

Humboldt Economic Index

September 2019

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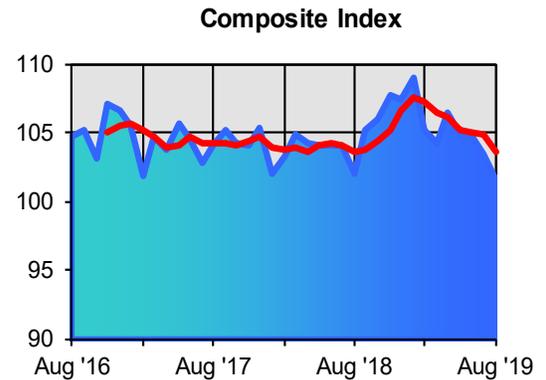
Indices Mixed

The Composite Index fell to 101.5, down 2.0 points from the previous month. The Composite Index is down 0.5 points from August of last year. This month the Retail Sales and Hospitality Indices fell, and the Employment Index rose.

The Index of Home Sales fell 17.4 points from August, and is 2.0 points higher than it was in August of last year. The median home price fell to \$320,000, down from \$326,500 in July.

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

The seasonally adjusted unemployment rate in Humboldt County remained constant at 3.9 percent. The seasonally adjusted unemployment rate in California remained constant at 4.1 percent. The seasonally adjusted national unemployment rate remained constant



at 3.7 percent for the third consecutive month.

California gas prices increased from \$3.56 to \$4.05. Northern California's average increased from \$3.65 to \$4.15. Eureka's average gas price per gallon increased from \$3.99 to \$4.28.

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	101.5	-1.9	-0.5	3.1	3.1
Home Sales	120.6	-12.6	1.7	20.8	40.2
Retail Sales	137.3	-2.9	1.3	-3.8	-6.9
Hospitality	74.4	-3.1	-11.2	-20.1	-13.1
Electricity	119.6	0.0	0.0	8.2	-6.9
Employment	111.2	0.3	1.0	13.8	13.6
Lumber*	26.3	0.0	0.0	-30.9	-15.3
Manufacturing**	96.0			-	-

* 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

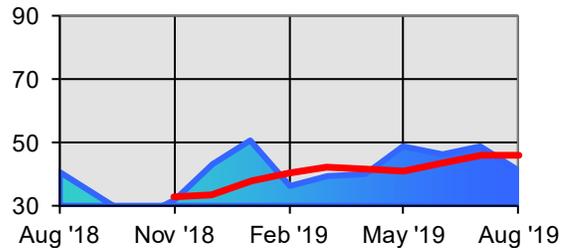
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
1.3%	-15.8%	-46.3%	0.6%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$320,000	\$ 1,785	3.625%	3.7%
* 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.			

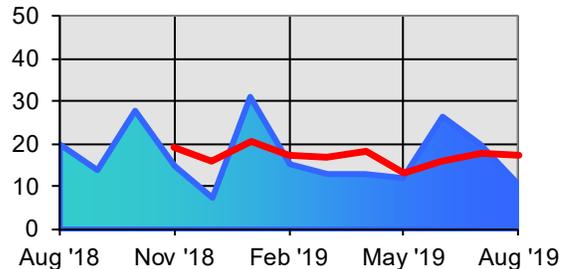
Unemployment Claims decreased 7.7 points to a new Index value of 41.2. The Unemployment Claims Index in August 2018 was 41.0, which is 0.2 points lower than the present value. The 4-month moving average rose 0.3 points to 46.4.

Index of Claims for Unemployment Insurance



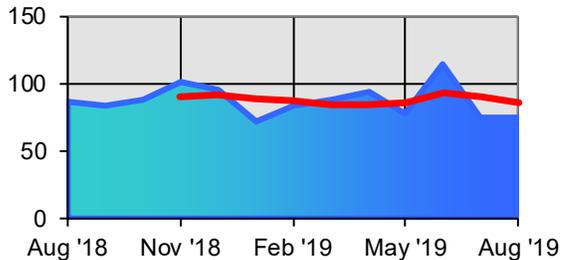
Building Permits decreased 9.2 points to a new index value of 10.7. The Building Permits Index in August 2018 was 20.1, which is 9.3 points higher than the present value.

Index of Building Permits Issued



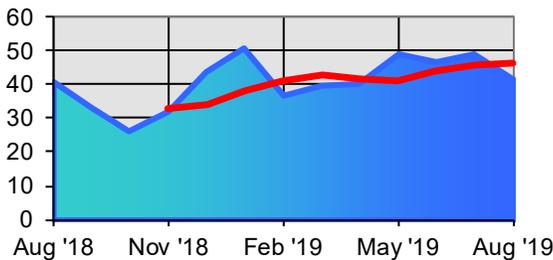
Help Wanted Advertising increased 0.5 points to a new Index value of 75.5. The three month moving average fell .07 points to 88.4. In July there were 367 unique job postings on Craigslist.

Index of Help Wanted Advertising



Manufacturing Orders increased 1.0 point to a new Index value of 78.4. The Manufacturing Orders Index value in August 2018 was 92.5, which is 14.2 points higher than the present value.

Index of Manufacturing Orders



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 August 2019 stands at an Index value of 120.6, which is 17.4 points lower than July's value of 137.9. The Index value in August 2018 was 2.0 points lower than the current value. The four-month moving average is down 4.1 points to a new value of 135.3. The county's median home price fell from \$326,500 to \$320,000. In comparison, the median home price in August 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.

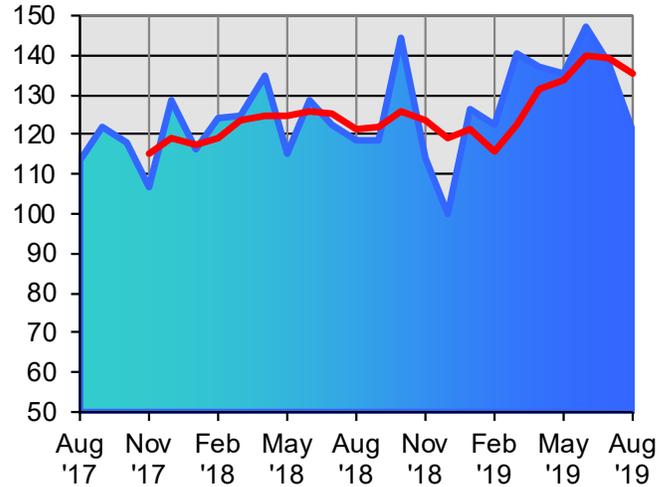
The S&P Case-Shiller Home Price Indices saw a lower year-over-year gain in July compared to June. The 10-City and 20-City Composites report year-over-year gains of 1.6 percent and 2.0 percent, respectively. The National Index reported a 3.2 percent annual gain over the same period, remaining constant. After seasonal adjustment, the 10-City Composite remained flat, and the 20-City Composite posted a 0.1 month-over-month percent increase. The National Index reported a seasonally adjusted 0.1 percent increase in July.

Philip Murphy, Managing Director and Global Head of Index Governance at S&P Dow Jones Indices, notes the moderating rates of gains in year over year home prices. "The 10-City and 20-City Composites both experienced

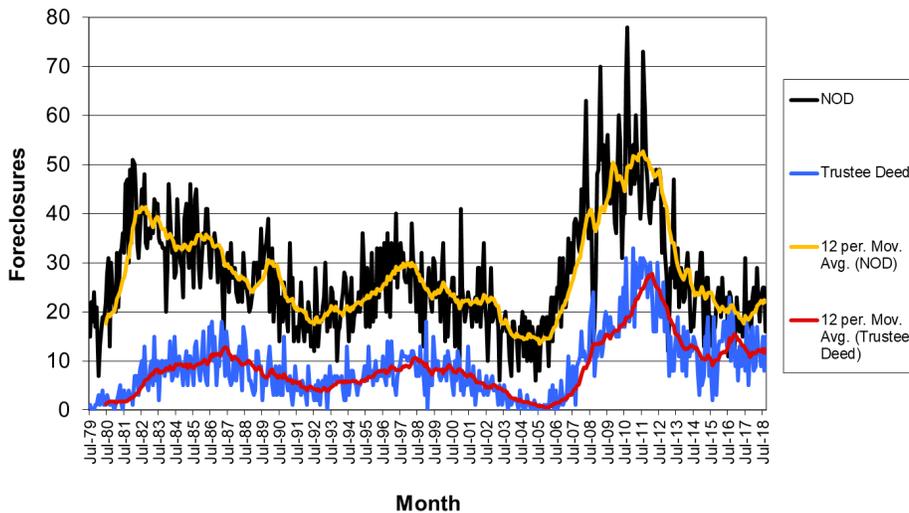
lower YOY price gains than last month, declining to 1.6% and 2.0% respectively. However, the U.S. National Home Price NSA Index remained steady with a YOY price gain of 3.2%, the same as prior month. Home price gains remained positive in low single digits in most cities, and other fundamentals indicate renewed housing demand. According to the National Association of Realtors, the housing supply tightened since peaking in June."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of September 26, 2019, is 3.64 percent, up 0.06 percentage points from August 29, 2019. The average 15-year fixed-rate mortgage is 3.16 percent, up 0.10 percentage points from August.

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.

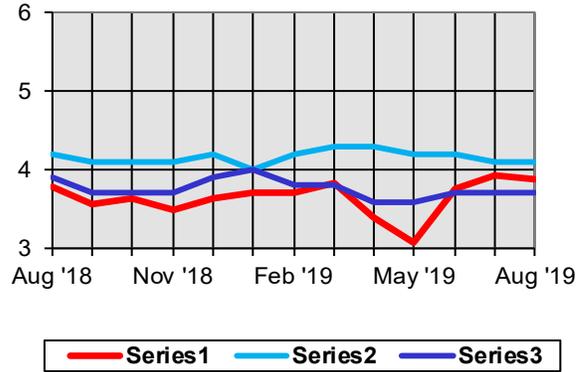
The Total County Employment Index increased 0.4 points to a value of 111.2. The seasonally adjusted unemployment rate for Humboldt County remained constant at 3.9 percent. The unemployment rate for California remained constant at 4.1 percent. The national unemployment rate remained constant at 3.7 percent for the third consecutive month.

The Employment Development Department of California indicated that in September, Humboldt County's preliminary estimate of total employment rose by 2,100 individuals to a total of 62,400. Humboldt County's total unemployment decreased from 2,300 individuals in August to an estimated 1,800 individuals in September.

In the Labor Department's October report, total nonfarm payroll employment rose by 136,000. National employment increased in healthcare, professional and

business services, government, and transportation and warehousing. Employment in retail trade, mining, construction, manufacturing, wholesale trade, information, financial activities, and leisure and hospitality showed little change.

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 decreased in August from 76.8 to a new value of 74.4. This month's Index value represents a 9.4 point decrease from this time last year. The 4-month moving average fell 0.4 points to a current value of 79.6.

Gasoline Prices

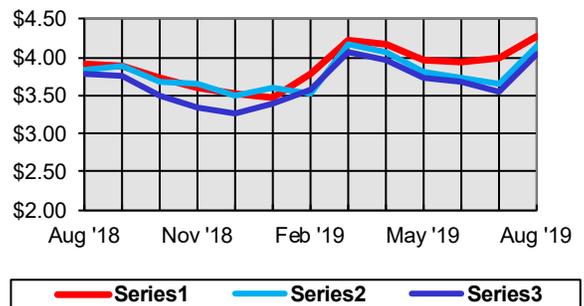
California's average gas price rose in August to \$4.05, a 49 cent increase from the previous month. Northern California's average price decreased 50 cents to a new average of \$4.15, while Eureka's average gas price rose by 29 cents to a new average of \$4.28. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.05 per gallon in 1982-84 dollars.

The U.S. applied sanctions in September on several Chinese firms and their officials for continuing to purchase and ship Iranian oil, despite U.S. sanctions applied in an effort to reduce Tehran's oil exports. China Concord Petroleum, Pegasus 88 Limited, Kunlun Shipping Company, Kunlun holding company and two subsidiaries of Cosco are among the blacklisted companies. Western oil companies are expected to be adversely affected because they must find new supertankers for transport. The Chinese government continues to openly and publicly oppose the sanctions on Iranian oil, imposed upon them by the U.S., as U.S.-China trade relations continue to deteriorate.

Gas Prices		
Prices as of 9/30/2019	Average price*	Change from previous month
Eureka	\$4.28	+\$0.29
Northern California	\$4.15	+\$0.50
California	\$4.05	+\$0.49

* 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 contracted to a seasonally adjusted index value of 96.0 in August, a 0.1 point decrease from the previous month's value of 96.1. Manufacturing employment remained at 2,100 individuals for the fifth consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in September economic activity in the manufacturing sector contracted, while the overall economy grew for the 125th 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 is 47.8, down 1.3 percentage points from August.

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

The New Export Orders Index for September is 41 percent, down 2.3 percentage points from August. This is the third 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. Food, Beverage & Tobacco Products and Miscellaneous Manufacturing are the only two industries reporting growth this month. The eleven industries reporting a decrease in new export orders are, in the following order: Apparel, Leather & Allied Products; Petroleum & Coal Products; Textile Mills; Fabricated Metal Products; Nonmetallic Mineral Products; Computer & Electronic Products; Transportation Equipment; Plastics & Rubber Products; Paper Products; Machinery; 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. 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 4.1 points to a new value of 137.3. The most recent value is 1.8 points higher than August 2018. The 4-month moving average fell 1.6 points with a new value of 140.5.

On the national scale, Consumer Confidence declined in September by 9.1 points to a new Index value of 125.1. The Expectations Index declined by 10.6 points to a new value of 95.8, and the Present Situation Index decreased by 7.0 points to a new value of 169.0.

Lynn Franco, Senior Director of Economic Indicators at the Conference Board, comments, "Consumers were less positive in their assessment of current conditions and their expectations regarding the short-term outlook also weakened. The escalation in trade and tariff tensions in late August appears to have rattled consumers. However, this pattern of uncertainty and volatility has persisted for much of the year and it appears confidence is plateauing. While confidence could continue hovering around current levels for months to come, at some point this continued uncertainty will begin to diminish consumers' confidence in the expansion."

The percentage of consumers expecting business conditions to improve over the next six months decreased from 24.0 percent to 21.9 percent. The percentage of consumers expecting business conditions to worsen increased from 8.4 percent to 10.0 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

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■ ■ ■ *realize human potential*

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