

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.

October 2023

Business Conditions Improve

The Composite Index rose to 98.0 in September, up 3.8 percent from the previous month. The Composite Index is down 0.4 percent from this time last year. This month the Employment, Hospitality, and Home Indices all rose.

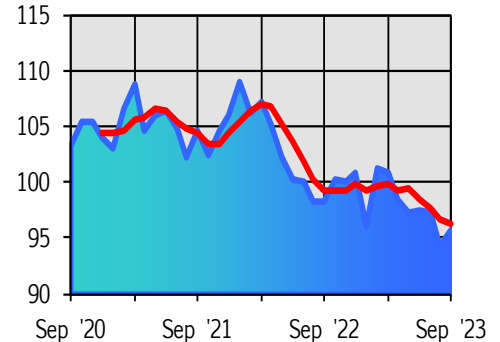
The Index of Home Sales rose to 101.1, up 11.2 percent from the previous month, and the same as this time last year. The median home price remained at \$420,000.

Leading Indicators are mostly down in September. Unemployment Claims, and Help Wanted indices are both down.

The seasonally adjusted unemployment rate in Humboldt County remained at 5.2 percent. The seasonally adjusted unemployment rate in California increased from 4.6 to 4.7 percent. The seasonally adjusted national unemployment rate increased from 3.8 to 3.9 percent.

The average price per gallon of gas

Composite Index



in California decreased from \$6.04 to \$5.12. Northern California's average decreased from \$6.12 to \$5.29. Eureka's average decreased from \$6.18 to \$5.42

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	98.0	3.8	-0.4	-6.0	-4.1
Home Sales	101.1	11.2	0.0	-14.7	-19.8
Retail Sales	151.0	6.6	6.6	-4.3	-9.2
Hospitality	86.9	0.0	0.0	0.0	0.0
Electricity	87.5	-5.4	-6.1	-7.5	-24.3
Employment	106.1	3.1	-1.0	-5.7	5.8
Lumber*	26.3				
Manufacturing**	94.1				

* 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

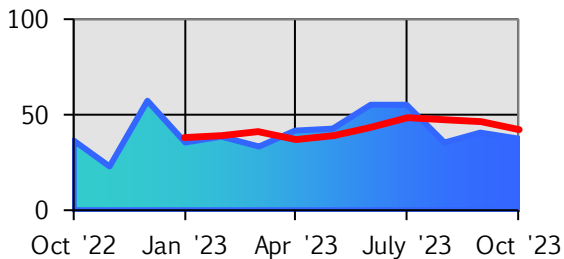
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-8.6%	14.6%	-13.9%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$420,000	#REF!	7.75%	5.2%
<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 8.6 percent to a new Index value of 37.4. The current value is 2.6 percent higher than the value for this time last year. The 4-month moving average fell 9.4 percent to a new average of 42.4.

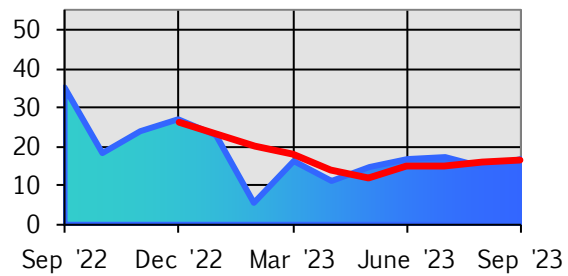
Index of Claims for Unemployment Insurance



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.

Building Permits rose 14.6 percent to a new Index value of 16.9. The current value is 52.2 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 13.9 percent to a new Index value of 61.8. The current value is 21.1 percent higher than the value for this time last year. The 3-month moving average fell 7.7 percent to a new average of 65.1.

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Manufacturing Orders are not available this month.

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 rose 11.2 percent to a new value of 101.1. The present Index value is the same as this time last year. The 4-month moving average rose by 3.4 percent to a new value of 96.6. The country's median home price remained at \$420,000. In comparison, the median home price this time last year was \$460,000.

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 larger year-over-year gain in September compared to the previous month. The 10-City and 20-City Composites reported year-over-year increases of 3.0 and 2.2, respectively. The National Index reported a 2.6 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites both reported year-over-year increases of 1.0. The National Index reported a seasonally adjusted increase of 0.9 percent.

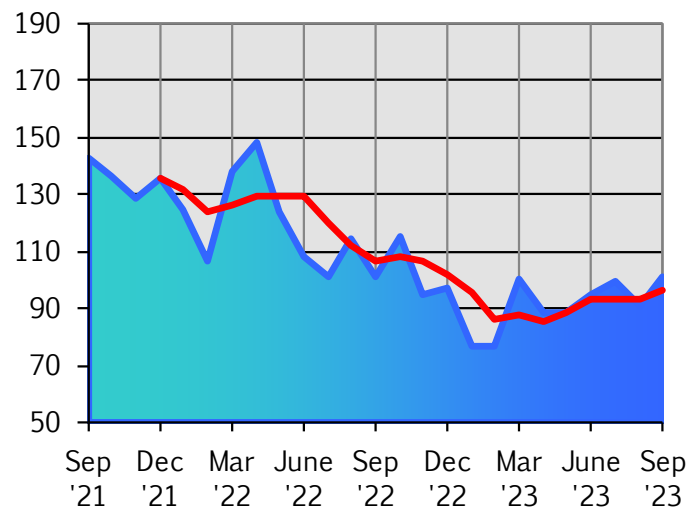
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "U.S. home prices continued to rise in August 2023

"One measure of the strength of the housing market is the relationship of current prices to their historical levels. On that dimension, it's worth noting that the National Composite, the 10-City Composite, and seven

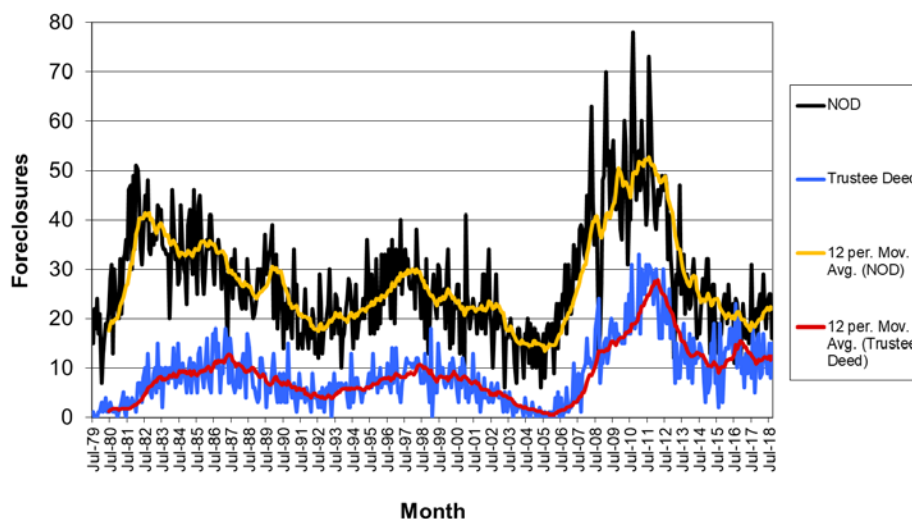
individual cities (Atlanta, Boston, Charlotte, Chicago, Detroit, Miami, and New York) stand at their all-time highs. Observing the breadth of price changes provides insight into another dimension of market health. On a seasonally adjusted basis, prices increased in 19 of 20 cities in August (and Cleveland only missed by a whisker); before seasonal adjustments, prices rose in 13 cities."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of September 28, was 7.38 percent, up from 7.12 percent on September 7th. The average 15-year fixed-rate mortgage was 6.72 percent at the end of September, up from 6.52 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.

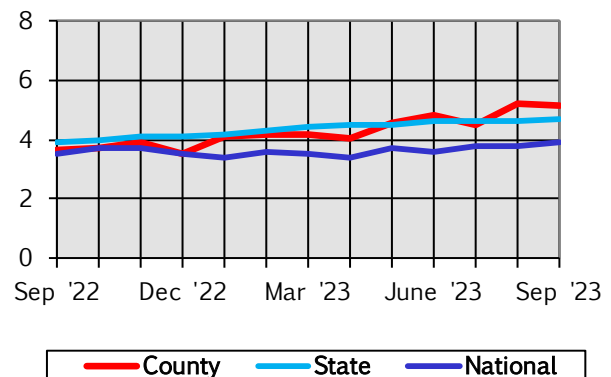
The seasonally adjusted unemployment rate in Humboldt County remained at 4.5 percent. The seasonally adjusted unemployment rate in California increased from 4.6 to 4.7 percent. The seasonally adjusted national unemployment rate increased from 3.8 to 3.9 percent.

The Employment Development Department of California indicated that in September Humboldt County's estimate of total employment rose by 1,400 individuals to a total of 58,300. Humboldt County's total unemployment decreased to 2,600 individuals.

In the Labor Department's September report, total nonfarm payroll employment rose by 336,000. National employment in leisure and hospitality rose by 96,000, the government sector added 73,000 jobs, health care employment rose by 41,000 jobs, employment in

professional, scientific, and technical services increased by 29,000, social assistance added 25,000 jobs, and transportation and housing added 9,000 jobs. showed little change over the month in other major industries, including mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; retail trade; financial activities; 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.

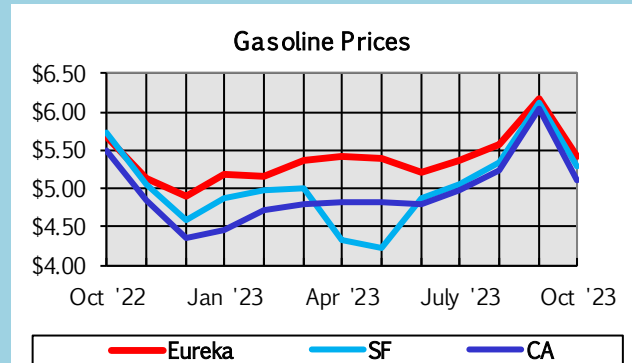
The Hospitality Index rose 7.4 percent to 86.9 in September. This month's Index value is 4.9 percent lower than the value for this time last year. The 4-month moving average fell 2.2 percent to a current value of 86.8.

Gasoline Prices

The average price per gallon of gas in California decreased from \$6.04 to \$5.12. Northern California's average decreased from \$6.12 to \$5.29. Eureka's average decreased from \$6.18 to \$5.42

As inflation brings many higher prices at grocery stores, rent, and other essentials, gasoline stands out as cheaper. The mid-September peak was followed by a 35-cent drop in the national average. Georgia and Mississippi see averages below \$3 for the first time in 2023. Many experts point to the 9% drop in crude oil's price as a reason. Gasoline's demand has similarly fallen as Autumn brings the end of summer vacations that spike demand for driving.

Gas Prices		
Prices as of Error! Not a valid link.	Average price*	Change from previous month
Eureka	\$5.42	-\$0.76
Northern California	\$5.29	-\$0.83
California	\$5.12	-\$0.92
* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csaa.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 contracted for the eleventh consecutive 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 contracted for the 11th 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 rose 1.4 percentage points to 49.0 percent.

Nationally, five industries reported growth in the following order: Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Textile Mills; Primary Metals; and Petroleum & Coal Products. The 11 industries reporting contraction in September — in the following order — are: Printing & Related Support Activities; Furniture & Related Products; Plastics & Rubber Products; Paper Products; Fabricated Metal Products; Wood Products; Computer & Electronic Products; Machinery; Electrical Equipment, Appliances & Components; Chemical Products; and Transportation Equipment.

The New Export Orders Index rose 0.9 percentage points to 47.4 percent. This is the 4th 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.

The three industries reporting growth in new export orders in September are: Wood Products; Primary Metals; and Food, Beverage & Tobacco Products. The six industries reporting a decrease in new export orders in September — in the following order — are: Plastics & Rubber Products; Computer & Electronic Products; Miscellaneous Manufacturing; Fabricated Metal Products; Electrical Equipment, Appliances & Components; and Machinery. Eight industries reported no change in new export orders in September compared to August.

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.

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 5.4 percent to a new value of 87.5. The current value is 6.1 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 fell 4.6 percent in September to a new value of 135.2, down 4.6 percent from the value for this time last year. The 4-month moving average fell 1.6 percent to a new value of 143.8.

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 September from 108.1 to 103.0. The Expectations Index decreased from 83.3 to 73.7, and the Present Situation Index increased from 1146.7 to 147.1.

"Consumer confidence fell again in September 2023, marking two consecutive months of decline," said Dana Peterson, Chief Economist at The Conference Board.

"September's disappointing headline number reflected another decline in the Expectations Index, as the Present Situation Index was little changed. Write-in responses showed that consumers continued to be preoccupied with rising prices in general, and for groceries and gasoline in particular. Consumers also expressed concerns about the political situation and higher interest rates. The decline in consumer confidence was evident across all age groups, and notably among consumers with household incomes of \$50,000 or more."

The percentage of consumers expecting business conditions to improve over the next six months rose from 17.5 to 14.1 while the percentage of consumers expecting business conditions to worsen rose from 17.3 to 18.8.

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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