

Humboldt Economic Index

May 2023

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Belonging Never Felt Better



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Most Sectors Drop and Leading Indicators Mixed

This month we welcome Beth Redfern to the Index. Beth is one of our top economics majors and we're happy to have someone with her skills on board.

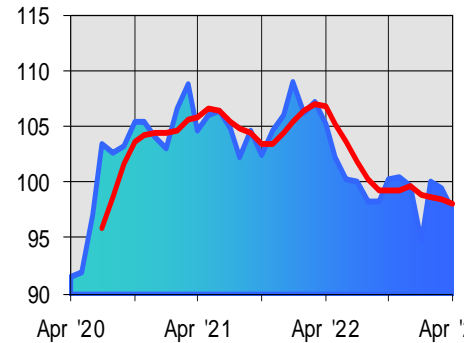
The Composite Index fell to 97.5 in April, down 2.0 percent from the previous month. The Composite Index is down 7.2 percent from this time last year. This month the Electricity, Employment and Hospitality Indices all fell.

The Index of Home Sales fell to 88.9, down 11.5 percent from the previous month, and down 40.0 percent from this time last year. The median home price fell from \$450,000 to \$437,000.

Leading Indicators are mixed in April. Unemployment Claims and permits point negative while Help Wanted points positive.

The seasonally adjusted unemployment rate in Humboldt County fell to 4.1 from 4.2 percent. The

Composite Index



Apr '20 Apr '21 Apr '22 Apr '23

seasonally adjusted unemployment rate in California rose to 4.5 percent. The seasonally adjusted national unemployment rate decreased from 3.5 to 3.4 percent.

The average price per gallon of gas in California stayed at \$4.81. Northern California's average decreased from \$4.32 to \$4.22. Eureka's average decreased from \$5.43 to \$5.40.

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	97.5	-2.0	-7.2	-7.2	-5.9
Home Sales	88.9	-11.5	-40.0	-33.9	-30.1
Retail Sales	150.7	1.6	-2.0	-0.8	-9.6
Hospitality	93.2	-1.6	-4.4	10.1	11.1
Electricity	87.7	-5.1	-15.7	-18.8	-31.7
Employment	104.9	-1.7	-1.0	-6.7	4.4
Lumber*	26.3				
Manufacturing**	86.0	-5.1	-6.7	-2.2	-11.7

* 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

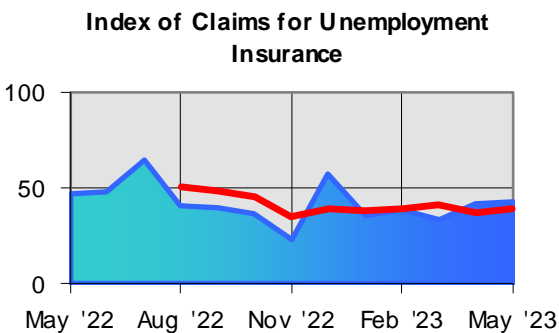
Leading Indicators

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
N/A	2.4%	-29.0%	25.2%
* Change from prior month. All values are seasonally adjusted.			

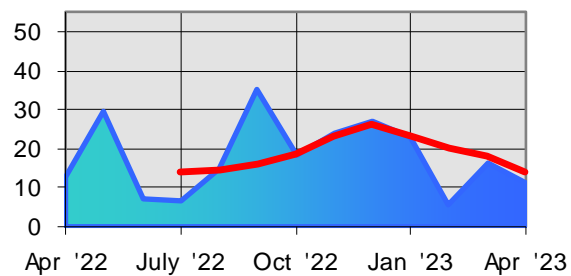
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$437,000	\$2,119	6.75%	4.1%
* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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 2.4 percent to a new Index value of 39.3. The current value is 9.3 percent lower than the value for this time last year.



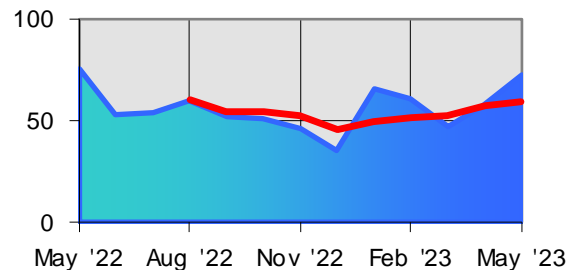
Building Permits fell 29.0 percent to a new Index value of 11.4. The current value is 11.1 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 25.2 percent to a new Index value of 72.5. The current value is 4.1 percent lower than the value for this time last year. In May there were 353 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 11.5 percent to a new value of 88.9. The present Index value is 40.0 percent lower than the value for this time last year. The 4-month moving average fell by 2.4 percent to a new value of 85.7. The country's median home price increased from \$450,000 to \$437,000. In comparison, the median home price this time last year was \$463,050.

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 decreases of 0.8 and 1.1, respectively. The National Index reported a 0.7 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month increases of 0.5 and 0.6 percent, respectively. The National Index reported a seasonally adjusted increase of 0.4 percent.

Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "The modest increases in home prices we saw a month ago accelerated in March 2023.

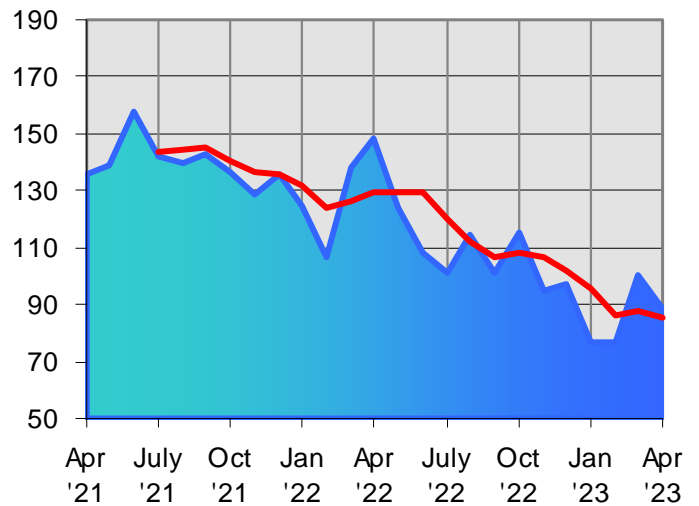
"The acceleration we observed nationally was also apparent at a more granular level. Before seasonal adjustment, prices rose in all 20 cities in March (versus in

12 in February), and in all 20 price gains accelerated between February and March. Seasonally adjusted data showed 15 cities with rising prices in March (versus 11 in February), with acceleration in 14 cities."

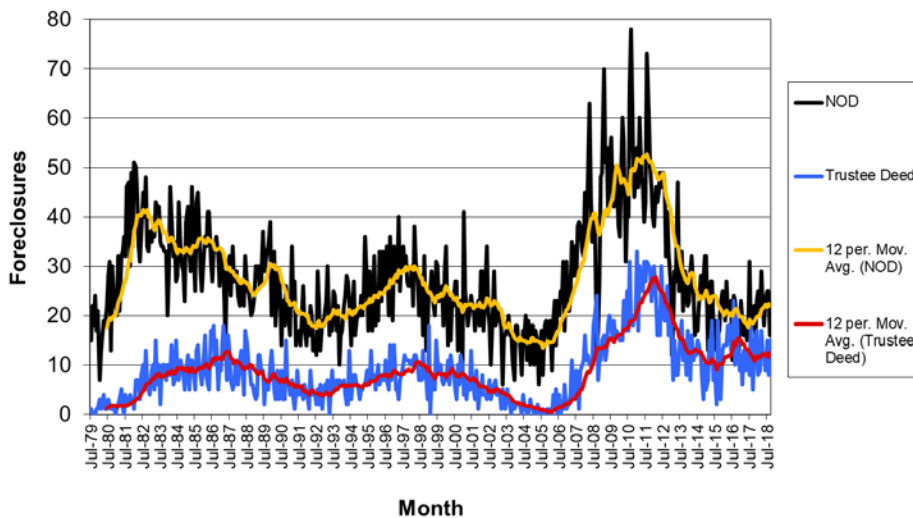
"Two months of increasing prices do not a definitive recovery make, but March's results suggest that the decline in home prices that began in June 2022 may have come to an end. That said, the challenges posed by current mortgage rates and the continuing possibility of economic weakness are likely to remain a headwind for housing prices for at least the next several months."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of April 29, was 5.13 percent, down from 5.48 on April 5th. The average 15-year fixed-rate mortgage was 5.17 percent at the end of April, down from 5.73 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.

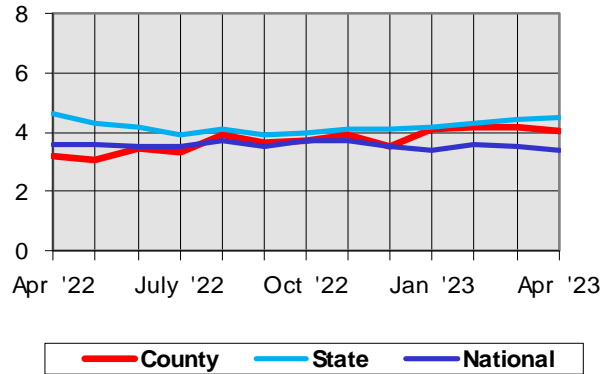
The seasonally adjusted unemployment rate in Humboldt County fell to 4.1 from 4.2 percent. The seasonally adjusted unemployment rate in California rose 2.3 percent to 4.5 percent. The seasonally adjusted national unemployment rate decreased from 3.5 to 3.4 percent.

The Employment Development Department of California indicated that in April Humboldt County's preliminary estimate of total employment fell by 900 individuals to a total of 59,400. Humboldt County's total unemployment fell by 400 individuals to 2,500.

In the Labor Department's April report, total nonfarm payroll employment rose by 253,000. National employment in professional and business services added 43,000 positions, health care added 40,000 jobs, employment in leisure and hospitality gained 31,000

positions, social assistance added 25,000 jobs, financial activities open 23,000 positions, government employment gained 23,000 jobs, and mining employment added 6,000 jobs. Employment was little changed over the month in other major industries, including construction, manufacturing, wholesale trade, retail trade, transportation and warehousing, information, and other services.

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 1.6 percent in March to a new value of 93.2. This month's Index value is 4.4 percent lower than the value for this time last year. The 4-month moving average rose 0.6 percent to a current value of 86.6.

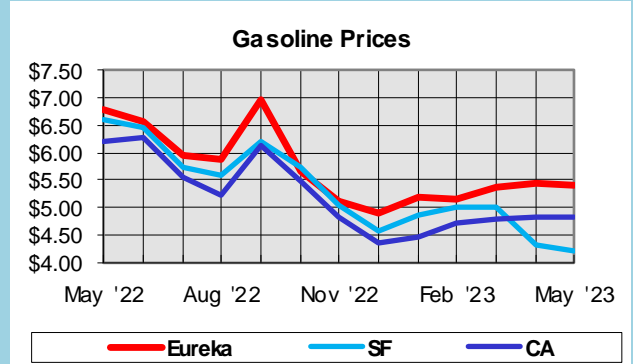
Gasoline Prices

The average price per gallon of gas in California remained at \$4.81. Northern California's average decreased from \$4.32 to \$4.22. Eureka's average decreased from \$5.43 to \$5.40.

Although 2023 has brought falling gas prices across the US, experts are predicting that national averages may break the \$4 mark with the upcoming summer season. GasBuddy has forecasted that 2023's average will be approximately 49 cents lower than its 2022 counterpart. "2023 is not going to be a cakewalk for motorists. It could be expensive. The national average could breach \$4 a gallon as early as May – and that's something that could last through much of the summer driving season," said Patrick De Haan, the head of petroleum analysis for GasBuddy. Being that this measures the national figures, California drivers in major cities could even expect to see prices breaking the \$7 ceiling as they during in the height of the pandemic. This being said, drivers are forecasting to spend a fraction on gasoline in 2023 as they did in 2022.

Gas Prices		
Prices as of 5/ 31/ 2023	Average price*	Change from previous month
Eureka	\$5.40	-\$0.03
Northern California	\$4.22	-\$0.10
California	\$4.81	\$0.00

* 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 employment remained at 2,600 individuals for the sixth 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 6th 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 rose 0.8 percentage points to 47.1 percent.

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

The New Export Orders Index rose 2.2 percentage points to 49.8 percent. This is the 9th consecutive month of contraction 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 April: Printing & Related Support Activities; Wood Products; Paper Products; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing. The seven industries reporting a decrease in new export orders in April — in the following order — are: Furniture & Related Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Computer & Electronic Products; Machinery; Chemical Products; and Transportation Equipment. Six industries reported no change in exports in April compared to March.

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 5.1 percent to a new value of 87.7. The current value is 15.7 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 rose 1.6 percent in April to a new value of 150.7, down 2.0 percent from the value for this time last year. The 4-month moving average fell 0.3 percent to a new value of 156.8.

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 in April from 103.4 to 101.3. The Expectations Index decreased from 70.4 from 68.8, and the Present Situation Index increased from 148.9 to 151.1

"While consumers' relatively favorable assessment of the current business environment improved somewhat in April, their expectations fell and remain below the level which often signals a recession looming in the short-term," said Ataman Ozyildirim, Senior Director, Economics at The Conference Board.

"Consumers became more pessimistic about the outlook for both business conditions and labor markets. Compared to last month, fewer households expect business conditions to improve and more expect worsening of conditions in the next six months. They also expect fewer jobs to be available over the short term. April's decline in consumer confidence reflects particular deterioration in expectations for consumers under 55 years of age and for households earning \$50,000 and over.

"Meanwhile, April's results show consumer inflation expectations over the next 12 months remain essentially unchanged from March at 6.2 percent—although that level is down substantially from the peak of 7.9 percent reached last year, it is still elevated"

The percentage of consumers expecting business conditions to improve over the next six months rose slightly from 15.5 to 15.6 while the percentage of consumers expecting business conditions to worsen fell from 21.6 to 18.5.

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*

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