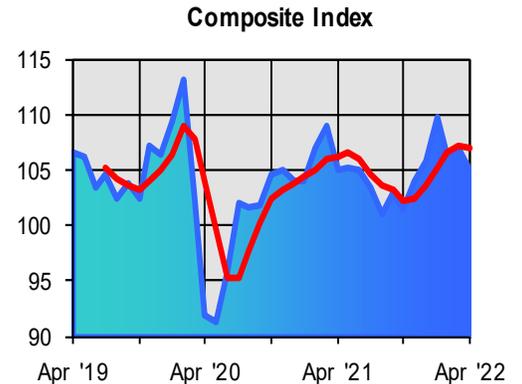
This month we welcome two new students to the Index. Nick Salgado-Stanley is our new assistant editor, and Ellie Bourret is our new assistant analyst. Both are economics majors with a double major in another field!

The Composite Index fell to 104.9 in April, down 2.0 percent from the previous month. The Composite Index is the same as this time last year. This month the Retail Sales, Employment, Hospitality and Electricity Indices all fell.

The Index of Home Sales rose to 148.2, up 7.3 percent from the previous month, and up 9.1 percent from this time last year. The median home price rose from \$430,500 to \$463,500.

Leading Indicators are mostly up in April. Unemployment Claims and Help Wanted Advertising are both up.

The seasonally adjusted unemployment rate in Humboldt County decreased from 3.3 percent to 3.2 percent. The seasonally adjusted



unemployment rate in California decreased from 4.9 percent to 4.6 percent. The seasonally adjusted national unemployment rate remained at 4.6 percent.

The average price per gallon of gas in California increased from \$5.70 to \$6.19. Northern California's average increased from \$5.97 to \$6.59. Eureka's average increased from \$6.07 to \$6.77.

Composite & Sectors

Index	Value***	Percent change from			
		Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	104.9	-2.0	0.0	-0.3	5.5
Home Sales	148.2	7.3	9.1	26.3	55.8
Retail Sales	143.6	-3.8	-6.4	-10.7	2.0
Hospitality	106.9	-9.0	-1.2	23.0	32.2
Electricity	104.1	-0.7	-5.2	-5.5	-20.6
Employment	106.0	-1.0	3.6	-4.4	5.7
Lumber*	26.3	0.0	0.0	0.0	-29.3
Manufacturing**	96.6	3.5	2.4	-	-

* 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

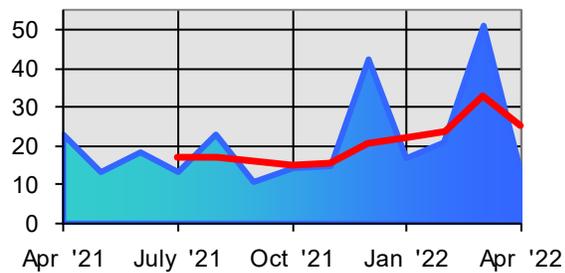
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-18.2%	25.0%	-8.8%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$463,050	\$2,196	5.125%	3.2%
<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>			

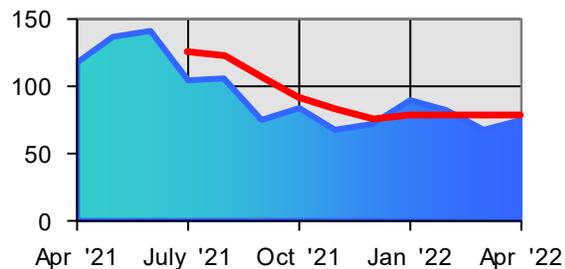
Building Permits fell 74.9 percent to a new Index value of 12.8. The current value is 43.8 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 10.2 percent to a new Index value of 75.6. The current value is 35.8 percent lower than the value for this time last year. The 3-month moving average fell 5.9 percent to a new value of 75.4. In April there were 368 unique job postings on Craigslist.

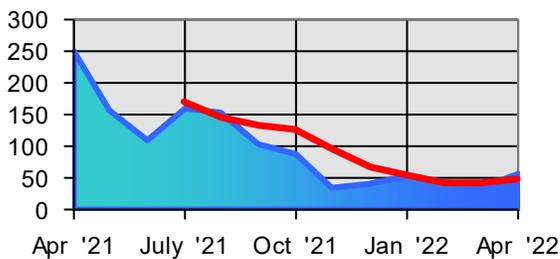
Index of Help Wanted Advertising



Manufacturing Orders are not available this month.

Unemployment Claims rose 51.8 percent to a new Index value of 56.3. The current value is 77.7 percent lower than the value for this time last year. The 4-month moving average rose 8.3 percent to a new average of 48.6.

Index of Claims for Unemployment Insurance



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 rose 7.3 percent to a new value of 148.2. The present Index value is 9.1 percent higher than the value for this time last year. The 4-month moving average rose by 2.5 percent to a new value of 129.5. The country's median home price increased from \$430,500 to \$463,500. In comparison, the median home price this time last year was \$423,000.

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.

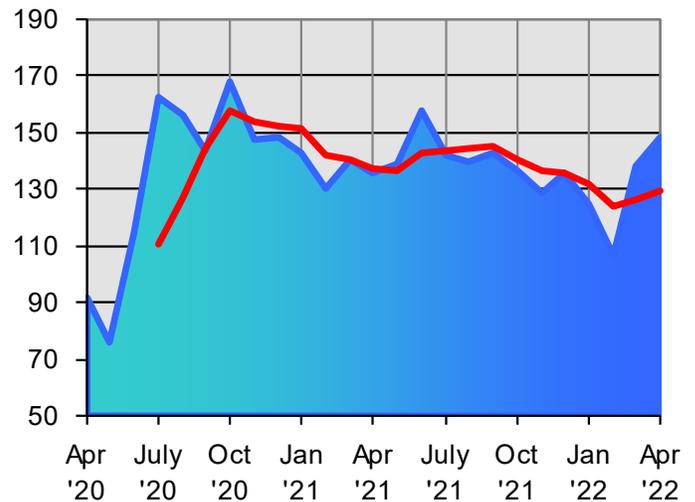
The S&P Case-Shiller Home Price Indices saw a larger year-over-year gain in April compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 19.5 percent and 20.2 percent, respectively. The National Index reported a 20.6 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 2.2 percent and 2.4 percent, respectively. The National Index reported a seasonally adjusted increase of 2.1 percent.

Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "Those of us who have been anticipating a deceleration in the growth rate of U.S. home prices will have to wait at least a month longer." The March year-over-year gains were higher than those in February. "The strength of the Composite indices

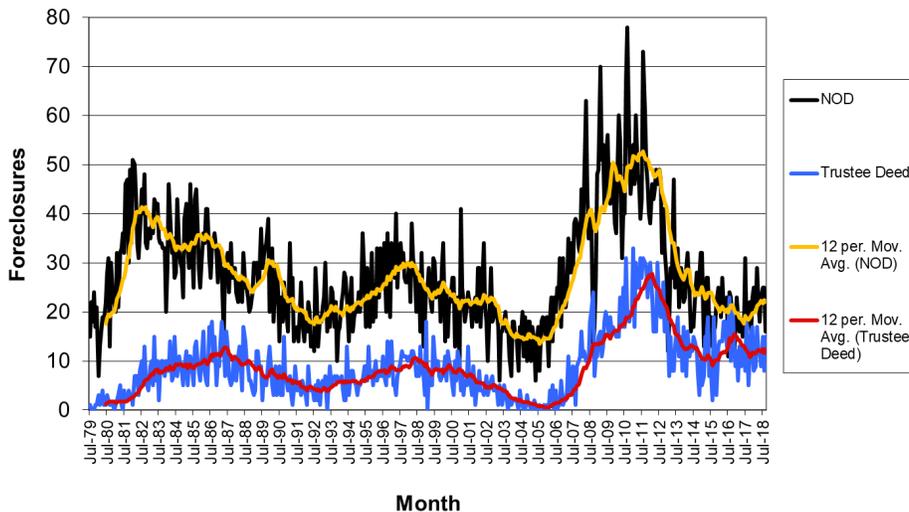
suggests very broad strength in the housing market, which we continue to observe. All 20 cities saw double-digit price increases for the 12 months ended in March, and price growth in 17 cities accelerated relative to February's report. March's price increase ranked in the top quintile of historical experience for every city, and in the top decile for 19 of them."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of April 28, was 5.10 percent, up from 4.67 on March 31. The average 15-year fixed-rate mortgage was 4.40 percent at the end of April, up from 3.83 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.

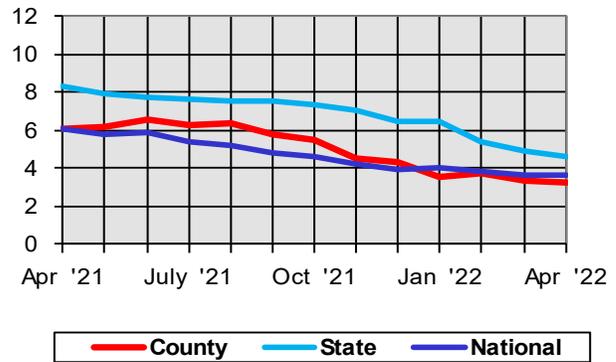
The Total County Employment Index decreased 1.0 percent to a value of 106.0. The seasonally adjusted unemployment rate in Humboldt County decreased from 3.3 percent to 3.2 percent. The seasonally adjusted unemployment rate in California decreased from 4.9 percent to 4.6 percent. The seasonally adjusted national unemployment rate remained at 4.6 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 57,500. Humboldt County's total unemployment decreased by 300 individuals to a total of 1,900.

In the Labor Department's April report, total nonfarm payroll employment rose by 428,000. National employment in hospitality gained 78,000 jobs,

manufacturing gained 55,000 jobs, transportation and warehousing gained 52,000 jobs, professional and business services gained 41,000 jobs, financial activities added 35,000 jobs, health care jobs rose by 34,000, the retail trade added 29,000 jobs, wholesale trade gained 22,000 jobs, and mining gained 9,000 jobs. Employment changed little in construction, information, other services, and government.

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 9.0 percent in April to a new value of 106.9. This month's Index value is 1.2 percent lower than the value for this time last year. The 4-month moving average rose 0.4 percent to a current value of 116.3.

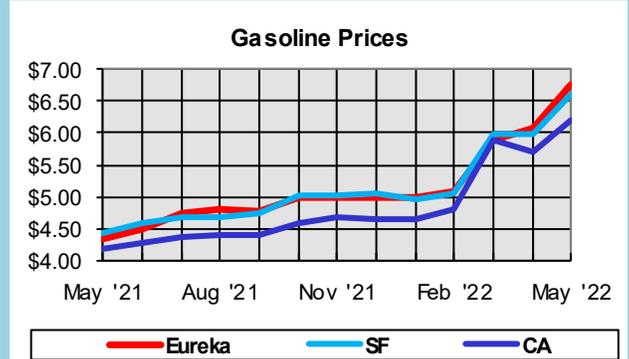
Gasoline Prices

California's average gas price rose to \$6.19 on June 1, a 49-cent increase from the previous month. Northern California's average price increased 62 cents to a new average of \$6.59, while Eureka's average gas price rose by 70 cents to a new average of \$6.77. When we adjust for inflation, the "real price" of gasoline in Eureka was \$4.29 per gallon in 1982-84 dollars.

According to GasBuddy, national gas prices have risen 6.9 cents in the last week of May. Additionally, diesel prices have risen to record highs; GasBuddy petroleum analyst Patrick De Haan says that diesel prices are at least \$1 higher than gasoline "in many areas". It is predicted that the increase in diesel prices will have far-reaching effects including air travel, grocery stores, and hardware manufacturing. AAA attributes the rise in gasoline to the increased cost of crude oil. Regardless of the cause, the rise in gas prices have negatively affected 52% of American families according to a poll by Gallup.

Gas Prices		
Prices as of 6/ 1/ 2022	Average price*	Change from previous month
Eureka	\$6.77	\$0.70
Northern California	\$6.59	\$0.62
California	\$6.19	\$0.49

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csa.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 expanded in April to a seasonally adjusted Index value of 96.6, up 3.5 percent from the previous month's value of 93.3. Manufacturing employment remained at 2,500 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 23rd 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 1.7 percentage points to 55.4 percent.

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

The New Export Orders Index fell 0.5 percentage points to 52.7 percent. This is the 22nd 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.

Five industries reported growth in new export orders in the following order: Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; Machinery; and Chemical Products. The only industry reporting a decrease is Paper Products. Twelve industries reported no change in exports in April.

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 0.7 percent to a new value of 104.1. The current value is 5.2 percent lower 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 5.6 percent in April to a new value of 143.6, down 6.4 percent from the value for this time last year. The 4-month moving average fell 0.7 percent to a new value of 153.6.

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 decreased slightly in April from 107.6 to 107.3. The Expectations Index increased from 76.6 to 77.2, and the Present Situation Index decreased from 153.8 to 152.6.

"Consumer confidence fell slightly in April, after a modest increase in March," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index declined, but remains quite high, suggesting the economy continued to expand in early Q2. Expectations, while still weak, did not deteriorate further amid high prices, especially at the gas pump, and the war in Ukraine. Vacation intentions cooled but intentions to buy big-ticket items like automobiles and many appliances rose somewhat.

"Still, purchasing intentions are down overall from recent levels as interest rates have begun rising. Meanwhile, concerns about inflation retreated from an all-time high in March but remained elevated. Looking ahead, inflation and the war in Ukraine will continue to pose downside risks to confidence and may further curb consumer spending this year."

The percentage of consumers expecting business conditions to improve over the next six months fell from 19.0 percent to 18.1 percent, while the percentage of consumers expecting business conditions to worsen fell from 24.1 percent to 21.8 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
■ ■ ■ *realize human potential*

Cited References:

Bureau of Labor Statistics - Case-Shiller Home Price Indices
The Conference Board - Employment Development Department (CA)
Freddie Mac - Humboldt Association of Realtors
Institute for Supply Management–The National Interest

Layout & Design: Matt Hawk

Contact Info: Erick Eschker can be contacted at ee3@humboldt.edu

www.humboldt.edu/econindex

Copyright © 2022 [Erick Eschker](#).