

Humboldt Economic Index

September 2022

Our Sponsors:



Professor Erick Eschker, Director

Nick Salgado-Stanley, Assistant Editor

Ellie Bourett, Assistant Analyst

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.

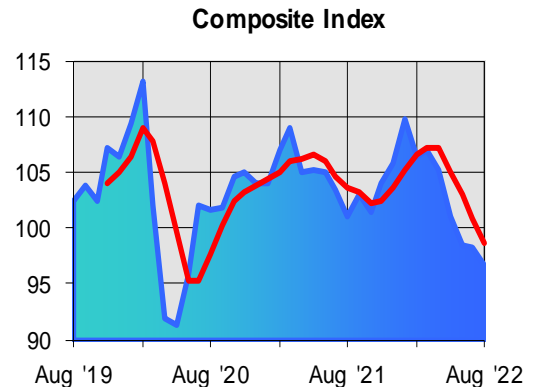
Gas Price Monthly Increase Largest Since Data Collection Began

The Composite Index fell to 96.7 in August, down 1.6 percent from the previous month. The Composite Index is down 4.3 percent from this time last year. This month the Retail Sales, Employment, Hospitality and Electricity Indices all fell.

The Index of Home Sales rose to 114.6, up 13.0 percent from the previous month, and down 17.7 percent from this time last year. The median home price fell from \$480,000 to \$465,000.

Leading Indicators are mostly down September. Unemployment Claims and Help Wanted Advertising are both down.

The seasonally adjusted unemployment rate in Humboldt County increased from 3.3 percent to 3.9 percent. The seasonally adjusted unemployment rate in California increased from 3.9 percent to 4.1 percent. The seasonally adjusted national unemployment rate increased



from 3.5 percent to 3.7 percent.

The average price per gallon of gas in California increased from \$5.23 to \$6.12. Northern California's average increased from \$5.59 to \$6.21. Eureka's average increased from \$5.86 to \$6.95. This is the largest month-over-month increase since we began collecting data in 1998.

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	96.7	-1.6	-4.3	-8.2	-3.0
Home Sales	114.6	13.0	-17.7	0.9	22.1
Retail Sales	129.0	-8.6	-10.5	-17.5	-15.0
Hospitality	84.9	-5.5	-4.0	-5.5	-1.3
Electricity	98.6	-0.3	-11.5	-17.5	-25.3
Employment	106.3	0.2	2.5	-2.1	7.9
Lumber*	26.3	0.0	0.0	0.0	-14.5
Manufacturing**	97.2	3.8	2.1	-	-

* 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

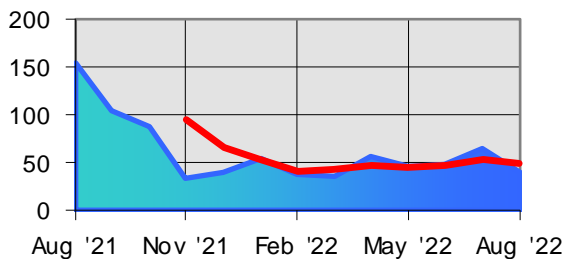
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-39.2%	121.7%	-13.3%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$465,000	\$2,275	5.750%	3.9%
<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>			

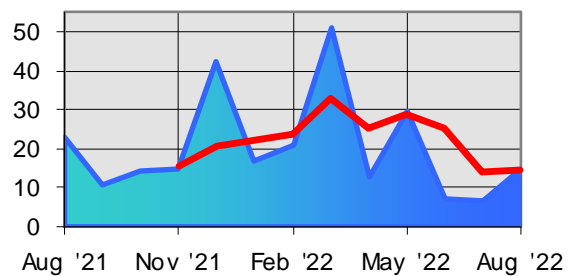
Unemployment Claims fell 39.2 percent to a new Index value of 39.5. The current value is 74.4 percent lower than the value for this time last year. The 4-month moving average fell 7.8 percent to a new average of 50.0.

Index of Claims for Unemployment Insurance



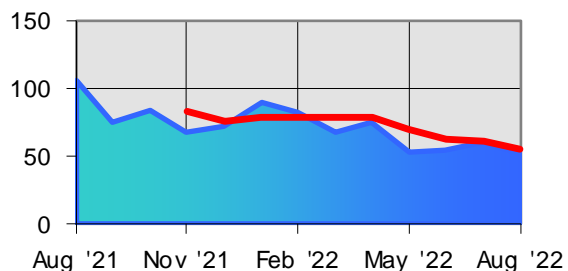
Building Permits rose 121.7 percent to a new Index value of 14.7. The current value is 35.3 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 13.3 percent to a new Index value of 52.1. The current value is 51.0 percent lower than the value for this time last year. The 3-month moving average fell 0.4 percent to a new value of 55.5. In August there were 253 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 August rose 13.0 percent to a new value of 114.6. The present Index value is 17.7 percent lower than the value for this time last year. The 4-month moving average fell by 7.0 percent to a new value of 112.0. The country's median home price decreased from \$480,000 to \$465,000. In comparison, the median home price this time last year was \$405,000.

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 August compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 14.9 percent and 16.1 percent, respectively. The National Index reported a 15.8 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month losses of 0.5 percent and 0.4 percent, respectively. The National Index reported a seasonally adjusted decrease of 0.2 percent.

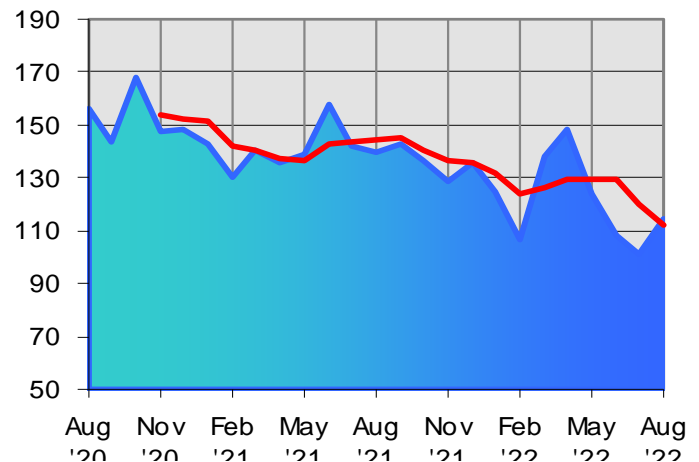
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "Although U.S. housing prices remain substantially above their year-ago levels, July's report reflects a forceful deceleration.

"For example, while the National Composite Index rose by 15.8% in the 12 months ended July 2022, its year-

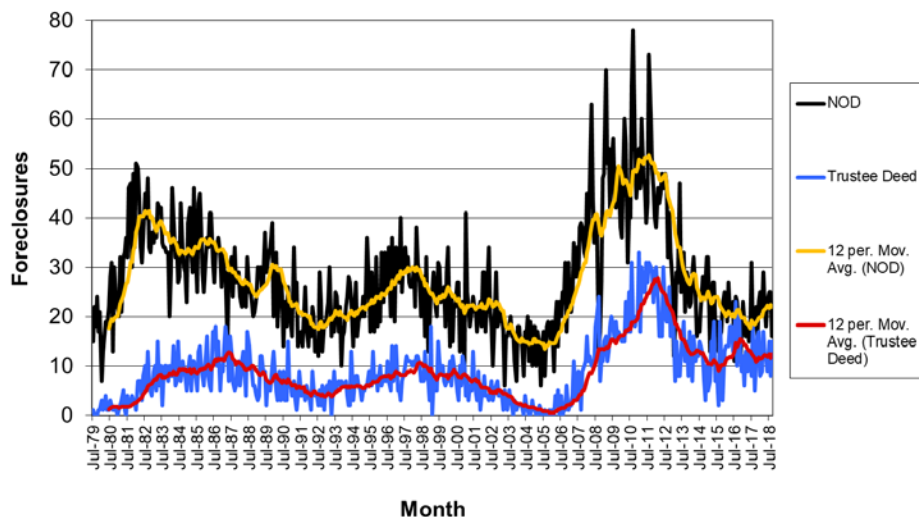
over-year price rise in June was 18.1%. The -2.3% difference between those two monthly rates of gain is the largest deceleration in the history of the index. We saw similar patterns in our 10-City Composite (up 14.9% in July vs. 17.4% in June) and our 20-City Composite (up 16.1% in July vs. 18.7% in June). On a month-over-month basis, all three composites declined in July. As the Federal Reserve continues to move interest rates upward, mortgage financing has become more expensive, a process that continues to this day. Given the prospects for a more challenging macroeconomic environment, home prices may well continue to decelerate."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of August 25th, was 5.55 percent, up slightly from 4.99 on August 4th. The average 15-year fixed-rate mortgage was 4.85 percent at the end of August, down from 4.26 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.

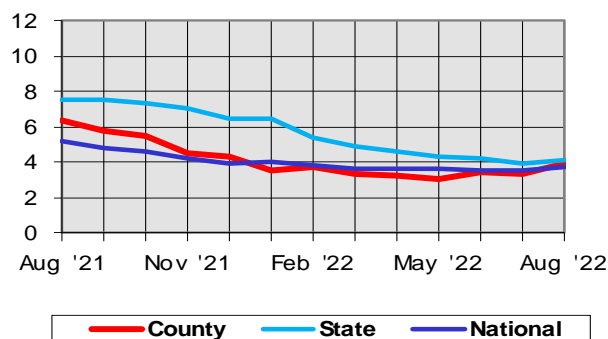
The Total County Employment Index increased 0.3 percent to a value of 106.3. The seasonally adjusted unemployment rate in Humboldt County increased from 3.3 percent to 3.9 percent. The seasonally adjusted unemployment rate in California increased from 3.9 percent to 4.1 percent. The seasonally adjusted national unemployment rate increased from 3.5 percent to 3.7 percent.

The Employment Development Department of California indicated that in August Humboldt County's preliminary estimate of total employment rose by 600 individuals to a total of 57,600. Humboldt County's total unemployment decreased by 200 individuals to a total of 2,200.

In the Labor Department's August report, total nonfarm payroll employment rose by 315,000. National

employment in professional and business services added 68,000 jobs, health care employment rose by 48,000, retail trade added 44,000 jobs, leisure and hospitality added 33,000 jobs, manufacturing employment added 22,000 jobs, employment in financial activities rose by 17,000, employment in wholesale trade increased by 15,000, and mining employment rose by 6,000. Employment changed little in construction, transportation and warehousing, 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 decreased 5.5 percent in August to a new value of 84.9. This month's Index value is 4.0 percent lower than the value for this time last year. The 4-month moving average fell 6.2 percent to a current value of 92.3.

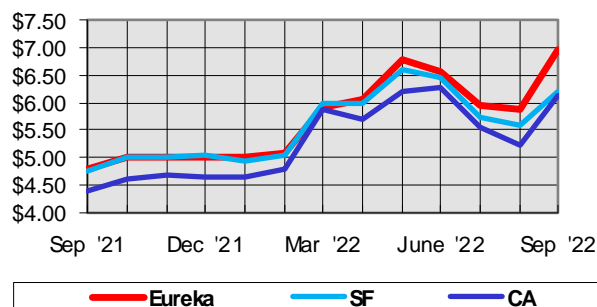
Gasoline Prices

California's average gas price rose in August to \$6.12, an 89 cent increase from the previous month. Northern California's average price increased 62 cents to a new average of \$6.21, while Eureka's average gas price rose by \$1.09 to a new average of \$6.95. This is a record monthly increase for Eureka going back to our data collection in 1998.

KCRA writes that "California is experiencing higher gas prices, while the rest of the country is staying steady." They quote AAA which says of refineries "Every three to five years they have to be taken off-line so they can get maintenance and inspections done..." They always plan it between the summer and the winter when the demand is low. But a refinery is offline due to a fire, which makes the drop in supply more pronounced than anticipated. California requires a unique gasoline "blend" which makes it very difficult to quickly obtain more from neighboring state refineries.

Gas Prices		
Prices as of 9/ 30/ 2022	Average price*	Change from previous month
Eureka	\$6.95	-\$0.03
Northern California	\$6.21	-\$0.07
California	\$6.12	-\$0.03
* 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 stagnated in August to a seasonally adjusted Index value of 52.8. Manufacturing employment remained at 2,200 individuals for the second 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 22nd 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 August remained at 52.8 percent.

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

The New Export Orders Index fell 3.2 percentage points to 49.4 percent. 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 August: Plastics & Rubber Products; Computer & Electronic Products; and Food, Beverage & Tobacco Products. The six industries reporting a decrease in new export orders in August — in the following order — are: Wood Products; Furniture & Related Products; Primary Metals; Fabricated Metal Products; Chemical Products; and Machinery. Eight industries reported no change in exports in August as compared to July.

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 0.3 percent to a new value of 98.6. The current value is 7.2 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 fell 8.6 percent in August to a new value of 129.0, down 10.5 percent from the value for this time last year. The 4-month moving average fell 2.6 percent to a new value of 137.5.

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 August from 103.2 to 95.3. The Expectations Index increased from 65.6 to 75.1, and the Present Situation Index increased from 139.7 to 145.4.

"Consumer confidence increased in August after falling for three straight months," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index recorded a gain for the first time since March. The Expectations Index likewise improved from July's 9-year low, but remains below a reading of 80, suggesting recession risks continue. Concerns about inflation continued their retreat but remained elevated.

"Meanwhile, purchasing intentions increased after a July pullback, and vacation intentions reached an 8-month high. Looking ahead, August's improvement in confidence may help support spending, but inflation and additional rate hikes still pose risks to economic growth in the short term."

The percentage of consumers expecting business conditions to improve over the next six months rose from 13.7 percent to 17.5 percent, while the percentage of consumers expecting business conditions to worsen fell from 26.2 percent to 22.3 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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Layout & Design: Matt Hawk

Contact Info: Erick Eschker can be contacted at ee3@humboldt.edu

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