

Humboldt Economic Index

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Weak Housing Declines Composite

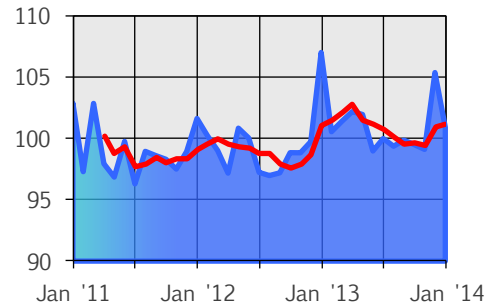
The Composite Index decreased 4.2 percent from last month's value of 105.3 to the current value of 100.9, and decreased 5.7 percent from this time last year. The Home Sales and Retail indices decreased this month, Manufacturing increased, and Hospitality remained relatively unchanged.

The Index of Home Sales had a large decrease this month, going down 40.6 percent from last month, and is 34.7 percent lower than this time last year. After last month the index reached its highest value in almost nine years, and now at a value of 85.4 is the lowest index value since May of 2012. Median home prices in Humboldt County rose from \$247,450 to \$280,000, the highest price since October of 2008. Mortgage rates remained relatively unchanged this month with the average 30-year fixed rate mortgage at 4.37 percent and the average 15-year fixed rate mortgage at 3.39 percent.

Leading indicators are mixed with building permits and unemployment down, while help wanted is up.

The national unemployment rate decreased from 6.7 to 6.6 percent in February. County and State employment

Composite Index



numbers were not available for publication at this time.

Average gas prices rose significantly in February. Eureka gas prices rose 18 cents this month to an average of \$3.94 per gallon. Look for prices to continue to climb this month as California refineries are scaling back on production for maintenance.

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	100.9	-4.2	-5.7	-3.1	-6.5
Home Sales	85.4	-40.6	-34.7	-10.7	-36.5
Retail Sales	148.3	-3.5	-5.1	-2.9	9.8
Hospitality	90.3	-0.7	4.6	-6.2	1.8
Electricity	138.8	0.0	-5.1	3.7	18.4
Employment	98.0	0.0	-2.9	-3.6	-7.0
Manufacturing	34.4	15.2	-4.1	-4.3	-57.0

* These values are adjusted to remove seasonal fluctuation. The base month is Jan. of 1994, 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 three leading indicators to get a sense of the direction that the county economy may take in the near future. The three leading indicators are (1) number of claims for unemployment insurance, (2) building permits, and (3) help wanted advertising.

Leading Indicators			
	Unemployment Claims	Building Permits	Help Wanted Advertising
Change from prior month*	-22.7%	-62.6%	6.2%
* All values are seasonally adjusted.			

Key Statistics

Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$280,000	\$1,401	4.50%	0.0%

* 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.

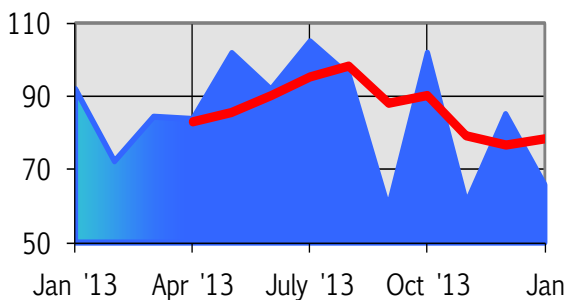
** Average rent on 2, 3 and 4 bedroom houses listed in the Times Standard.

† 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.

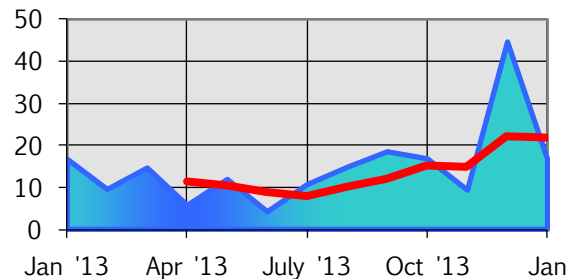
Unemployment Claims decreased by 22.7 percent this month to an Index value of 65.8. Additionally, unemployment claims decreased by 28.4 percent from this time last year. The 4-month moving average increased to an index value of 78.3 from 76.8. It is important to remember that in contrast to several other Indexes it is not unheard of to see changes of up to 20 percent on a month-to-month basis with the Unemployment Claims.

Index of Claims for Unemployment Insurance



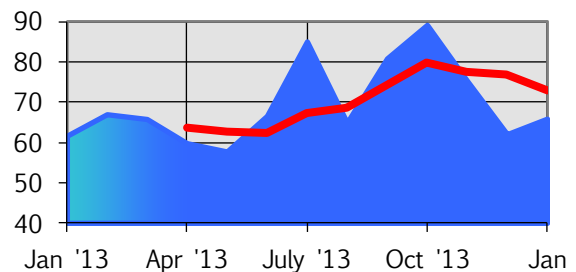
Building permits contracted by 62.6 percent to an index value of 16.7 from the previous 44.6. The 4-month moving average decreased to a value of 21.8 from 22.3. This Index was low for several years due to slow recovery in the construction sector, so even large percentage changes correspond to small absolute changes.

Index of Building Permits Issued



Help Wanted Advertising rose to a value of 65.8 up 6.2 percent from last month's seasonally adjusted value of 62.0. Additionally, the level this month is 6.9 percent higher than this time last year. The 4-month moving average decreased 4.9 percent from an Index value of 76.8 to a value of 73.0.

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.

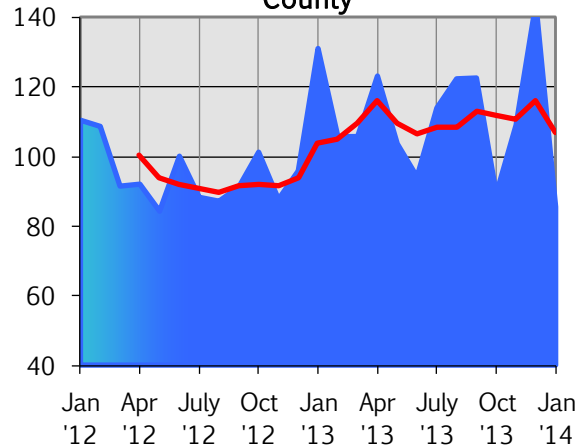
The Humboldt County Home Sales Index decreased by 40.6 percent to a value of 85.4. This is a 34.7 percent decrease from this time last year. However, the county's median home prices increased from \$247,450 to \$280,000, the highest price since October of 2008.

The S&P Case-Shiller Home Price Indices showed national average home prices continued to increase in the 12 months ending in December 2013. The 10-City and 20-City Composite reported a growth of 13.6 and 13.4 percent over the 12-month period. However, the 10- and 20- City Composites fell 0.1 percent for the second consecutive month from November to December. All 20 cities posted year-over-year increases for at least eleven consecutive months. According to David Blitzer, "The S&P/Case-Shiller Home Price Index ended its best year since 2005. However, gains are slowing from month-to-month and the strongest part of the recovery in home values may be over. Year-over-year values for the two monthly Composites weakened and the quarterly National Index barely improved. The seasonally adjusted data also exhibit some softness and loss of momentum." 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.

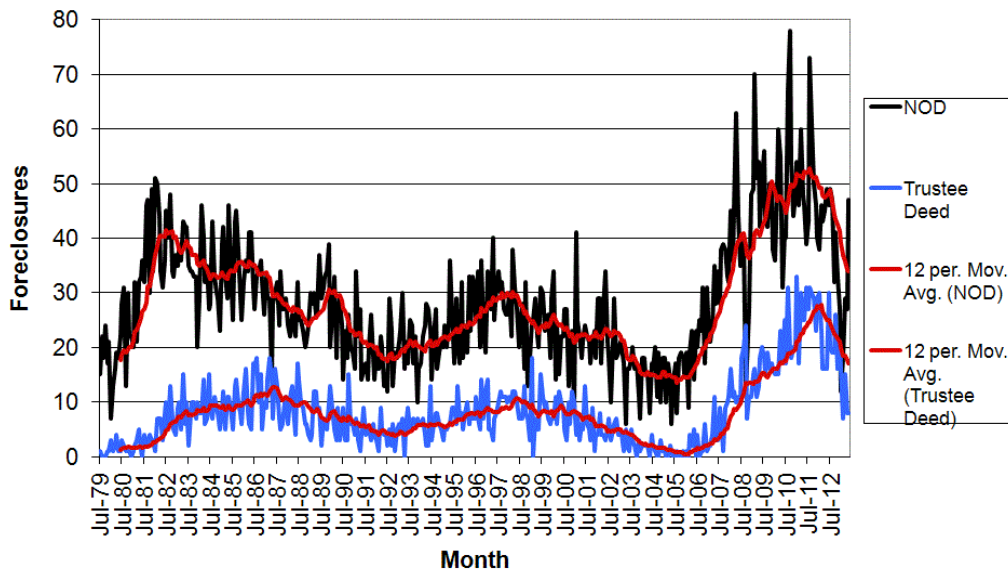
Mortgage rates have remained relatively unchanged this month. According to Freddie Mac, the average 30-year fixed-rate mortgage is 4.37 percent and the average 15-year fixed-rate mortgage is 3.39 percent for the week ending February 27, 2014. The rates for a 30-year and 15-year fixed mortgage last

year at this time were 3.51 and 2.76 respectively. There is evidence nationally that the rise in interest rates is starting to take effect, as traditional buyers find mortgage payments unaffordable. Also, it seems investors have reduced buying upon concerns about whether the Federal Reserve will raise interest rates sooner rather than later.

Home Sales Index, Humboldt County



Monthly Foreclosures, Humboldt County



Source: Humboldt Economic Index and Humboldt County Recorder

The Index – Individual Sectors

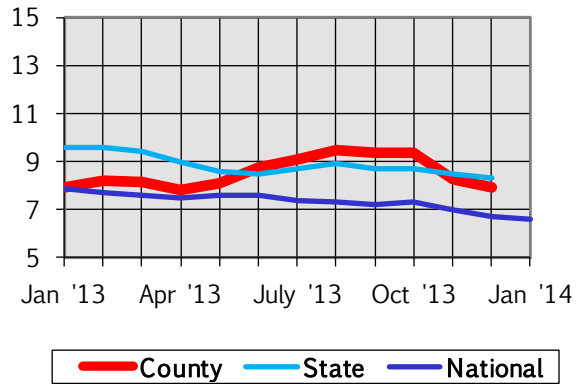
Total County Employment

The Index value of the employment sector is based on seasonally adjusted total employment as reported by the Employment Development Department.

Total County Employment is unavailable for this month. The state of California's employment data is also not available at this time.

The Labor Department's latest statistics reported that the nation added an additional 113,000 nonfarm payroll jobs in January, and the unemployment rate decreased from 6.7 to 6.6 percent. National employment rose in construction, manufacturing, wholesale trade, and mining.

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.

Hospitality decreased this month 0.7 percent to an Index value of 90.3 from 90.9. However, the current value is 4.6 percent higher than last year at this time. Additionally, the 4-month moving average remained unchanged from last month's index value of 92.6.

Gasoline Prices

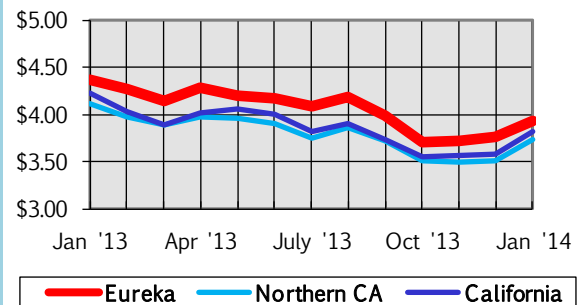
Gasoline Prices for California increased by an average of 24 cents this month. California gas prices rose to an average of \$3.82, up from last month's \$3.58, while Northern California prices increased to \$3.74. Eureka gas prices increased to \$3.94, 18 cents higher than last month.

According to the San Jose Mercury News, gas prices have risen in California as refineries are scaling back production for maintenance and switching to the more expensive summer blend of gasoline. Look for prices to continue to rise for the next month, as March is generally a time that gas prices increase in California.

Gas Prices		
Prices as of 2/27/2014	Average price*	Change from previous month
Eureka	\$3.94	\$0.18
Northern California	\$3.74	\$0.22
California	\$3.82	\$0.24

* 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

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 by 3.5 percent from a value of 153.6 to 148.3. This is 5.1 percent below this time last year. This Index's 4-month moving average increased slightly to an index value of 147.9 from 147.1.

On the national scale, Consumer Confidence rose in December. Consumer Confidence Index decreased 1.3 points to a value of 78.1. The Expectations Index posted a 5.1-point decrease from 80.8 to 75.7. The Present Situation Index increased 4.4 points from 77.3 to 81.7. According to Lynn Franco, the Director of Economic Indicators at the Conference Board, "Consumer confidence declined moderately in February, on concern over the short-term outlook for business conditions, jobs, and earnings. While expectations have fluctuated over recent months, current conditions have continued to trend upward and the Present Situation Index is now at its highest level in almost six years." 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.

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.

Lumber manufacturing increased 15.2 percent to a value of 34.4 from 29.9. However, the value is down 4.1 percent from this time last year. The 4-month moving average has increased this month to a value of 33.6 from 32.8.

The Institute for Supply Management reported that the national manufacturing sector expanded in February for the ninth consecutive month and the overall economy grew for the 57th consecutive month. The PMI was registered at 53.2 percent, an increase of 1.9 percentage points from January's 51.3 percent. Fourteen of the eighteen manufacturing industries are reporting growth in February including Furniture and Related Products, and Wood Products. Businesses reported growth in exports for the fifteenth consecutive month, registering at an Index value of 53.5 percent for February. Eight industries are reporting growth in new export orders in February, unchanged from January. The PMI (Producing Managers Index) is based on the number of manufacturing supply managers who expect business conditions to improve in the near future.

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 fourth fiscal quarter, October through December, and the Energy Index stands at a value of 138.8.

The next update for the Energy Index will be coming after the end of the first quarter.

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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