

Humboldt Economic Index

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Falling Gas Prices Give Consumers Optimism

October 2022

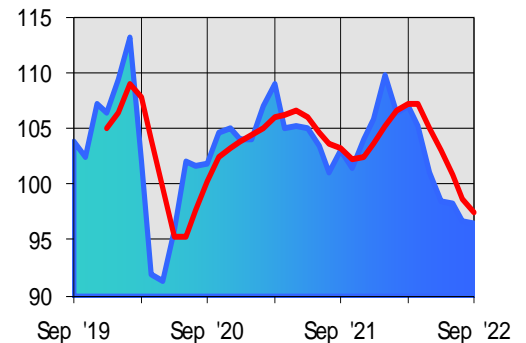
The Composite Index fell to 96.5 in September, down 0.2 percent from the previous month. The Composite Index is down 6.3 percent from this time last year. This month the Retail Sales, Employment, and Hospitality Indices all rose.

The Index of Home Sales fell to 101.1, down 11.8 percent from the previous month, and down 29 percent from this time last year. The median home price fell from \$465,000 to \$460,000.

Leading Indicators are mixed, with Unemployment Claims falling and building permits rising, while Help Wanted Advertising is down.

The seasonally adjusted unemployment rate in Humboldt County decreased from 3.9 percent to 3.7 percent. The seasonally adjusted unemployment rate in California decreased from 4.1 percent to 3.9 percent. The seasonally adjusted national unemployment rate decreased

Composite Index



from 3.7 percent to 3.5 percent.

The average price per gallon of gas in California decreased from \$6.12 to \$5.49. Northern California's average decreased from \$6.21 to \$5.74. Eureka's average decreased from \$6.95 to \$5.67.

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

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	96.5	-0.2	-6.3	-7.0	-4.2
Home Sales	101.1	-11.8	-29.0	-17.0	1.9
Retail Sales	130.8	1.4	-12.8	-8.1	-16.0
Hospitality	90.2	6.2	-4.2	-8.0	0.8
Electricity	93.2	-5.5	-10.2	-4.8	-21.1
Employment	107.2	0.9	2.3	-3.2	8.3
Lumber*	26.3	0.0	0.0	0.0	-27.1
Manufacturing**	96.0	-1.3	2.7	-	-

* 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

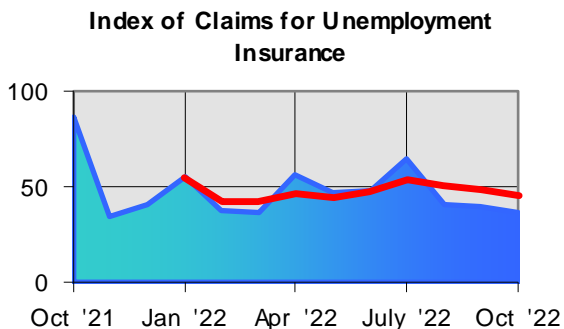
Leading Indicators

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
0.0%	-9.9%	129.2%	-1.9%
* Change from prior month. All values are seasonally adjusted.			

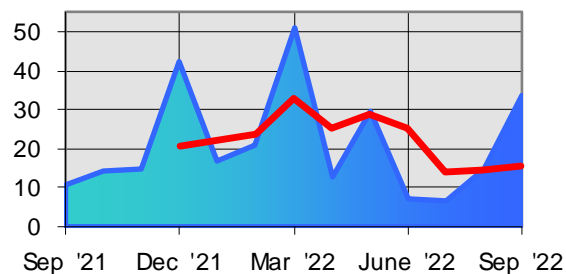
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$460,000	\$2,252	6.50%	3.7%
<p>* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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 fell 9.9 percent to a new Index value of 36.5. The current value is 58.2 percent lower than the value for this time last year. The 4-month moving average fell 3 percent to a new average of 45.7.



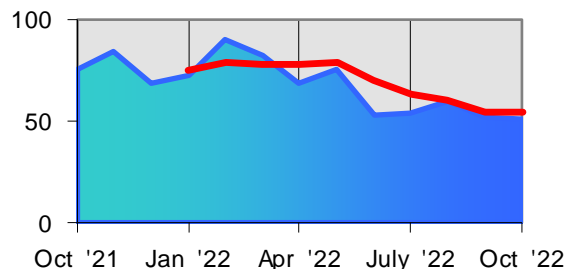
Building Permits rose over 19 percentage points to a new Index value of 33.8. The current value is 214 percent higher than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 1.9 percent to a new Index value of 51.1. The current value is 32.6 percent lower than the value for this time last year. The 3-month moving average fell slightly to a new value of 54.4. In October 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 September fell 11.8 percent to a new value of 101.1. The present Index value is 29.0 percent lower than the value for this time last year. The 4-month moving average fell by 5.0 percent to a new value of 106.3. The country's median home price decreased from \$465,000 to \$460,000. In comparison, the median home price this time last year was \$430,000.

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 smaller year-over-year gain in September compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 12.1 percent and 13.1 percent, respectively. The National Index reported a 13.0 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both reported month-over-month losses of 1.3 percent. The National Index reported a seasonally adjusted decrease of 0.9 percent.

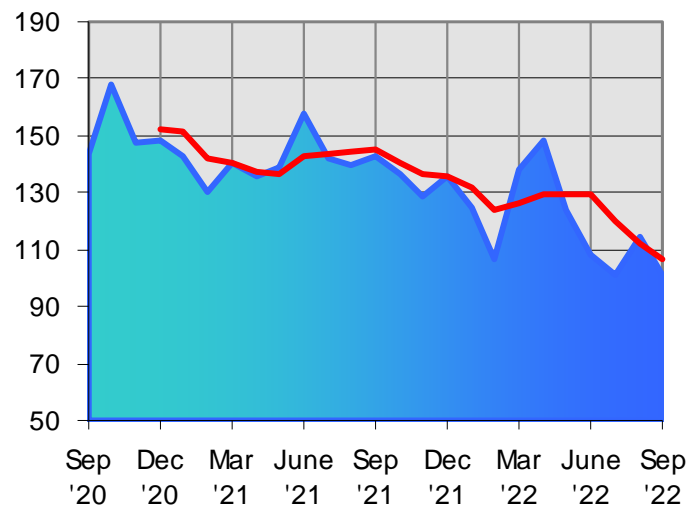
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "The forceful deceleration in U.S. housing prices that we noted a month ago continued in our report for August 2022.

"For example, the National Composite Index rose by 13.0% for the 12 months

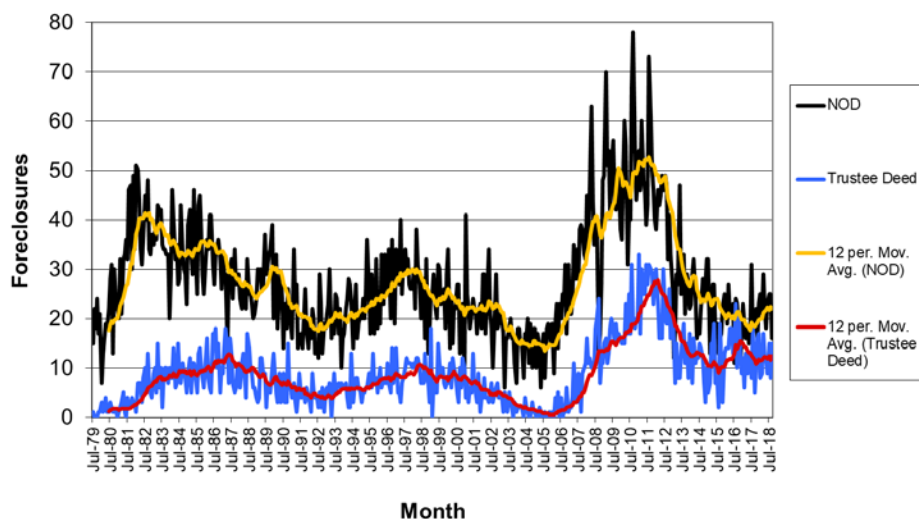
ended in August, down from its 15.6% year-over-year growth in July. The -2.6% difference between those two monthly rates of change is the largest deceleration in the history of the index (with July's deceleration now ranking as the second largest). We see similar patterns in our 10-City Composite (up 12.1% in August vs. 14.9% in July) and our 20-City Composite (up 13.1% in August vs. 16.0% in July). Further, price gains decelerated in every one of our 20 cities. These data show clearly that the growth rate of housing prices peaked in the spring of 2022 and has been declining ever since.

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of September 29, was 6.70 percent, up slightly from 5.66 on September. The average 15-year fixed-rate mortgage was 5.96 percent at the end of September, down from 4.98 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.

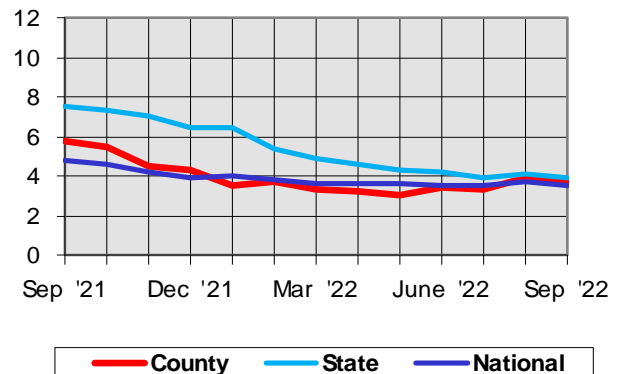
The seasonally adjusted unemployment rate in Humboldt County decreased from 3.9 percent to 3.7 percent. The seasonally adjusted unemployment rate in California decreased from 4.1 percent to 3.9 percent. The seasonally adjusted national unemployment rate decreased from 3.7 to 3.5 percent.

The Employment Development Department of California indicated that in September Humboldt County's preliminary estimate of total employment rose by 1,300 individuals to a total of 58,900. Humboldt County's total unemployment decreased by 200 individuals to a total of 2,000.

In the Labor Department's September report, total nonfarm payroll employment rose by 263,000. National employment in leisure and hospitality gained 83,000 jobs, employment in health care rose by 60,000, professional

and business services gained 46,000 jobs, manufacturing gained 22,000 jobs, construction gained 19,000 jobs, wholesale trade gained 14,000 jobs, and wholesale trade increased employment by 11,000. Employment changed little in financial activities, transportation and warehousing, mining, 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 6.2 percent in September to a new value of 90.2. This month's Index value is 4.2 percent lower than the value for this time last year. The 4-month moving average fell 2.6 percent to a current value of 89.9.

Gasoline Prices

California's average gas price fell in October to \$5.49, a 63-cent decrease from the previous month. Northern California's average price decreased 47 cents to a new average of \$5.74, while Eureka's average gas price fell by \$1.28 to a new average of \$5.67.

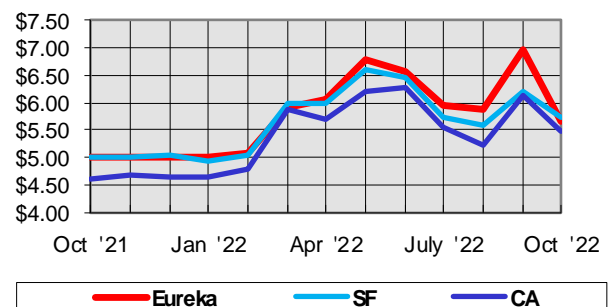
The national gas average has fallen after many oil refineries in California and the Great Lakes region have begun to get back online. Georgia now boasts the lowest average price in the country at \$3.18 with the US average making its way down to \$3.74. Although this is higher than the recent dip to \$3.64 on September 18th, it is a change from the upward trajectory the past couple of months have seen. In California, average prices across the state are 80 cents below the peak from early October. Many experts predict that the fall season will bring a smaller demand for gasoline despite a small uptick of half a million barrels demanded in late October. The drop in oil prices coincides with the Biden Administration's strategy of opening 14 million barrels from the Strategic Petroleum Reserve to cut costs.

Gas Prices

Prices as of 10/31/2022	Average price*	Change from previous month
Eureka	\$5.67	-\$1.28
Northern California	\$5.74	-\$0.47
California	\$5.49	-\$0.63

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csaa.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 shrunk in September to a seasonally adjusted Index value of 96.0, down 1.3 percent from the previous month's value of 97.2. Manufacturing employment remained at 2,600 individuals for the third consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in December economic activity in the manufacturing sector expanded, while the overall economy grew for the 19th 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 September fell 1.9 percentage points to 50.9 percent.

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

The New Export Orders Index fell 1.6 percentage points to 47.8 percent. This is the 2nd 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.

Three industries reported growth in new export orders in the following order: Food, Beverage & Tobacco Products; Computer & Electronic Products; and Transportation Equipment. The eight industries reporting a decrease are: Wood Products; Paper Products; Furniture & Related Products; Apparel, Leather & Allied Products; Fabricated Metal Products; Plastics & Rubber Products; Miscellaneous Manufacturing; and Chemical Products.

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 September, the Electricity Index fell 5.5 percent to a new value of 93.2. The current value is 9.2 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 rose 1.4 percent in September to a new value of 130.8, down 12.8 percent from the value for this time last year. The 4-month moving average fell 1.6 percent to a new value of 135.2.

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 increased in September from 103.6 to 108.0. The Expectations Index increased from 75.8 to 80.3, and the Present Situation Index increased from 145.3 to 149.6.

"Consumer confidence improved in September for the second consecutive month supported in particular by jobs, wages, and declining gas prices," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index rose again, after declining from April through July. The Expectations Index also improved from summer lows, but recession risks nonetheless persist. Concerns about inflation dissipated further in September—prompted largely by declining prices at the gas pump—and are now at their lowest level since the start of the year.

"Meanwhile, purchasing intentions were mixed, with intentions to buy automobiles and big-ticket appliances up, while home purchasing intentions fell. The latter no doubt reflects rising mortgage rates and a cooling housing market."

The percentage of consumers expecting business conditions to improve over the next six months rose from 17.3 percent to 19.3 percent, while the percentage of consumers expecting business conditions to worsen fell from 21.7 percent to 21.0 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

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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