

# Humboldt Economic Index

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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.

November 2022

## Home and Gasoline Prices Fall

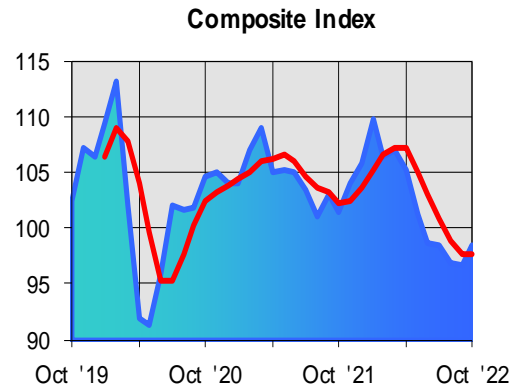
The Composite Index rose to 98.4, up 1.8 points from the previous month. The Composite Index is down 3.0 points from this time last year. This month Retail Sales and Employment both fell.

The Index of Home Sales is 13.7 percent greater than last month but 15.9 percent lower than one year ago. The median home price fell from \$460,000 to \$439,500.

Leading Indicators are mostly down October. Unemployment Claims, Building Permits and Help Wanted Ads are all down.

The seasonally adjusted unemployment rate in Humboldt County remained at 3.7 percent. The seasonally adjusted unemployment rate in California increased from 3.9 to 4.0 percent. The national unemployment rate also increased to 3.7 percent.

California gas prices decreased from \$5.49 to \$4.84. Northern California's average fell from \$5.74 to



\$5.05. Eureka's average gas price per gallon decreased from \$5.67 to \$5.13.

## Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
<b>Composite</b>	<b>98.4</b>	<b>1.8</b>	<b>-3.0</b>	<b>-6.9</b>	<b>-2.8</b>
Home Sales	114.9	13.7	-15.9	-2.8	10.4
Retail Sales	130.2	-0.5	-5.6	-11.0	-13.1
Hospitality	100.4	9.8	5.0	-6.6	9.6
Electricity	93.2	0.0	-13.9	-15.8	-25.6
Employment	106.2	-1.0	1.9	-3.4	8.1
Lumber*	26.3	0.0	0.0	0.0	-27.0
Manufacturing**	95.1	-0.9	-3.9	-	-

\* 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

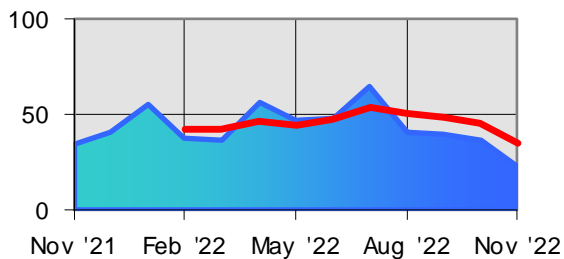
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-35.3%	-48.6%	-9.8%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$439,500	\$2,072	6.25%	3.7%
<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>			

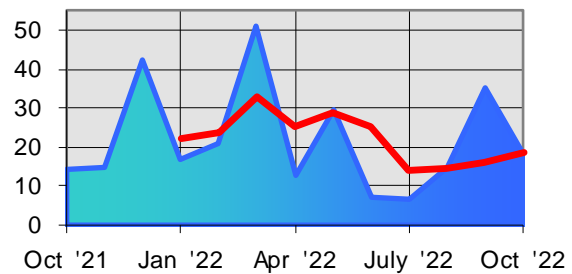
**Unemployment Claims** decreased 9.9 points to a new Index value of 36.5. The Unemployment Claims Index was 87.2 in October 2021, 58.2 points lower than the present value. The 4-month moving average fell 6.2 points to 45.7.

Index of Claims for Unemployment Insurance



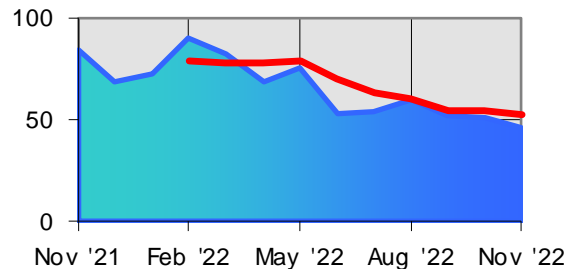
**Building Permits** fell 48.6 points to a new index value of 18.2. The current value is 30.0 points higher than the October 2021 value.

Index of Building Permits Issued



**Help Wanted Advertising** stands at an Index value of 51.1 down 1.9 points from last month. The three-month moving average is at 54.4, down 2.0 percent from last month. In September there were 261 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 October 2022 stands at an Index value of 114.9. The new median home price has risen to 439,500, down from 460,000 the previous month.

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.

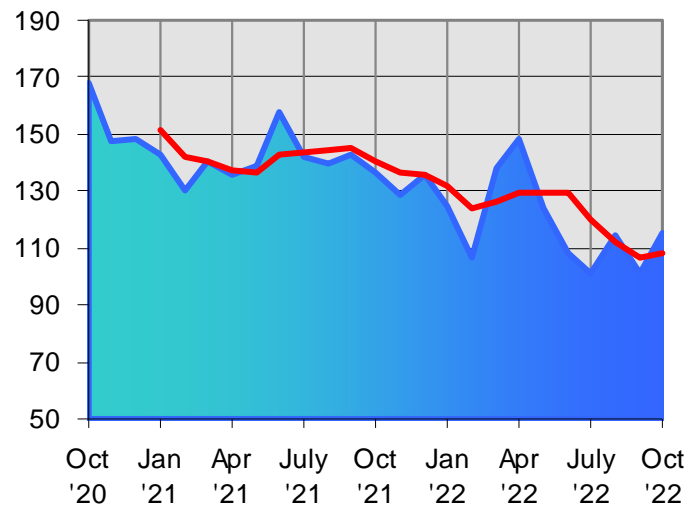
The S&P Case-Shiller Home Price Indices saw a slightly smaller year-over-year gain in October compared to September. The 10-City and 20-City Composites report year-over-year gains of 9.7 percent and 10.4 percent, respectively. The National Index reported a 10.6 percent annual gain over the same period. After seasonal adjustment, both the 10-City Composite and the 20-City Composite posted a 1.2 month-over-month percent decrease. The National Index also reported a seasonally adjusted decrease of 0.8 percent.

Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, notes the rise in home sales, "As has been the case for the past several months, our September 2022 report reflects short-term declines and medium-term deceleration in housing prices across the U.S. Despite considerable regional differences, all 20 cities in our September report reflect these trends of

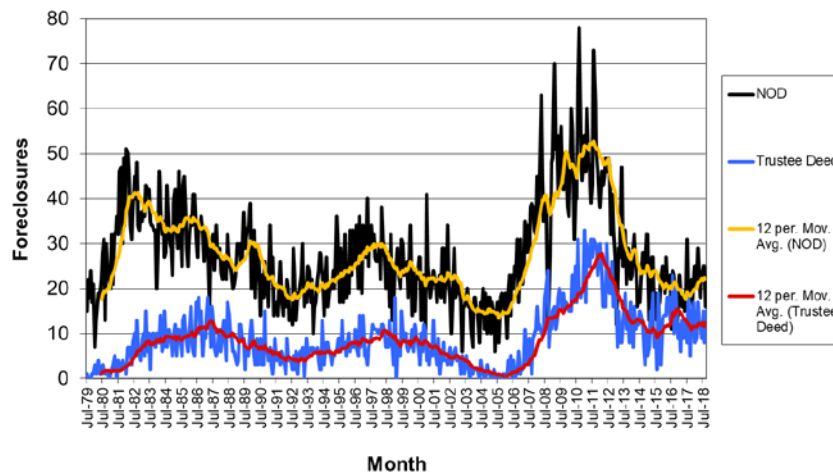
short-term decline and medium-term deceleration. Prices declined in every city in September, with a median change of -1.2%. Year-over-year price gains in all 20 cities were lower in September than they had been in August."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of October 27, 2022, is 7.08 percent. This is a slight increase from the reported rate of 6.66 percent on October 6th. The average 15-year fixed-rate mortgage is 6.36 percent, an increase from 5.33 percent 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 seasonally adjusted unemployment rate in Humboldt County remained at 3.7 percent. The seasonally adjusted unemployment rate in California increased from 3.9 to 4.0 percent. The national unemployment rate also increased to 3.7 percent.

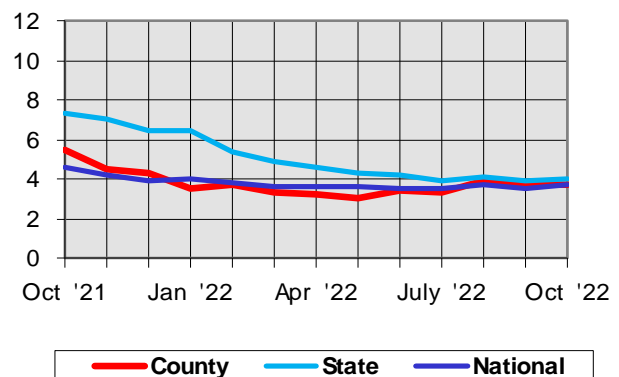
The Employment Development Department of California indicated that in October Humboldt County's estimate of total employment fell by 200 individuals to a total of 59,000. Humboldt County's total unemployment remained at 2,000 individuals for the second consecutive month.

In the Labor Department's October report, total nonfarm payroll employment rose by 261,000. National employment in healthcare rose by 53,000, professional and technical services added 43,000 jobs, manufacturing gained 32,000 jobs, social assistance added 19,000 jobs, employment in wholesale trade rose by 15,000, leisure and hospitality added 35,000 jobs,

transportation added 8,000, and financial employment gained 3,000 jobs.

Employment changed little in mining, construction, retail trade, 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 increased in October to a new value of 91.4 from 100.4. This month's index value represents a 5.0-point increase from this time last year. The 4-month moving average rose 1.3 points to a current value of 92.3

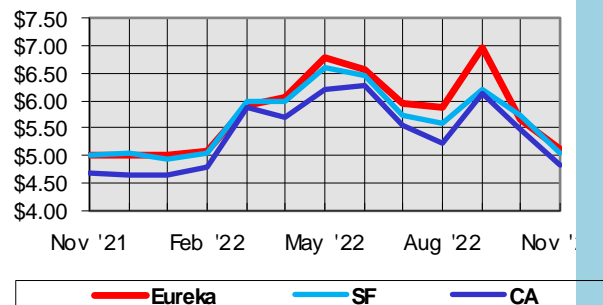
## Gasoline Prices

California's average gas price fell in November to \$4.84, a 65-cent decrease from the previous month. Northern California's average price decreased 69 cents to a new average of \$5.05, while Eureka's average gas price fell by 54 cents to a new average of \$5.13.

National gas prices have almost returned to their levels from this time last year, according to GasBuddy. The sharp declines are largely contributed to President Biden's decision to continue using the national oil reserves given the withstanding conflict in Ukraine. The only state where the average remains above \$5 is Hawaii with an average price of \$5.19. The drop continues despite persistent demand for oil. The latest figures report that 3.2 million barrels are demanded each day.

Gas Prices		
Prices as of 11/30/2022	Average price*	Change from previous month
Eureka	\$5.13	-\$0.03
Northern California	\$5.05	-\$0.07
California	\$4.84	-\$0.03
* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey ( <a href="http://www.csaa.com">www.csaa.com</a> ).		

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 95.1 in October, a 0.9-point decrease from the previous month's value of 96.0. Manufacturing employment remained at 2,100 individuals for the 15<sup>th</sup> month, according to the Employment Development Department.

The Institute for Supply Management reports that in September economic activity in the manufacturing sector expanded, while the overall economy grew for the 100<sup>th</sup> consecutive month.

The PMI (Producing Managers Index) is based on the number of manufacturing supply managers who expect business conditions to improve in the future. A PMI greater than 43.1 percent generally indicates an expansion of the overall economy. The PMI for October is 50.2, this a 0.7-point decrease from September.

Nationally, six of the eighteen manufacturing industries are reporting growth in October including Plastics & Rubber Products; Computer & Electronic Products; Transportation Equipment; Primary Metals; Machinery; and Fabricated Metal Products.

The New Export Orders Index for October is 46.5 percent, indicating a decrease over September's index of 1.3 points. This is the 25<sup>th</sup> 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. Three industries reported growth in the new export orders, including Miscellaneous Manufacturing; Plastics & Rubber Products; and Food, Beverage & Tobacco Products. Ten industries showed a decrease on new orders in October: Wood Products; Textile Mills; Furniture & Related Products; Primary Metals; Paper Products; Fabricated Metal Products; Machinery; Chemical Products; Computer & Electronic Products; and Transportation Equipment.

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.

The energy index had a value of 93.2, unchanged from September. This is 13.9 percentage points lower than this time last year. The four-month moving average fell 0.4 points to 95.9.

## 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 is reporting at a value of 130.2 for October, a decrease of 0.5 points from the value of 130.8 in September. The 4-month moving average is down by 1.8 points with a new value of 132.7.

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 decreased in October by 2.2 points to a current index value of 102.5. The Expectations Index decreased 1.4 points to a new value of 78.1, and the Present Situation Index decreased, from 150.2 to 138.9.

Lynn Franco, the Director of Economic Indicators at the Conference Board, says that "Consumer confidence retreated in October, after advancing in August and September. Notably, concerns about inflation—which had been receding since July—picked up again, with both gas and food prices serving as main drivers. Vacation intentions cooled; however, intentions to purchase homes, automobiles, and big-ticket appliances all rose. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending, which could result in a challenging holiday season for retailers."

## 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.

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■ ■ ■ *realize human potential*

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Institute for Supply Management – Forbes

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