

Humboldt Economic Index

September 2021

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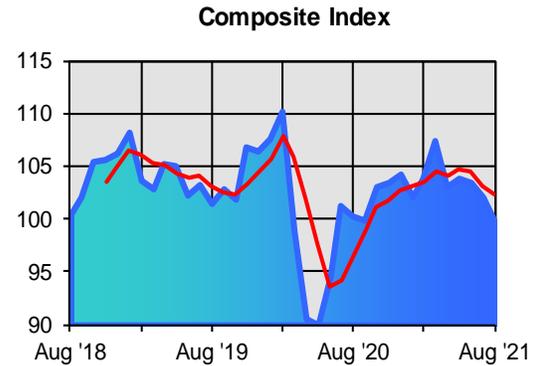
Current Indices Fall Across All Sectors

The Composite Index fell to 99.7 in August, down 2.4 percent from the previous month. The Composite Index is down 0.7 percent from this time last year. This month the Retail Sales, Employment, Hospitality and Electricity Indices all fell.

The Index of Home Sales fell to 139.3, down 1.9 percent from the previous month, and down 10.8 percent from this time last year. The median home price fell from \$415,250 last month to \$405,000 in August.

Leading Indicators are mixed in August. Unemployment Claims are down, Help Wanted Advertising is up, and Building Permits are up.

The seasonally adjusted unemployment rate in Humboldt County increased from 6.3 percent to 6.4 percent. The seasonally adjusted unemployment rate in California decreased from 7.6 percent to 7.5 percent. The seasonally adjusted national unemployment rate



decreased from 5.4 percent to 5.2 percent.

The average price per gallon of gas in California in August remained unchanged from the previous month at \$4.39. Northern California's average increased from \$4.69 per gallon to \$4.74. Eureka's average decreased slightly from \$4.79 per gallon to \$4.78.

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	99.7	-2.4	-0.7	-4.9	-1.0
Home Sales	139.3	-1.9	-10.8	6.8	56.7
Retail Sales	134.3	-5.0	-4.1	-10.8	-8.3
Hospitality	88.5	-5.7	0.0	-0.9	0.0
Electricity	106.2	-3.5	-0.9	-9.0	-19.1
Employment	103.7	-0.1	3.7	-4.4	5.6
Lumber*	26.3	0.0	0.0	0.0	-37.2
Manufacturing**	95.2	0.1	-11.6	-	-

* 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

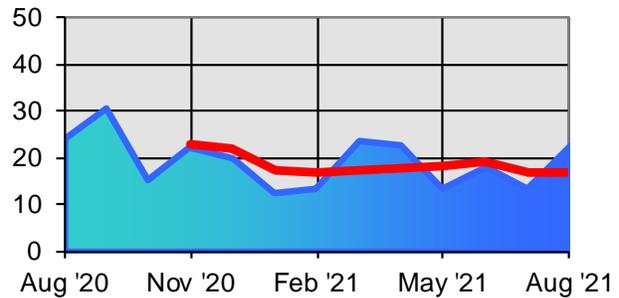
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-3.8%	71.3%	1.7%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$405,000	\$ 2,139	3.125%	6.4%
* 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.			

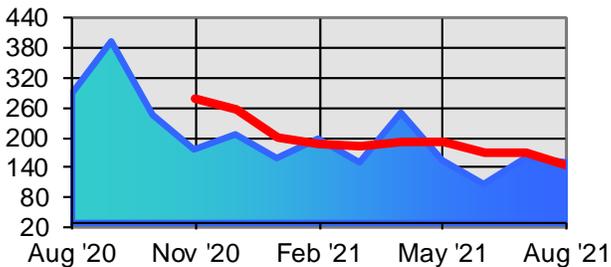
Building Permits rose 71.3 percent to a new Index value of 22.8. The current value is 5.6 percent lower than the value for this time last year.

Index of Building Permits Issued



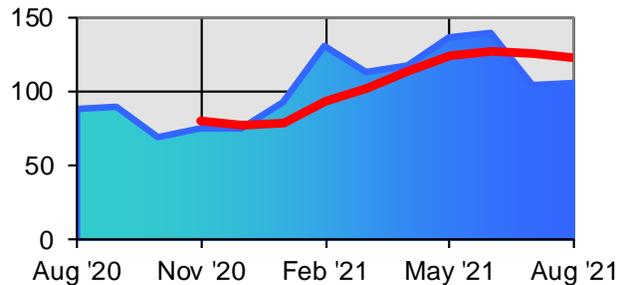
Unemployment Claims fell 3.8 percent to a new Index value of 154.2. The current value is 47.4 percent lower than the value for this time last year. The 4-month moving average fell 14.4 percent to a new value of 145.9.

Index of Claims for Unemployment Insurance



Help Wanted Advertising rose 1.7 percent to a new Index value of 106.2. The current value is 20.6 percent higher than the value for this time last year. The 3-month moving average fell 8.1 percent to a new value of 117.0. In August there were 516 unique job postings on Craigslist.

Index of Help Wanted Advertising



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.

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 August fell 1.9 percent to a new value of 139.3. The present Index value is 10.8 percent lower than the value for this time last year. The 4-month moving average rose 0.6 percent to a new value of 144.4. The country’s median home price decreased from \$415,250 to \$405,000. In comparison, the median home price this time last year was \$350,000.

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 2-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.

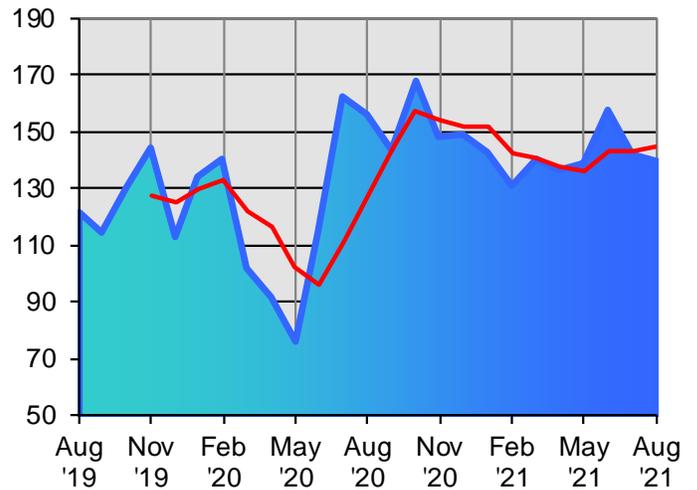
The S&P Case-Shiller Home Price Indices saw a higher year-over-year gain in July compared to the previous month, marking the fourteenth consecutive month of accelerating prices. The 10-City and 20-City Composites reported year-over-year gains of 19.1 percent and 19.9 percent, respectively. The National Index reported a 19.7 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 1.4 percent and 1.5 percent, respectively. The National Index reported a seasonally adjusted increase of 1.5 percent.

Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, says the growth rate of housing prices set a new record for the fourth consecutive month in July. “The last several months have been extraordinary not only in the

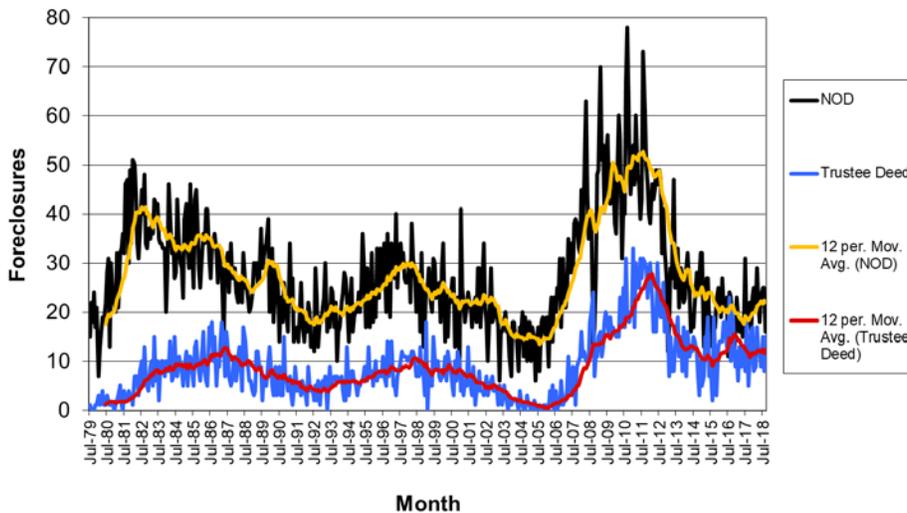
level of price gains, but in the consistency of gains across the country. In July, all 20 cities rose, and 17 gained more in the 12 months ended in July than they had gained in the 12 months ended in June. Home prices in 19 of our 20 cities now stand at all-time highs, with the sole outlier (Chicago) only 0.3% below its 2006 peak. The National Composite, as well as the 10- and 20-City indices, are likewise at their all-time highs.”

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of September 30, was 3.01 percent, up from 2.87 percent on August 26. The average 15-year fixed-rate mortgage was 2.28 percent at the end of September, up from 2.17.

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.

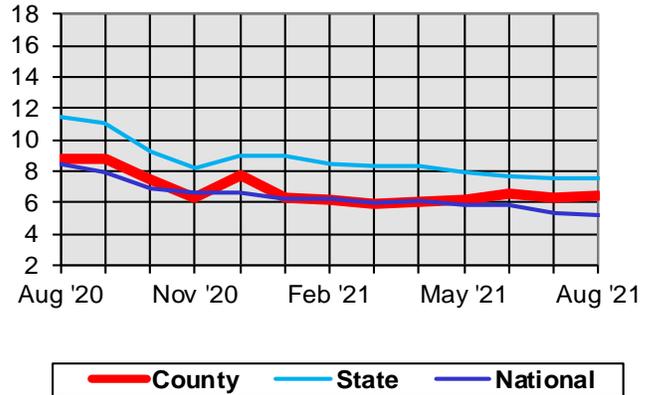
The Total County Employment Index fell 0.1 percent to a new value of 103.7. The seasonally adjusted unemployment rate in Humboldt County increased from 6.3 percent to 6.4 percent. In California it decreased from 7.6 percent to 7.5 percent. Nationally it decreased from 5.4 percent to 5.2 percent.

The Employment Development Department of California indicated that in August Humboldt County's estimate of total employment rose by 400 individuals to a total of 56,200. Humboldt County's total unemployment decreased by 100 individuals to an estimated 3,700.

In the Labor Department's August report, total nonfarm payroll employment rose by 235,000. Nonfarm employment has risen by 17.0 million since April 2020 but is down by 5.3 million, or 3.5 percent, from its pre-pandemic level in February 2020. National employment added 74,000 jobs in professional and business services, and 53,000 in transportation and warehousing. Education

added 40,000 in private education, lost 21,000 in state government education, a lost 6,000 in local government education. Manufacturing and the other services industry each added 37,000 jobs. Employment increased slightly in information, financial activities, and mining. Retail trade lost 29,000 jobs. Leisure and hospitality was unchanged.

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 fell 5.7 percent in August to a new value of 88.5. This month's Index value is the same as the value for this time last year. The 4-month moving average fell 4.8 percent to a current value of 98.4.

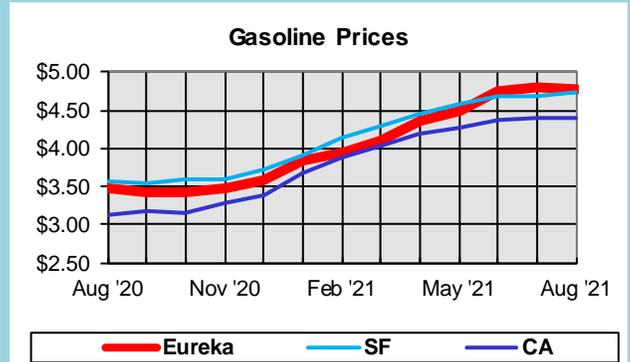
Gasoline Prices

California's average gas price remained the same in August at \$4.39. Northern California's average price increased 5 cents to a new average of \$4.74, while Eureka's average gas price fell by 1 cent to a new average of \$4.78. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.20 per gallon in 1982-84 dollars.

Californians will pay the highest Labor Day weekend gas prices ever recorded for the state this year, despite not being majorly affected by the damage Hurricane Ida recently inflicted on refineries along the Gulf Coast. Gas prices usually begin to fall in late August as summer travel declines, but this year demand remains strong so far. Going into Autumn, prices may fall as Californians travel less and the states switches back to the cheaper gasoline blend in late October.

Gas Prices		
Prices as of 9/30/2021	Average price*	Change from previous month
Eureka	\$4.78	-\$0.01
Northern California	\$4.74	\$0.07
California	\$4.39	\$0.00

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csa.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 contracted in August to a seasonally adjusted Index value of 95.2, down 0.1 percent from the previous month. Manufacturing employment remained at 2,300 individuals for the second consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in August economic activity in the manufacturing sector expanded, while the overall economy grew for the 15th 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 rose 0.4 percentage points to 59.9 percent in August.

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

The New Export Orders Index rose 0.9 percentage points to 56.6 percent in August. This is the 14th 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.

Eight industries reported growth in new export orders in the following order: Furniture & Related Products; Computer & Electronic Products; Paper Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Chemical Products; Transportation Equipment; and Fabricated Metal Products. The two industries that the decreased are Plastics & Rubber Products, and Machinery. Seven industries reported no change.

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 August, the Electricity Index fell 3.5 percent to a new value of 106.2. The current value is 0.9 percent lower than the value for 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 5.0 percent in August to a new value of 134.3, down 4.1 percent from the value for this time last year. The 4-month moving average fell 1.3 percent to a new value of 139.9.

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 August from 125.1 to 113.8. The Expectations Index decreased from 103.8 to 91.4, and the Present Situation Index decreased from 157.2 to 147.3.

"Consumer confidence retreated in August to its lowest level since February 2021 (95.2)," said Lynn Franco, senior director of economic indicators at the board. "Concerns about the Delta variant – and, to a lesser degree, rising gas and food prices – resulted in a less favorable view of current economic conditions and short-term growth prospects. Spending intentions for homes, autos, and major appliances all cooled somewhat; however, the percentage of consumers intending to take a vacation in the next six months continued to climb."

Optimism about short-term business conditions deteriorated in August. The percentage of consumers expecting business conditions to improve over the next six months fell from 30.9 percent to 22.9 percent, while the percentage of consumers expecting business conditions to worsen rose from 11.9 percent to 17.8 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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