

Humboldt Economic Index

November 2019

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Home Price Indices Expand and County Home Prices Rise

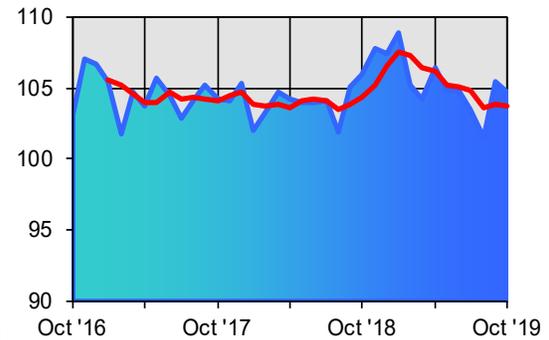
The Composite Index fell to 104.7, down 0.8 points from the previous month. The Composite Index is down 1.3 points from October of last year. This month the Hospitality Index rose, and the Retail Sales and Employment Indices fell.

The Index of Home Sales fell 3.6 points from September, and is 15.2 points lower than it was in October of last year. The median home price rose from \$320,000 to \$323,156.

Leading Indicators are mixed in October. Unemployment Claims and Building Permits are down, while Manufacturing Orders are up.

The seasonally adjusted unemployment rate in Humboldt County increased from 3.1 percent to 3.3 percent. The seasonally adjusted unemployment rate in California decreased from 4.0 percent to 3.9 percent. The seasonally adjusted national unemployment rate increased

Composite Index



from 3.5 percent to 3.6 percent.

California gas prices decreased from \$3.95 to \$3.79. Northern California's average decreased from \$4.16 to \$3.75. Eureka's average gas price per gallon decreased from \$4.24 to \$3.99.

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	104.7	-0.7	-1.2	1.8	7.1
Home Sales	129.0	-2.7	-10.5	7.2	38.4
Retail Sales	138.1	-5.0	3.2	-3.7	-0.9
Hospitality	89.4	8.7	-7.2	-11.9	-2.8
Electricity	119.6	0.0	0.0	-1.5	-5.7
Employment	112.3	-1.0	0.2	14.3	17.1
Lumber*	26.3	0.0	0.0	-34.9	-19.4
Manufacturing**	96.5			-	-

* 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

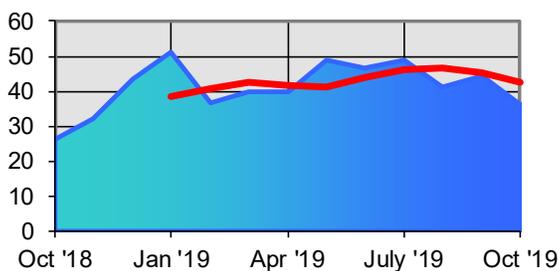
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
1.3%	7.9%	157.8%	0.3%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$323,156	\$ 1,730	3.750%	2.9%
* 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.			

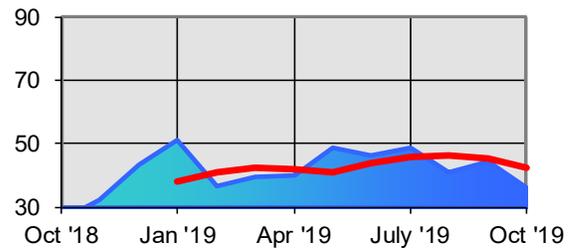
Manufacturing Orders increased 1.0 point to a new Index value of 80.4. The Manufacturing Orders Index value in October 2018 was 79.1, which is 1.2 points lower than the present value.

Index of Manufacturing Orders



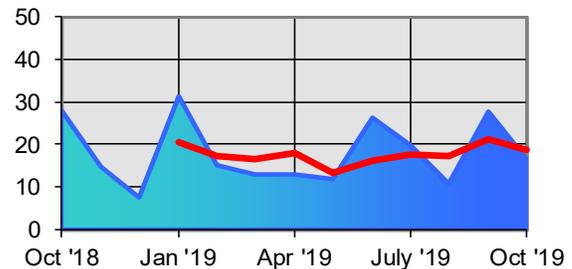
Unemployment Claims decreased 8.5 points to a new Index value of 36.0. The Unemployment Claims Index in October 2018 was 26.1, which is 10.0 points lower than the present value. The 4-month moving average fell 2.6 points to 42.7.

Index of Claims for Unemployment Insurance



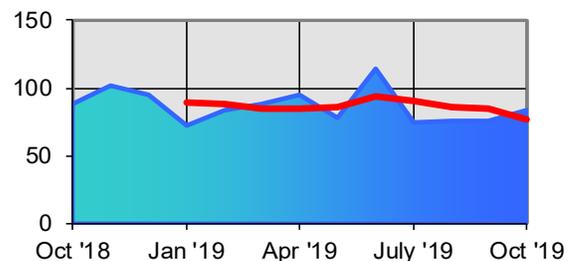
Building Permits decreased 10.9 points to a new index value of 16.8. The Building Permits Index in October 2018 was 27.9, which is 11.2 points lower than the present value.

Index of Building Permits Issued



Help Wanted Advertising increased 7.4 points to a new Index value of 7.4. The three month moving average rose 2.7 points to 78.1. In October there were 390 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 October 2019 stands at an Index value of 129.0, which is 3.6 points lower than September's value of 132.6. The Index value in October 2018 was 144.2 points higher than the current value. The four-month moving average is down 4.6 points to a new value of 130.0. The county's median home price increased from \$320,000 to \$323,156. In comparison, the median home price in October 2018 was \$315,000.

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.

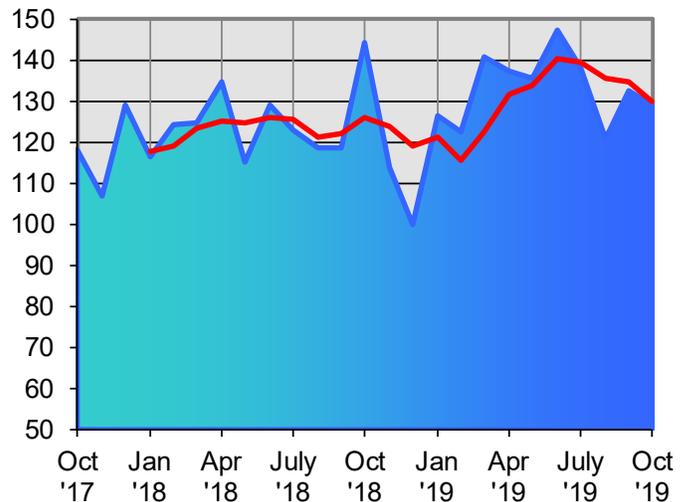
The S&P Case-Shiller Home Price Indices saw a slightly higher year-over-year gain in September compared to August. The 10-City and 20-City Composites report year-over-year gains of 1.5 percent and 2.1 percent, respectively. The National Index reported a 3.2 percent annual gain over the same period, up from 3.1 percent in August. After seasonal adjustment, the 10-City Composite posted a 0.2 percent month-over-month decrease, and the 20-City Composite posted a 0.4 percent month-over-month increase. The National Index reported a seasonally adjusted 0.4 percent increase in September.

Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, comments on the steady upward trend. "After a

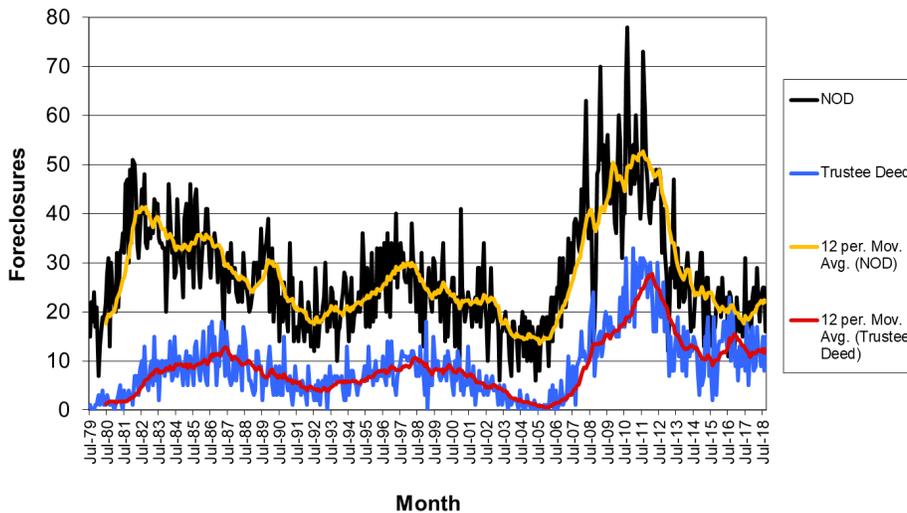
long period of decelerating price increases, it's notable that in September both the national and 20-city composite indices rose at a higher rate than in August, while the 10-city index's September rise matched its August performance. It is, of course, too soon to say whether this month marks an end to the deceleration or is merely a pause in the longer-term trend." San Francisco was the only city in the 20-City Composite that experienced a year-over-year price decline.

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of November 30, 2019, is 3.68 percent, down 0.10 percentage points from October 31, 2019. The average 15-year fixed-rate mortgage is 3.15 percent, down 0.04 percentage points from the previous month.

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.

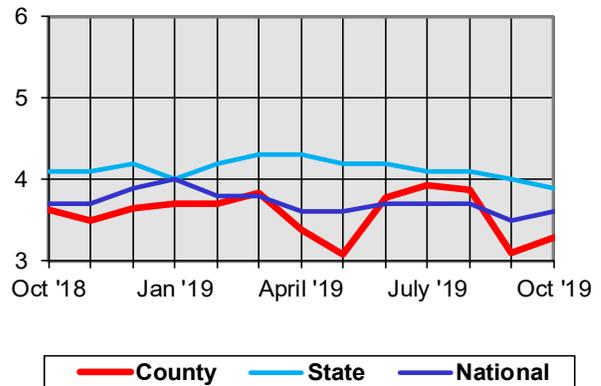
The Total County Employment Index decreased 1.1 points to a value of 112.3. The seasonally adjusted unemployment rate for Humboldt County rose from 3.1 percent to 3.3 percent. The unemployment rate for California fell from 4.0 to 3.9 percent. The national unemployment rate rose from 3.5 percent to 3.6 percent.

The Employment Development Department of California indicated that in October, Humboldt County's preliminary estimate of total employment remained constant at 62,300. The labor force increased by 100 individuals a total of 64,200, pushing Humboldt County's total unemployment up from 1,800 individuals in September to an estimated 1,900 individuals in October.

In the Labor Department's November report, total nonfarm payroll employment rose by 266,000. National employment increased notably in health care and professional and technical services. Employment also rose in manufacturing, leisure and hospitality,

transportation and warehousing, and financial activities. The gain in manufacturing reflects the return of workers in the motor vehicles and parts industry, who were on strike in October. Employment in mining decreased. The year 2019 so far has seen slower average job growth of 180,000 per month, compared to 223,000 per month in 2018.

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 increased in October from 82.2 to a new value of 89.4. This month's Index value is 6.9 points lower than the value for this time last year. The 4-month moving average rose 2.1 points to a current value of 80.7.

Gasoline Prices

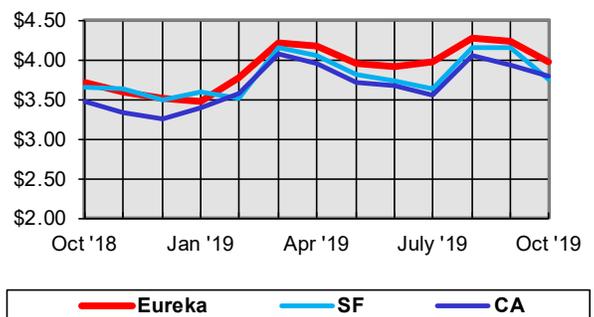
The average price per gallon of gas in October fell in California, Northern California, and Eureka. California's average gas price fell \$3.79, a 10 cent decrease from the previous month. Northern California's average price fell to \$3.75, a 41 cent decrease from the previous month. Eureka's average gas price fell to \$3.99, a 26 cent decrease from the previous month. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.84 per gallon in 1982-84 dollars.

WTI and Brent stocks prices and oil futures are the highest they've been since mid-September. The rise occurred following announcements that the U.S. had reach a preliminary trade deal with China, including an optimistic Tweet from President Trump. The tentative phase one deal will reduce tariffs on Chinese goods, and increase purchases of U.S. agricultural products.

Gas Prices		
Prices as of 11/30/2019	Average price*	Change from previous month
Eureka	\$3.99	-\$0.26
Northern California	\$3.75	-\$0.41
California	\$3.79	-\$0.16

* 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



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 to a seasonally adjusted Index value of 96.5 in October, a 9.4 point increase from the previous month's value of 87.1. After 6 consecutive months at 2,100, manufacturing employment increased by 100 individuals to 2,200, according to the Employment Development Department.

The Institute for Supply Management reports that in November economic activity in the manufacturing sector contracted, while the overall economy grew for the 127th 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 November is 48.1, down 0.2 percentage points from October.

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

The New Export Orders Index for November is 47.9 percent, down 2.5 percentage points from October. This is the first month of contraction following a brief expansion in October. 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 five industries reporting growth are, in the following order: Food, Beverage & Tobacco Products; Computer & Electronic Products; Paper Products; Miscellaneous Manufacturing; and Chemical Products. The six industries reporting contraction are, in the following order: Wood Products; Nonmetallic Mineral Products; Transportation Equipment; Plastics & Rubber Products; Fabricated Metal Products; and Machinery. The other seven industries saw 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. 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 decreased 7.3 points to a new value of 138.1. The most recent value is 4.3 points higher than the value for October 2018. The 4-month moving average fell 1.2 points with a new value of 140.6.

On the national scale, Consumer Confidence declined for the fourth consecutive month in November, down by 0.6 points to a new Index value of 125.5. The Expectations Index increased by 3.4 points to a new value of 97.9, and the Present Situation Index decreased by 6.6 points to a new value of 166.9.

Lynn Franco, Senior Director of Economic Indicators at the Conference Board, comments, "The decline in the Present Situation Index suggests that economic growth in the final quarter of 2019 will remain weak. However, consumers' short-term expectations improved modestly, and growth in early 2020 is likely to remain at around 2 percent. Overall, confidence levels are still high and should support solid spending during this holiday season."

The percentage of consumers expecting business conditions to improve over the next six months decreased from 18.7 percent to 17.2 percent. The percentage of consumers expecting business conditions to worsen increased from 11.5 percent to 12.1 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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