

# Humboldt Economic Index

November 2020

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## Seasonally Adjusted Home Sales Second Highest Ever

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

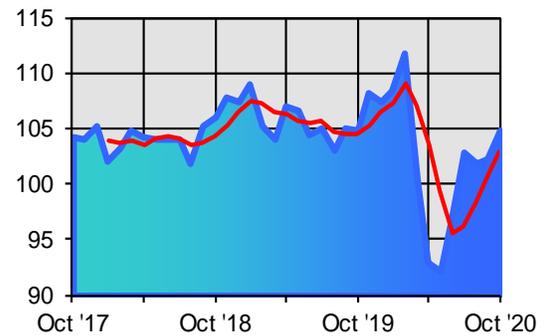
The Composite Index rose to 104.9 in October, up 2.7 points from the previous month. The Composite Index is up 0.1 points from this time last year. This month the Retail Sales Index fell, and the Employment and Hospitality Indices rose.

Housing sales were the second highest in the history of the Index. The Index of Home Sales rose 17.1 points to 168.0. This is up 29.2 points from this time last year. The median home price rose from \$345,000 to \$375,810.

Leading Indicators are all down in October. Unemployment Claims, Building Permits and Manufacturing Orders are all down.

The seasonally adjusted unemployment rate in Humboldt County decreased from 8.7 percent to 7.5 percent. This is an amazing decline in just six months, down from 13.3 percent in April. The seasonally

Composite Index



adjusted unemployment rate in California decreased from 11.0 percent to 9.3 percent. The seasonally adjusted national unemployment rate decreased from 7.9 percent to 6.9 percent.

The average price per gallon of gas in California decreased from \$3.17 to \$3.15. Northern California's average increased from \$3.54 to \$3.60. Eureka's average increased from \$3.42 to \$3.43.

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****
<b>Composite</b>	<b>104.9</b>	<b>2.7</b>	<b>0.1</b>	<b>-0.8</b>	<b>5.2</b>
Home Sales	168.0	17.1	29.2	20.2	109.5
Retail Sales	132.7	-4.8	-3.9	-12.4	-9.3
Hospitality	102.3	5.0	14.4	8.2	9.8
Electricity	119.6	0.0	0.0	2.2	-3.8
Employment	103.5	3.4	-7.9	-3.2	4.6
Lumber*	26.3	0.0	0.0	0.0	-31.9
Manufacturing**	103.4			-	-

\* 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

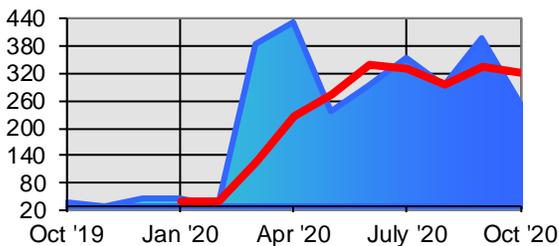
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-37.3%	-50.0%	-22.8%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$375,810	\$ 1,826	2.750%	7.5%
* 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.			

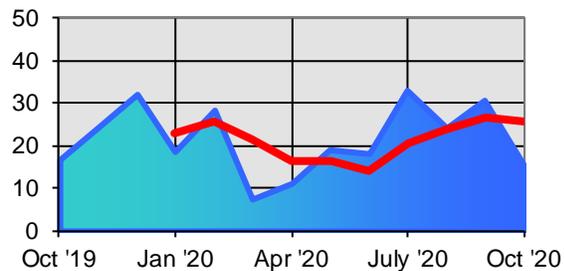
**Unemployment Claims** fell 148.2 points to a new Index value of 249.0. The current value is 213.0 points higher than the value for this time last year. The 4-month moving average fell 11.6 points to a new average of 323.8.

**Index of Claims for Unemployment Insurance**



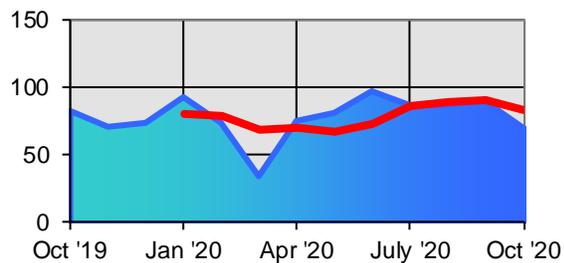
**Building Permits** fell 15.4 points to a new Index value of 15.4, or half the previous month's value. The current value is 1.4 points lower than the value for this time last year.

**Index of Building Permits Issued**



**Help Wanted Advertising** fell 20.7 points to a new Index value of 69.9. The current value is 13.2 points lower than the value for this time last year. The 3-month moving average fell 5.6 points to a new value of 82.9. In October there were 328 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.

Our records go back to 1994, and October's seasonally adjusted home sales were the second highest ever (July's sales were the fifth highest). August, 2002, during the beginning of the Housing Bubble, was the highest ever. The very strong home sales may reflect lower interest rates, a move to escape urban Covid virus exposure, "catch up" in sales that were delayed during the initial lockdowns, or people moving to the coast to escape inland fires.

The Humboldt County Home Sales Index for October rose 17.1 points to a new value of 168.0. The present Index value is 29.2 points higher than the value for this time last year. The country's median home price rose to \$375,810. In comparison, the median home price this time last year was \$322,500.

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.

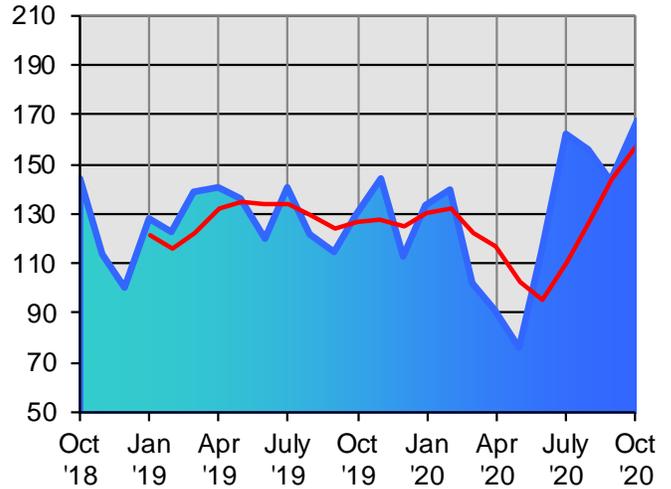
The S&P Case-Shiller Home Price Indices saw higher year-over-year gains in September compared to the previous month. The National Index reported year-over-year gains of 7.0 percent, up from 5.8 percent the previous month. The 10-City Composite reported annual gains of 6.2 percent, up from 4.9 percent the previous

month, and the 20-City Composite reported annual gains of 6.6 percent, up from 5.3 percent the previous month.

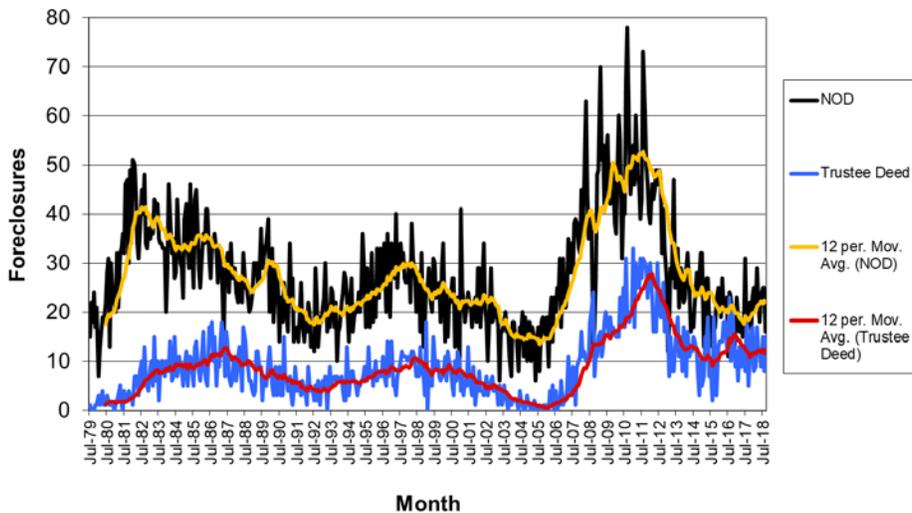
This monthly data for Detroit was unavailable and excluded from the Index. All of the other 19 cities reported higher price increases in the year ending September 2020 versus the year ending August 2020, with Phoenix, Seattle and San Diego continuing to report the highest year-over-year gains

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of November 25, was 2.72 percent, down from 2.81 on October 29. The average 15-year fixed-rate mortgage was 2.28 percent at the end of November, down from 2.32 in October.

**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.

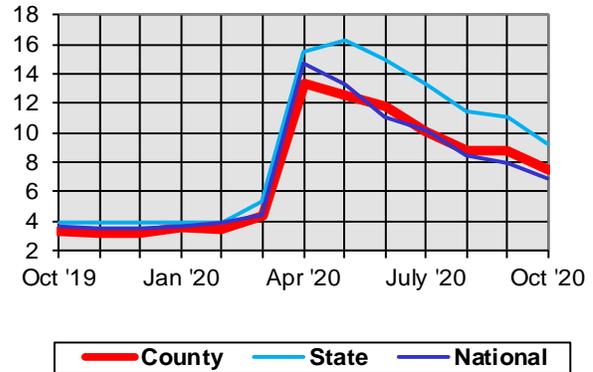
The Total County Employment Index increased 3.4 points to a new value of 103.5. The seasonally adjusted unemployment rate in Humboldt County decreased from 8.7 percent to 7.5 percent. The seasonally adjusted unemployment rate in California decreased from 11.0 percent to 9.3 percent. The seasonally adjusted national unemployment rate decreased from 7.9 percent to 6.9 percent.

The Employment Development Department of California indicated that in October Humboldt County's estimate of total employment rose by 2,400 individuals to a total of 57,400. Humboldt County's total unemployment decreased from 4,500 individuals in September to an estimated 4,000 individuals in October.

In the Labor Department's October report, total nonfarm payroll employment rose by 638,000, but remains 10.1 million below its February level. National employment in leisure and hospitality gained 271,000 jobs, professional and business services gained 208,000 jobs, retail trade gained 104,000 jobs, construction

gained 84,000 jobs, transportation and warehousing gained 63,000 jobs, education and health services gained 57,000, other services gained 47,000 jobs, manufacturing gained 38,000 jobs, financial activities gained 31,000 jobs, and government lost 268,000 jobs. About 138,000 of the government jobs lost were due to the end of the 2020 census.

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 97.4 to a new value of 102.3. This month's Index value is 12.9 points higher than the value for this time last year. The 4-month moving average rose 7.2 points to a current value of 93.9.

## Gasoline Prices

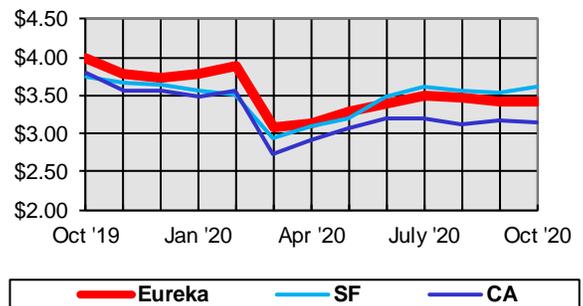
California's average gas price fell slightly in October to \$3.15, a 2 cent decrease from the previous month. Northern California's average price increased 6 cents to a new average of \$3.60, while Eureka's average gas price increased by 1 cent to a new average of \$3.43. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.41 per gallon in 1982-84 dollars.

The price of crude oil rose in November. West Texas Intermediate crude, the U.S. benchmark, rose 26.7 percent. Brent, the global benchmark, rose 27 percent. The optimistic futures prices are perhaps in response to hopes for COVID-19 vaccines in the near futures. OPEC+ agreed in April to cut output by 9.7 million barrels a day, then changed to 7.7 million barrels a day in August. Under the existing plan, production is scheduled to increase by 2 million barrels a day in January. The OPEC Conference held at the end of November concluded without an official decision on production, and was scheduled to reconvene on the first of December.

Gas Prices		
Prices as of 11/30/2020	Average price*	Change from previous month
Eureka	\$3.43	+\$0.01
Northern California	\$3.60	+\$0.06
California	\$3.15	-\$0.02

\* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey ([www.csa.com](http://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 contracted to a seasonally adjusted Index value of 103.4 in October, down 2.1 points from the previous month's value of 105.5. Manufacturing employment remained at 2,100 individuals for the sixth consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in October economic activity in the manufacturing sector expanded, while the overall economy grew for the sixth 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 October is 59.3, up 3.9 percentage points from the previous month.

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

The New Export Orders Index for October is 55.7 percent, up 1.4 percentage points from the previous month. The New Export Orders Index grew for the fourth consecutive month at a faster rate and reached its highest level since September 2018 (56 percent). 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. Eleven industries reported growth in the following order: Wood Products; Primary Me Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Machinery; Miscellaneous Manufacturing; Transportation Equipment; Fabricated Metal Products; and Chemicals Products. Six industries reported no change, and no industries reported a decrease in new export orders.

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 fell 6.7 points in October to a new Index value of 132.7. The most recent value is 5.4 points lower than the value for this time last year. The 4-month moving average fell 3.7 points with a new value of 140.7.

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 fell in October by 0.4 points to a current Index value of 100.9. The Expectations Index fell 4.5 points to a new value of 98.4, and the Present Situation Index rose 5.7 points to a new value of 104.6.

Lynn Franco, Senior Director of Economic Indicators at the Conference Board, says that "Consumer confidence declined slightly in October, following a sharp improvement in September. Consumers' assessment of current conditions improved while expectations declined, driven primarily by a softening in the short-term outlook for jobs. There is little to suggest that consumers foresee the economy gaining momentum in the final months of 2020, especially with COVID-19 cases on the rise and unemployment still high."

In October, the percentage of consumers expecting business conditions to improve over the next six months declined slightly from 36.7 percent to 36.3 percent, while the percentage of consumers expecting business conditions to worsen increased from 15.8 percent to 17.0 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

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**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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