

Humboldt Economic Index

April 2018

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Indicators Were Mixed in March, Gas Prices Continue to Rise

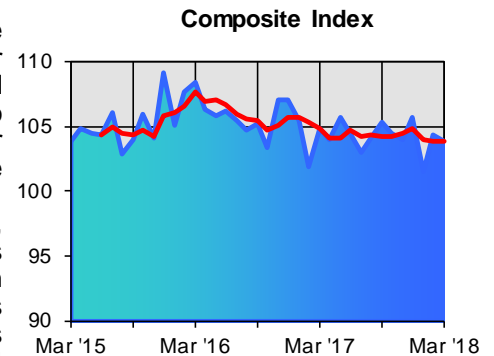
This month we say goodbye to Jade Hoff, who was the assistant editor for the last year and a half. Jade graduated in May and will be bringing her talents to Humboldt Made. She was a great writer and helped the Index to attract more data providers. We wish her the best!

The Composite Index fell to 103.8, down 0.6 points from the previous month. The Composite Index is down 1.0 points from this time last year. This month the Hospitality and Home Indices rose, while the Retail and Employment Indices fell.

The Index of Home Sales rose 0.8 points from February, and is up 3.7 points from March of last year. The median home price rose to \$310,000, up from \$275,000 in February.

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

The seasonally adjusted unemployment rate in Humboldt County decreased from 3.5 percent to 3.3 percent. The seasonally adjusted unemployment rate in California remained constant at 4.3 percent for the fourth month in a row. The national



unemployment rate remained constant at 4.1 percent for the sixth consecutive month.

California gas prices increased from \$3.52 to \$3.60. Northern California's average rose from \$3.58 to \$3.70. Eureka's average gas price per gallon rose from \$3.60 to \$3.72.

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	103.8	-0.6	-1.0	1.9	-2.7
Home Sales	126.7	0.6	3.0	15.7	51.5
Retail Sales	138.8	-4.1	-2.1	-8.2	-11.5
Hospitality	90.4	20.7	3.0	-5.3	-9.8
Electricity	110.2	-3.1	-14.1	-17.3	-15.3
Employment	112.7	-0.8	1.5	12.8	7.6
Lumber*	26.3	0.0	0.0	-20.9	-48.4
Manufacturing**	93.1			-	-

* 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

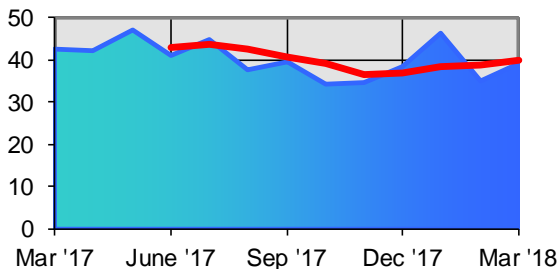
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
-23.6%	10.4%	77.6%	22.1%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$310,000	\$ 1,488	4.750%	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.			

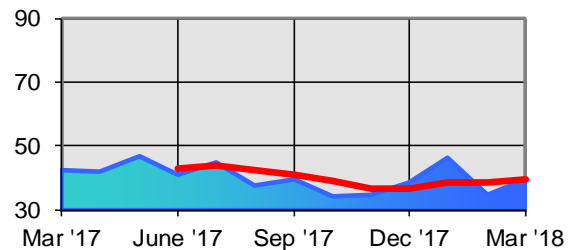
Manufacturing Orders increased from last month's value of 76.5 to 77.5. The manufacturing orders index value in March 2017 was 84.4, which is 6.9 points higher than the present value.

Index of Manufacturing Orders



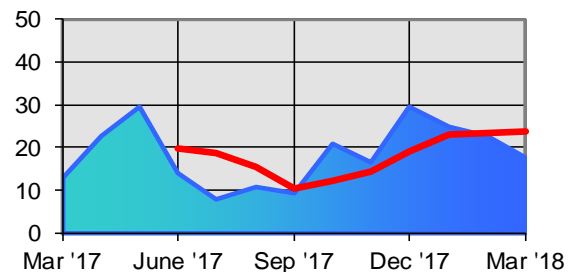
Unemployment Claims increased 4.4 points to a new index value of 39.4. The unemployment claims index was 42.4 in March 2017, 3.1 points higher than the present value. The 4-month moving average rose 1.1 points to 39.8.

Index of Claims for Unemployment Insurance



Building Permits fell 5.2 points to a new index value of 17.5. The current value is 4.4 points higher than the March 2017 value.

Index of Building Permits Issued



Help Wanted Advertising We have changed our data collection method from relying solely on newspaper advertisements to counting unique jobs listings on Craigslist. Due to the increased volume of help wanted ads we can no longer reliably report the seasonally adjusted index. We will report the raw number collected until seasonal adjustment can be resumed.

In February, there were 570 unique job postings on Craigslist, an increase of 128 from the previous 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 March 2018 stands at an index value of 126.7 which is 0.8 points higher than the February value of 125.9. The Index value in March 2017 was 3.7 points lower than the current value. The four-month moving average is up 4.7 points to a new value of 125.4. The county's median home price rose to \$310,000 from \$275,000. In comparison, the median home price in March 2017 was \$295,000.

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.

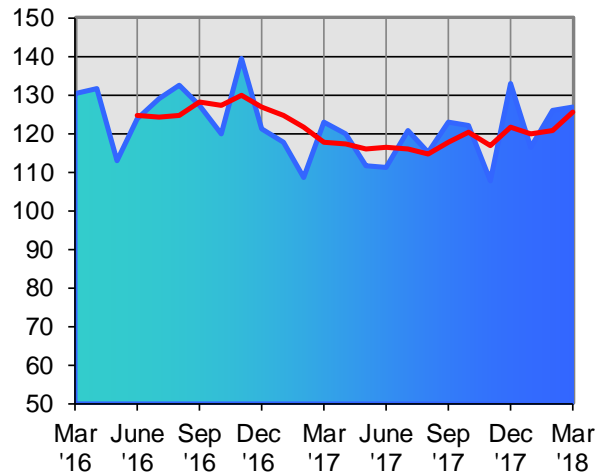
The S&P Case-Shiller Home Price Indices saw mixed year-over-year gains in February compared to January. The National Index reported a 6.3 percent annual gain over the same period. The 10-City and 20-City Composites report year-over-year gains of 6.5 percent and 6.8 percent, respectively. After seasonal adjustment, the 10-City Composite, the 20-City Composite both reported a 0.7 month-over-month increase, respectively and the National Index showed a 0.5 percent increase.

David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices, notes the rise in home prices, "Home prices continue to rise across the country...The S&P CoreLogic Case-Shiller National Index is up 6.3% in the 12 months through February 2018. Year-over-year prices measured by the

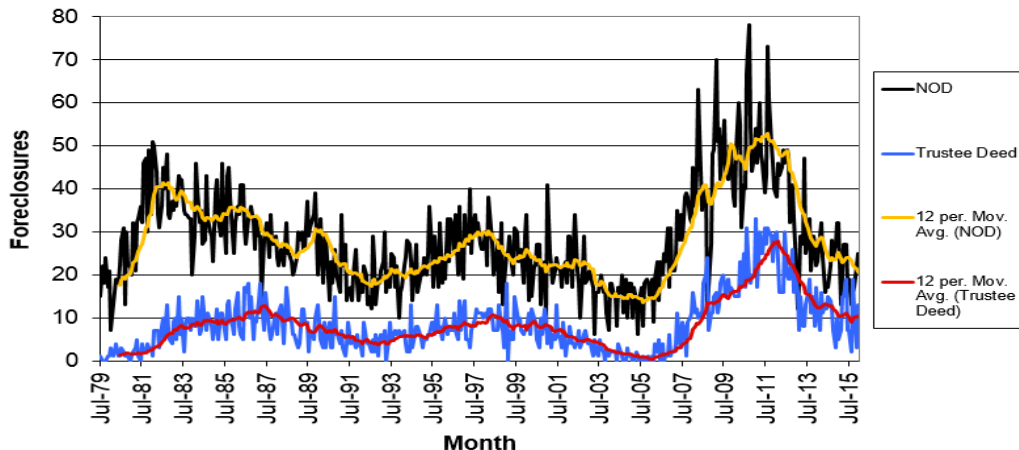
National index have increased continuously for the past 70 months, since May 2012. Over that time, the price increases averaged 6% per year. This run, which is still ongoing, compares to the previous long run from January 1992 to February 2007, 182 months, when prices averaged 6.1% annually. With expectations for continued economic growth and further employment gains, the current run of rising prices is likely to continue."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of May 3, 2018, is 4.55 percent. This is higher than April's last reported rate of 4.40 percent. The average 15-year fixed-rate mortgage is 4.03 percent, an increase from 3.87 percent in February.

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 in February fell to 112.7, up from 113.6 in February. The estimated seasonally adjusted unemployment rate for Humboldt County decreased from 3.5 percent to 3.3 percent. The unemployment rate for California remained at 4.3 percent for the fourth consecutive month. The national unemployment rate remained at 4.1 percent for the sixth consecutive month.

The Employment Development Department of California indicated that in January Humboldt County's preliminary estimate of total employment rose to a total of 61,820. Humboldt County's total unemployment decreased from 2,520 individuals in February to an estimated 2,340 individuals in March.

In the Labor Department's April's report, total nonfarm payroll employment marginally rose by 164,000. Employment in professional and business services, manufacturing, healthcare and mining all rose in April. Employment in retail, construction, wholesale trade,

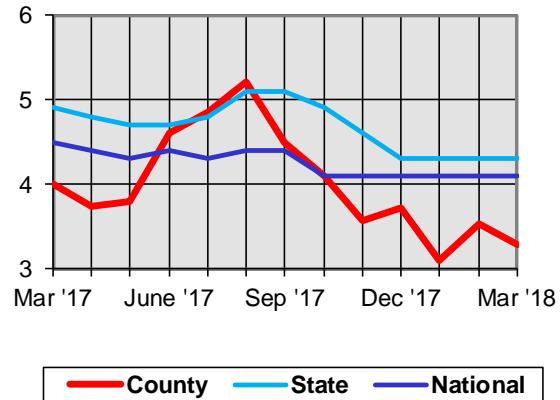
Hospitality

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 March to a new value of 90.4 from 83.3. This month's index value represents a 4.6-point increase from this time last year. The 4-month moving average fell 2.6 points to a current value of 83.5. This change can be attributed to some of our data providers being closed in the month of January.

transportation and warehousing, information, financial activities, leisure and hospitality, and government changed little.

Unemployment Percentage Rates



Gasoline Prices

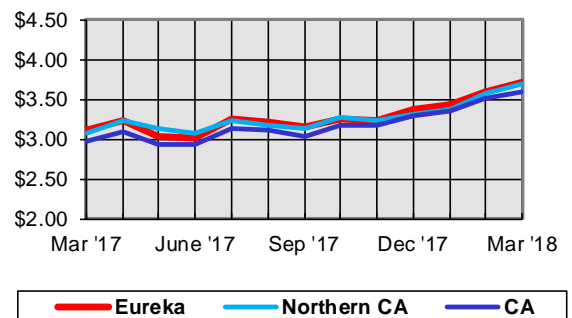
California's average gas price rose in March to \$3.70, an 8-cent increase from the previous month. Northern California's average price increased 12 cents to a new average of \$3.70, while Eureka's average gas price rose by 16 cents to a new average of \$3.60. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.73 per gallon in 1982-84 dollars.

The prices of oil has continued to go up and is likely to continue as long as the supply of foreign oil is constricted. OPEC and Russia have agreed to extend the cuts to pumping to the end of 2018. In addition the U.S. is exporting oil more than four times then its rate in 2015. Domestic demand has been rising as well, especially on the west coast. "Demand for gasoline this March was very strong, closer to the demand AAA typically sees during the summer," AAA Northern California Spokesperson Michael Blasky said in a statement. "If demand stays strong, the price of fuel is likely to keep rising."

Gas Prices		
Prices as of 4/30/2018	Average price*	Change from previous month
Eureka	\$3.72	\$0.11
Northern California	\$3.70	\$0.11
California	\$0.00	\$0.08

* 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 contracted to a seasonally adjusted index value of 93.1 in March, a 13.4-point increase from the previous month's value of 79.7. Manufacturing employment remained at 2,100 individuals for the twelfth month, according to the Employment Development Department.

The Institute for Supply Management reports that in January economic activity in the manufacturing sector expanded, while the overall economy grew for the 108th 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 April is 57.3, this a 2-point decrease from March.

Nationally, seventeen of the eighteen manufacturing industries are reporting growth in March including Wood Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Transportation Equipment; Furniture & Related Products; Paper Products; Machinery; Primary Metals; Nonmetallic Mineral Products; Chemical Products; Computer & Electronic Products; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Printing & Related Support Activities; Miscellaneous Manufacturing; and Apparel, Leather & Allied Products. The no industry reported a contraction.

The PMI New Export Orders Index for April is 61.2 percent, indicating a decrease over March's index of 0.7 points. This is the 28th consecutive month of growth in New Orders. 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. Sixteen industries reported growth in the new export orders, including Wood Products; Furniture & Related Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Transportation Equipment; Primary Metals; Paper Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Fabricated Metal Products; Petroleum & Coal Products; Textile Mills; Chemical Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Machinery. One industry showed a decrease on new orders in April: Apparel, Leather & Allied Products.

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 third fiscal quarter of 2017– October through December – and the Energy Index stands at a value of 110.7. October's index value is 4.6 points higher than September's value, and 2.8 points higher than in October 2016. November's value of 108.6 was 2 points lower than October's value, and 3.5 points higher than in November 2016. December's value of 110.7 was 2.1 points higher than November's value and 11.9 points lower than in December 2016.

The next update for the Energy index is expected following the close of the first fiscal quarter.

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 138.8 for March, a decrease of 5.9 points from the value of 144.7 in February. The March 2018 value is 2.9 points lower than March 2017. The 4-month moving average is down by 2 points with a new value of 146.0.

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 April by 1.7 points to a current index value of 128.7. The Expectations Index increased 1.9 points to a new value of 108.1, and the Present Situation Index decreased, from 158.1 to 159.6.

Lynn Franco, the Director of Economic Indicators at the Conference Board, says, "Consumers' assessment of current conditions improved somewhat, with consumers rating both business and labor market conditions quite favorably. Consumers' short-term expectations also improved, with the percent of consumers expecting their incomes to decline over the coming months reaching its lowest level since December 2000 (6.0 percent). Overall, confidence levels remain strong and suggest that the economy will continue expanding at a solid pace in the months ahead." The percentage of consumers expecting business conditions to improve over the next six months rose to 24.5 from 23.2 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.

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