

Humboldt Economic Index

April 2015

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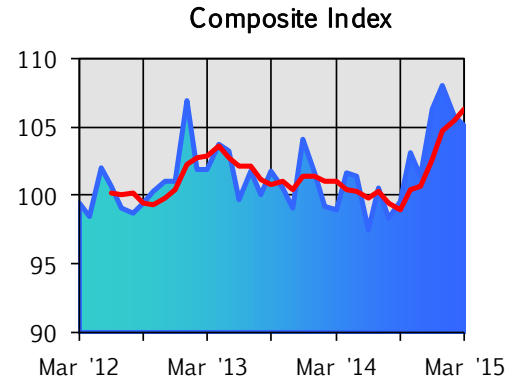
Employment and Electricity are up, Home Sales and Lumber Fall

The Composite Index fell 0.9 points from last month's revised value of 105.9 to the current value of 105. The Composite Index is up 6.1 points from this time last year. The Electricity and Employment indices climbed over the past month, while the Home Sales, Retail Sales, Hospitality, and Lumber indices all fell.

The Index of Home Sales fell 9.0 points this month. However, the index is 32.0 points higher than this time last year. The median home price in Humboldt County rose from \$244,500 to \$246,000 over the past month. Mortgage rates in Humboldt County have remained at 3.75 percent. The national average 30-year fixed rate mortgage fell slightly from 3.69 percent to 3.68 percent. The national average 15-year fixed rate mortgage also fell from 2.97 percent to 2.94 percent.

Unemployment claims and help wanted advertising both fell over the past month. Manufacturing orders and building permits are both up 58.4 percent and 284.7 percent respectively.

Seasonally adjusted unemployment rates in Humboldt County and California are currently 5.3 percent and 6.5



percent respectively. Both of these unemployment rates are down from February. The national unemployment rate remains at 5.5 percent.

Gas prices in California have increased from the previous month, with California's average price per gallon at \$3.71. Northern California's average price rose 50 cents to \$3.78. Eureka's average gas price also rose from \$3.24 to \$3.81.

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	105.0	-0.8	6.1	2.9	-5.5
Home Sales	121.8	-9.0	32.0	19.3	-6.6
Retail Sales	159.0	-0.5	4.0	4.6	11.7
Hospitality	81.7	-4.6	-1.7	-6.0	-11.3
Electricity	119.3	9.8	0.5	-11.4	0.3
Employment	109.3	0.9	10.7	9.9	2.3
Lumber*	26.3	-23.7	-24.1	-20.5	-70.7
Manufacturing**	183.7			-	-

* 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.

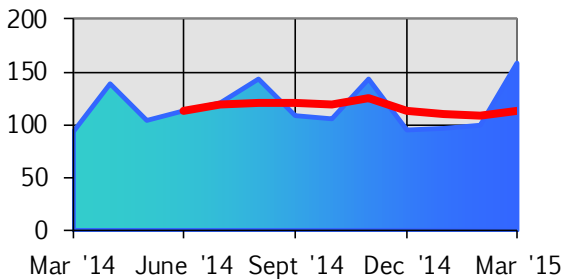
Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
58.4%	-4.7%	284.7%	-5.0%
* Change from prior month. All values are seasonally adjusted.			

Unemployment Claims declined 2 points to a new index value of 40.9. The unemployment claims index was 57.2 in March 2014, 16.3 points higher than the present value. The 4-month moving average rose 0.8 points to 46.7.

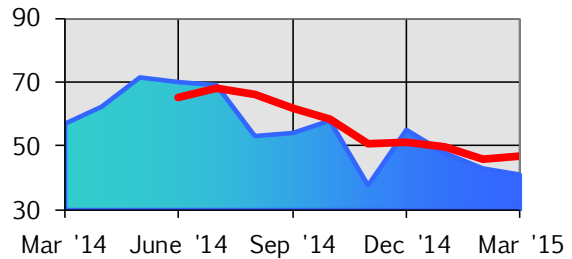
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$246,000	\$1,205	3.750%	5.3%
* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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.			

Manufacturing Orders rose 58.3 points for a new index value of 158.1. The manufacturing orders index value in March 2014 was 94.0, 64.1 points lower than the present value.

Index of Manufacturing Orders

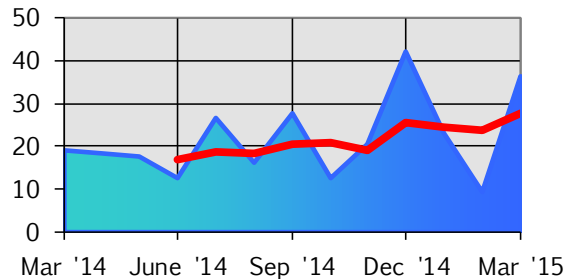


Index of Claims for Unemployment Insurance



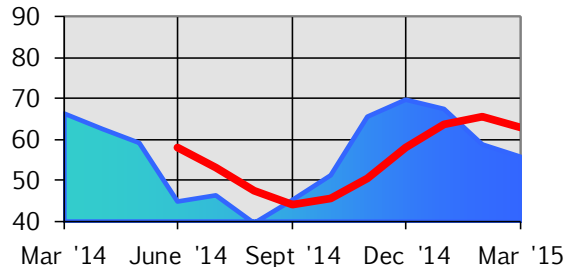
Building Permits rose in March to an index value of 36.4, up 26.9 points from February's value of 9.5. The building permits index value was 18.9 this time last year. March's increase moved the 4-month moving average upward to a new value of 27.7 from 23.7.

Index of Building Permits Issued



Help Wanted Advertising fell 3 points in March to a new index value of 55.9. One year ago, the index value stood at 66.3, indicating a 10.4 point decrease year-over-year. The 4-month moving average is 63.1, 2.4 points lower than the previous value of 65.5.

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.

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 March 2015 reports an index value of 121.8, 12.1 points lower than the previous month. In March 2014, the index value was 92.2, 29.6 points lower than the current value. The county's median home price increased to a value of \$246,000 from February's median price of \$244,500. The median price in March 2014 was \$215,000.

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.

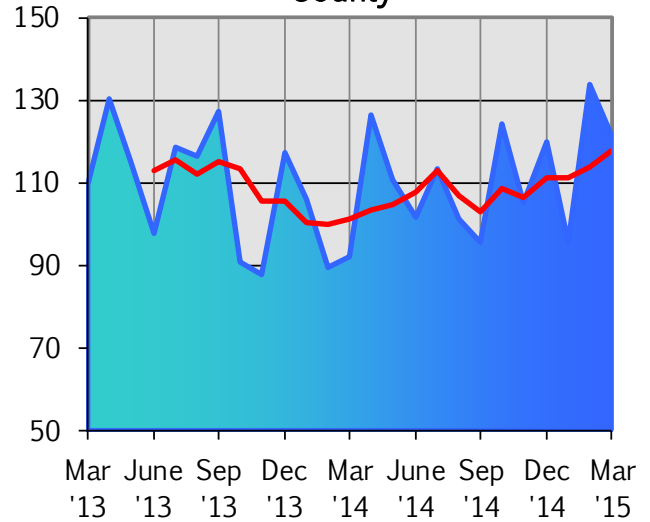
The S&P Case-Shiller Home Price Indices saw large increases in home prices in February 2015. Both the 10-City and 20-City Composites report year-over-year gains of 4.8 and 5 percent respectively. The 10-City Composite is up from the 4.3 percent growth reported in January. The 20-City Composite is also up from the 4.5 percent growth reported in January. The National Index reported a 4.2 percent annual gain over the same period, which is down from the 4.4 percent gain from the January 2015 report. The 10-City and 20-City Composites both reported significant month-over-month increases of 0.5 percent. The National Index also reported an increase of 0.1 percent.

David Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices, states "Home prices continue to rise and outpace both inflation and wage gains." The National Index has seen 34

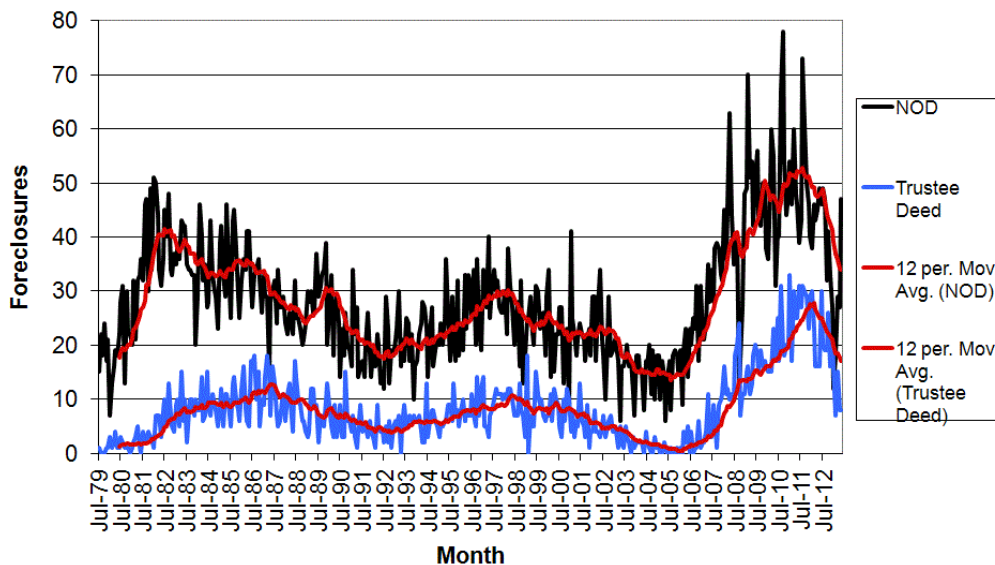
successive months with positive year-over-year gains, and all 20 cities have shown year-over-year gains each month since 2012. However, only Dallas and Denver have surpassed their housing boom peaks. Nationally, prices are nearly 10 percent below the high in July 2006. Blitzer concludes his analysis by stating that "while nationally, prices are recovering, new construction of single family homes remains very weak despite low vacancy rates among both renters and owner-occupied homes."

According to Freddie Mac, the average 30-year fixed-rate mortgage fell slightly from 3.69 percent in March to 3.68 percent in April. The average 15-year fixed-rate mortgage also decreased, from 2.97 percent in March to 2.94 percent in April.

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.

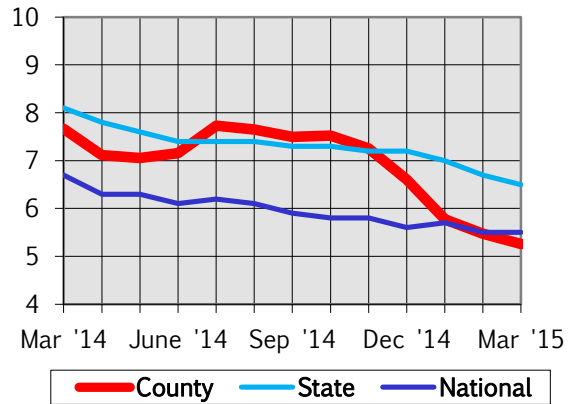
Total county employment for March 2015 is at an index value of 109.3, up from February's index value of 108.4. The seasonally adjusted unemployment rate for Humboldt County fell from 5.5 percent in February to 5.3 percent in March. The last time the unemployment rate was this low in Humboldt County was in March 2007. The seasonally adjusted unemployment rate for California fell from 6.7 percent in February to its current value of 6.5 percent. The seasonally adjusted national unemployment rate remains at 5.5 percent.

The Employment Development Department of California indicated in its February statistics that Humboldt County's total employment increased by 700 individuals to a current total of 59,000. Humboldt County's total unemployment decreased from 3,900 individuals in February to 3,700 individuals in March.

In the Labor Department's March report, total nonfarm payroll employment increased by 126,000. Employment growth averaged 269,000 per month over

the past 12 months. National employment was on the rise in several industries, including professional and business services, health care, and retail trade. Employment in mining declined. Employment in other major industries, such as food services and drinking places, construction, manufacturing, wholesale trade, transportation and warehousing, information, financial activities, and government, showed few change from the previous month.

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 3.9 points in March, down from a value of 85.6 in February to its current value of 81.7. This month's index value represents a 1.4 point decrease from this time last year. The 4-month moving average fell 6.6 points to a current value of 88.5.

Gasoline Prices

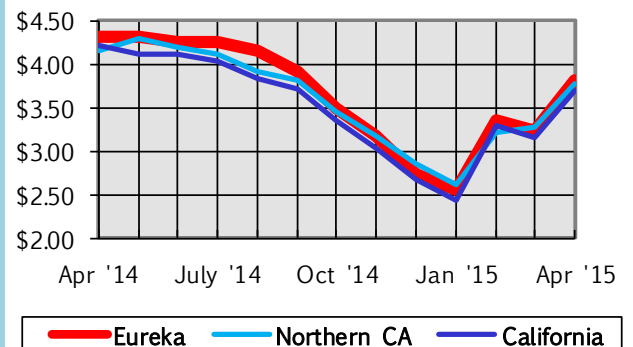
California's gas prices rose in April by 55 cents to a new average of \$3.71. Northern California's average price increased 50 cents to a new average of \$3.78. Eureka's average gas price also increased by 57 cents to a new average of \$3.81. When we adjust for inflation using a base month of February 2003, the "real price" of gasoline in Eureka was \$2.96 per gallon in April.

Samantha Masunaga and Andrew Khouri, writing for the LA Times, reported on April 30th that California gas prices have sharply increased, rising 34 cents in one week alone. The sharp increase is most likely due to refinery problems in the state. The authors write, "California refineries often produce gasoline at near capacity, leaving little margin for supply disruptions. And the state's special cleaner-burning blend is expensive for outsiders to make and deliver, causing most production to occur within the state."

Gas Prices		
Prices as of 4/30/2015	Average price*	Change from previous month
Eureka	\$3.81	\$0.57
Northern California	\$3.78	\$0.50
California	\$3.71	\$0.55

* 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 expanded to a seasonally adjusted index value of 184 from 89 the previous month. This sector is new and experiences great variability, so we expect this number to be smaller next month. Overall manufacturing employment fell from 2,100 to 2,000 according to the Employment Development Department.

The Institute for Supply Management reports that April saw economic activity in the manufacturing sector grow for the 28th consecutive month, with the overall economy growing for the 71th 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 economy. The PMI for April remains at 51.5 percent from the previous month.

Fifteen of the eighteen manufacturing industries reported growth in April, some of which include Nonmetallic Mineral Products; Plastic & Rubber Products; Wood Products; Printing & Related Support Activities; Furniture & Related Products; Fabricated Metal Products; Food, Beverage, & Tobacco Products; Paper Products; Miscellaneous Manufacturing; Machinery. Two industries – Apparel, Leather & Allied Products and Computer & Electronic Products – saw contraction in April.

The New Export Orders Index value of 51.5 percent in April is 4 percentage points higher than in March. This reading reflects a month of growth in export orders following three consecutive months of contraction. Nine industries reported growth in new export orders in April, including Textile Mills; Furniture & Related Products; Paper Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; Transportation Equipment; Machinery; Computer & Electronic Products; and Chemical Products. Five industries saw a decrease in their new export orders in April.

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 data has been updated for the first fiscal quarter of 2015 – January through March – and the Energy Index currently stands at a value of 119.3. March's index value is 10.6 points higher than February's value and 0.6 points lower than in March 2014. February's value of 108.7 was 18.8 points lower than January's value and 10.9 points lower than in February 2014. January's value of 127.5 was 25.2 points higher than December's value of 100.9, but 4.6 points lower than in January 2014.

The next update for the Energy Index will be coming after the end of the second fiscal quarter of 2015, in July 2015.

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 is reporting at a value of 159.0 for March 2015, a decrease of 0.8 points from February. The most recent value is also 6 points higher than in March 2014. The 4-month moving average for this index is 158.5.

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 decreased in April by 6.2 points to a current index value of 95.2. The Expectations Index decreased 8.5 points to a new value of 87.5, while the Present Situation Index decreased 2.7 points to a current value of 106.8.

Lynn Franco, the Director of Economic Indicators at the Conference Board, states "Consumer confidence, which had rebounded in March, gave back all of the gain and more in April." The percentage of consumers expecting business conditions to improve over the next six months decreased from 16.8 percent to 16.0 percent. Franco concludes, "There is little to suggest that economic momentum will pick up in the months ahead."

Lumber Manufacturing

The index value of this sector is based on a combination of payroll employment and board feet of lumber production at major county lumber companies and is adjusted to account for normal seasonal variations. Lumber-based manufacturing generates about 55 percent of total county manufacturing employment.

The lumber manufacturing index decreased by 8.2 points from 34.5 in February to a new value of 26.3 in March. The index is 8.4 points lower than this time last year, and the 4-month moving average dropped 3.1 points from 36.0 in February to a current value of 32.9.

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 sectorial index, and the composite index, started at a value of 100 in 1994. Thus if the retail sectorial 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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Institute for Supply Management – Money Magazine
Business section - LA Times

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