

Humboldt Economic Index

January 2021

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Home sales strong while overall Index is up

Note: This text was updated in May, 2021 to reflect major revisions to the housing data.

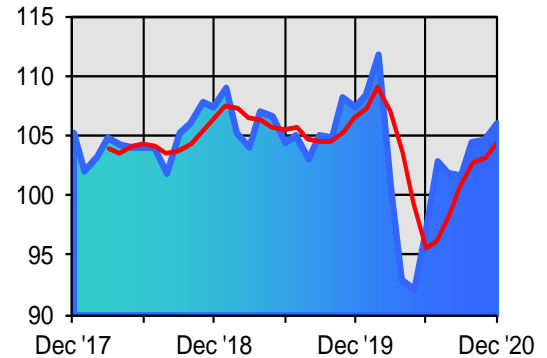
The Composite Index rose to 106.1 in December, up 0.2 points from the previous month. The Composite Index is down 1.2 points from this time last year. This month the Retail Sales, Employment and Hospitality Indices all rose.

The Index of Home Sales rose slightly to 148.6, up 0.6 points from the previous month, and up 32.0 points from this time last year. The median home price increased from \$351,000 to \$370,000.

Leading Indicators are mostly down September. Unemployment Claims are up, and Building Permits and Manufacturing Orders are down.

The seasonally adjusted unemployment rate in Humboldt County increased from 6.3 percent to 7.8 percent. The seasonally adjusted unemployment rate in California

Composite Index



increased from 8.2 percent to 9.0 percent. The national unemployment rate remained constant at 6.7 percent.

The average price per gallon of gas in California increased from \$3.28 to \$3.40. Northern California's average increased from \$3.59 to \$3.72. Eureka's average increased from \$3.48 to \$3.57.

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	106.1	0.2	-1.2	-2.4	5.6
Home Sales	148.6	0.6	32.0	11.3	73.0
Retail Sales	148.0	5.3	-3.8	-5.8	-1.0
Hospitality	105.7	0.3	10.1	7.5	28.6
Electricity	119.6	0.0	0.0	-10.9	-18.4
Employment	102.9	0.4	-9.1	-3.8	5.0
Lumber*	26.3	0.0	0.0	0.0	-15.6
Manufacturing**	99.3			-	-

* 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

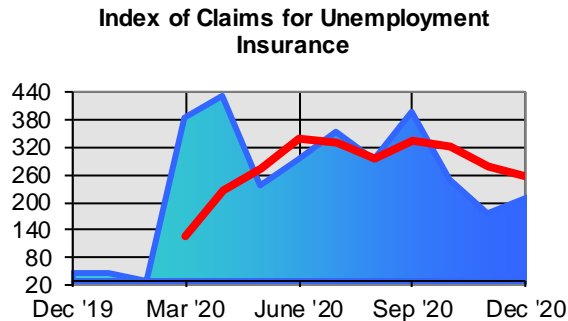
Leading Indicators

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%	17.9%	-11.2%	-0.2%
* Change from prior month. All values are seasonally adjusted.			

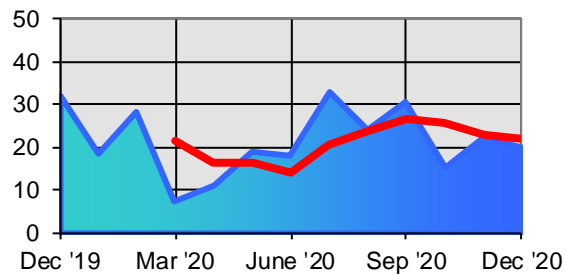
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$370,000	\$ 1,936	2.625%	7.8%
* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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 rose 31.9 points to a new Index value of 210.4. The current value is 164.6 points higher than the value for this time last year. The 4-month moving average fell 20.6 points to a new average of 258.8.



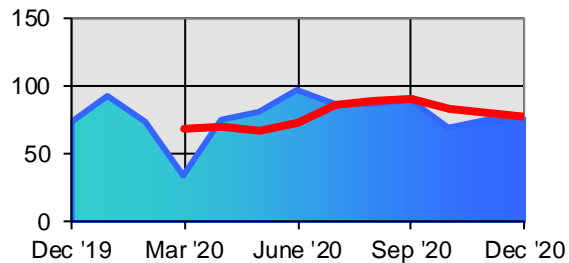
Building Permits fell 2.5 points to a new Index value of 19.8. The current value is 12.4 points lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 0.1 points to a new Index value of 75.3. The current value is 1.6 points higher than the value for this time last year. The 3-month moving average fell 5.1 points to a new value of 73.5. In December there were 338 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 December rose 0.6 points to a new value of 148.6. The present Index value is 32 points higher than the value for this time last year. The country's median home price increased from \$351,000 to \$370,000. In comparison, the median home price this time last year was \$320,000.

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.

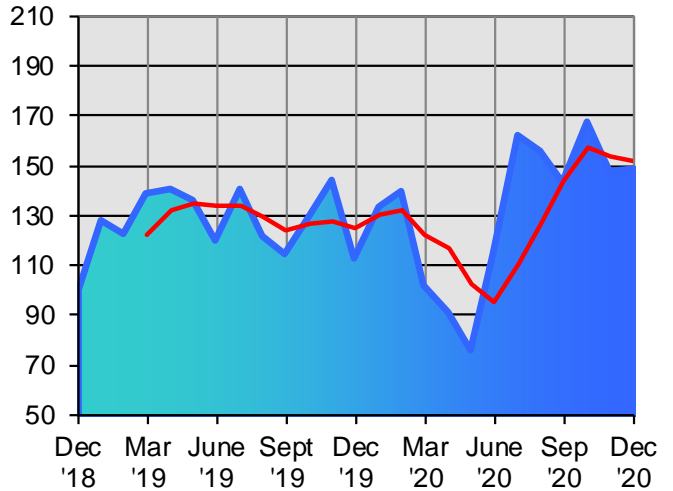
The S&P Case-Shiller Home Price Indices saw higher year-over-year gains in November compared to the previous month. The National Index reported year-over-year gains of 9.5 percent, up from 8.4 percent the previous month. The 10-City Composite reported annual gains of 8.8 percent, up from 7.6 percent the previous month, and the 20-City Composite reported annual gains of 9.1 percent, up from 8.0 percent the previous month.

This month data for Detroit was unavailable and excluded from the Index. Of the other 19 cities Phoenix, Seattle and San Diego continued to report the highest year-over-year gains. All 19 cities reported higher price increases in the year ending November 2020 versus the year ending October 2020.

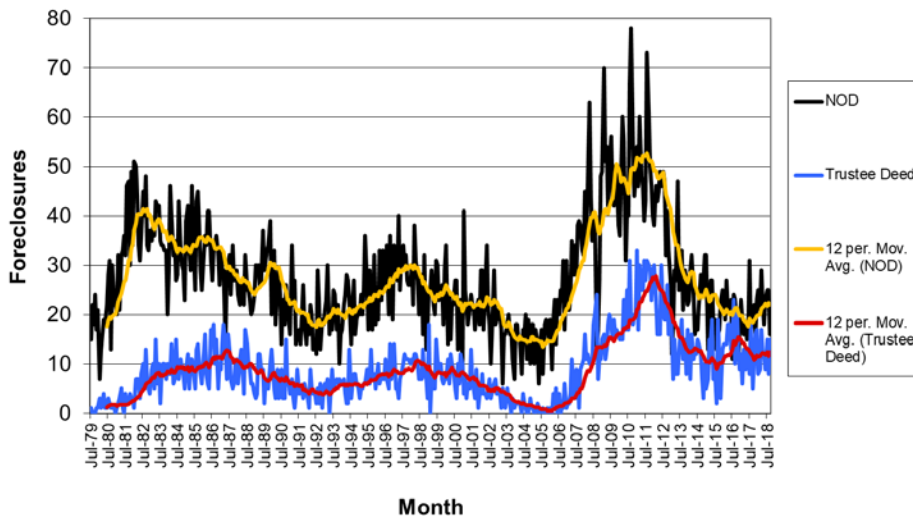
According to Freddie Mac, the average 30-year fixed-rate mortgage, as of January 28, was 2.73 percent, up

from 2.67 on December 31. The average 15-year fixed-rate mortgage was 2.20 percent at the end of January, up from 2.17 at the end of December

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.

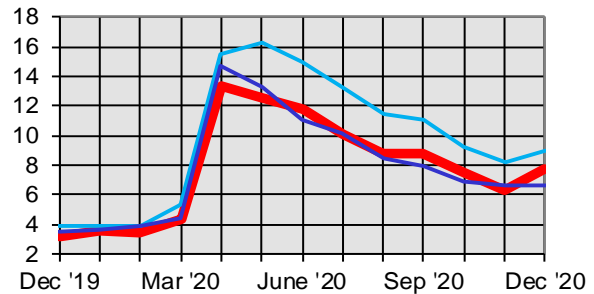
The Total County Employment Index increased 0.4 points to a value of 102.9. The seasonally adjusted unemployment rate in Humboldt County increased from 6.3 percent to 7.8 percent. The seasonally adjusted unemployment rate in California increased from 8.2 percent to 9.0 percent. The national unemployment rate remained constant at 6.7 percent.

The Employment Development Department of California indicated that in December Humboldt County's preliminary estimate of total employment fell by 600 individuals to a total of 54,500. Humboldt County's total unemployment increased by 800 individuals to an estimated total of 4,400 in December.

In the Labor Department's December report, total nonfarm payroll employment fell by 140,000 after seven consecutive months of increasing employment. National employment increased, in the following order, in professional and business services, retail trade, construction, transportation and warehousing,

manufacturing, and wholesale trade. National employment decreased in other services, education and health services, government, and leisure and hospitality. The fall in leisure and hospitality employment is especially notable, with 498,000 job losses. 370,000 of the losses can be attributed to food services and drinking places, 92,000 to amusements, gambling and recreation, and 24,000 in accommodations. Employment in leisure and hospitality is 3.9 million lower than it was in February.

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 increased from 0.3 to a new value of 105.7. This month's Index value is 8.0 points higher than the value for this time last year. The 4-month moving average rose 4.2 points to a current value of 101.1.

Gasoline Prices

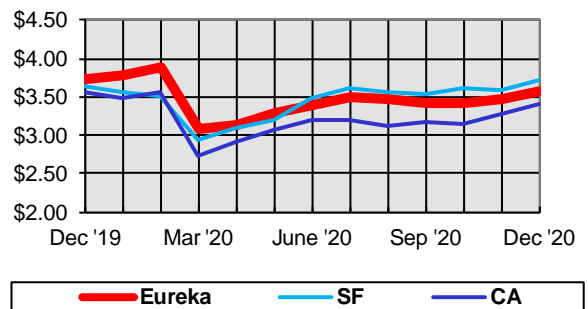
California's average gas price increase 12 cents to \$3.40. Northern California's average gas price increase 13 cents to \$3.72. Eureka's average gas price increase 9 cents to \$3.57. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.51 per gallon in 1982-84 dollars.

On February 2nd, U.S. oil futures prices posted their highest finish in over a year. This may be in part because of OPEC+ members raising output in January by less than was allowed under their agreement. OPEC+ plans to continue using output cuts to keep the oil market in a supply deficit throughout the year, and expects the year's oil market deficit to peak at 2 million barrels per day in May.

Gas Prices		
Prices as of 1/31/2021	Average price*	Change from previous month
Eureka	\$3.57	+\$0.09
Northern California	\$3.72	+\$0.13
California	\$3.40	+\$0.12

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csa.com).

Gasoline Prices



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 99.3 in December, up 0.5 points from the previous month's value of 100.4. Manufacturing employment remained at 2,100 individuals for the 8th 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 8th 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 December is 60.7, up 3.2 percentage points from the previous month.

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

The New Export Orders Index for December is 57.5 percent, down 0.3 percentage points from the previous month. This is the 6th 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. Nine industries reported growth in new export orders in the following order: Wood Products; Electrical Equipment, Appliances & Components; Machinery; Fabricated Metal Products; Chemical Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Primary Metals; and Transportation Equipment. Two industries reported a decrease in new export orders: Plastics & Rubber Products; and Paper Products. Six industries reported no change in exports in December.

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 sector updates are still unavailable. We estimate this sector to be unchanged from the first quarter of 2018, which is the last quarter of data. We will update this sector as new data become available.

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 rose 7.4 points in December to a new value of 148.0, down 5.8 points from the value for this time last year. The 4-month moving average rose 2.0 points to a new value of 140.2.

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 fell in December by 4.3 points to a current index value of 88.6. The Expectations Index rose 3.2 points to a new value of 87.5, and the Present Situation Index fell 15.6 points to a new value of 90.3.

"Consumers' assessment of current conditions deteriorated sharply in December, as the resurgence of COVID-19 remains a drag on confidence," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "As a result, consumers' vacation intentions, which had notably improved in October, have retreated. On the flip side, as consumers continue to hunker down at home, intentions to purchase appliances have risen. Overall, it appears that growth has weakened further in Q4, and consumers do not foresee the economy gaining any significant momentum in early 2021."

In July, the percentage of consumers expecting business conditions to improve over the next six months increased from 26.5 percent to 29.0 percent, while the percentage of consumers expecting business conditions to decline decreased from 22.5 percent to 21.9 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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