

Humboldt Economic Index

July 2020

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Consumer Confidence Falls, Employment Continues to Recover

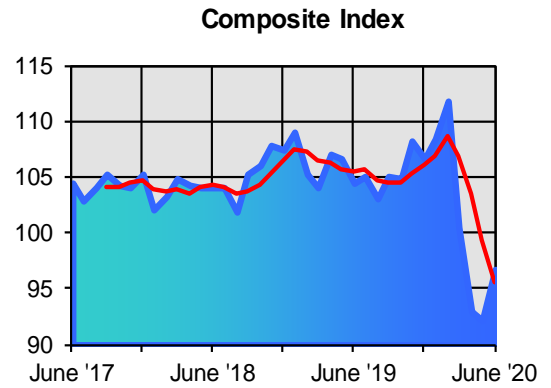
Note: This text was updated in May, 2021 to reflect major revisions to the housing data.

The Composite Index rose to 96.7 in June, up 5.1 points from the previous month. The Composite Index is down 7.4 points from this time last year. This month the Retail Sales and Hospitality Indices rose, and the Employment Index fell.

The Index of Home Sales rose to 114.4 in June, up 51.2 points from the previous month, and down 4.3 points from this time last year. The median home price fell slightly to \$315,000.

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

The seasonally adjusted unemployment rate in Humboldt County decreased from 12.5 percent to 11.8 percent. The seasonally adjusted unemployment rate in California decreased from 16.3



percent to 14.9 percent. The seasonally adjusted national unemployment rate decreased from 13.3 percent to 11.1 percent.

The average price per gallon of gas in California increased from \$3.07 to \$3.21. Northern California's average increased from \$3.19 to \$3.49. Eureka's average increased from \$3.28 to \$3.40.

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	96.7	5.1	-7.4	-7.3	-4.3
Home Sales	114.4	51.2	-4.3	4.7	29.1
Retail Sales	147.6	5.8	3.4	-3.3	-4.7
Hospitality	73.7	12.5	-20.3	-18.1	-11.9
Electricity	119.6	0.0	0.0	-3.3	-6.3
Employment	96.9	-1.0	-12.4	-10.3	-3.8
Lumber*	26.3	0.0	0.0	0.0	-26.8
Manufacturing**	111.2			-	-

* 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

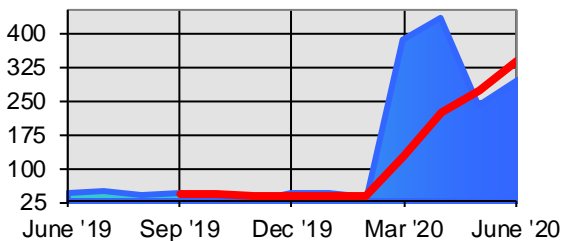
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
-0.5%	12.7%	56.1%	117.7%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$315,000	\$ 1,892	3.250%	11.8%
* 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.			

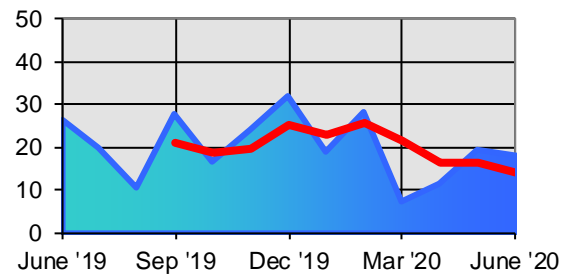
Unemployment Claims rose 58.1 points to a new Index value of 295.2. The current value is 248.7 points higher than the value for this time last year. The 4-month moving average rose 64.9 points to a new average of 338.0.

Index of Claims for Unemployment Insurance



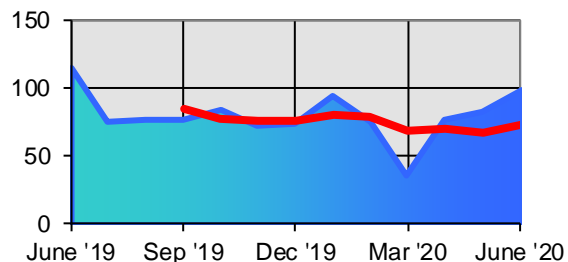
Building Permits fell 1.2 points to a new Index value of 18.1. The current value is 8.3 points lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 17.0 points to a new Index value of 98.4. The current value is 16.3 points lower than the value for this time last year. The 3-month moving average rose 21.1 points to a new value of 85.4. In March there were 440 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 June fell 51.2 points to a new value of 114.4. The present Index value is 4.3 points lower than the value for this time last year. The country's median home price fell from \$320,000 to \$315,000. In comparison, the median home price this time last year was \$340,000.

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 lower year-over-year gain in May compared to the previous month. The 10-City and 20-City Composites report year-over-year gains of 3.1 percent and 3.7 percent, respectively. The National Index reported a 4.5 percent annual gain over the same period. After seasonal adjustment, neither the 10-City Composite or the 20-City Composite posted any gains. The National Index reported a seasonally adjusted increase of 0.1 percent.

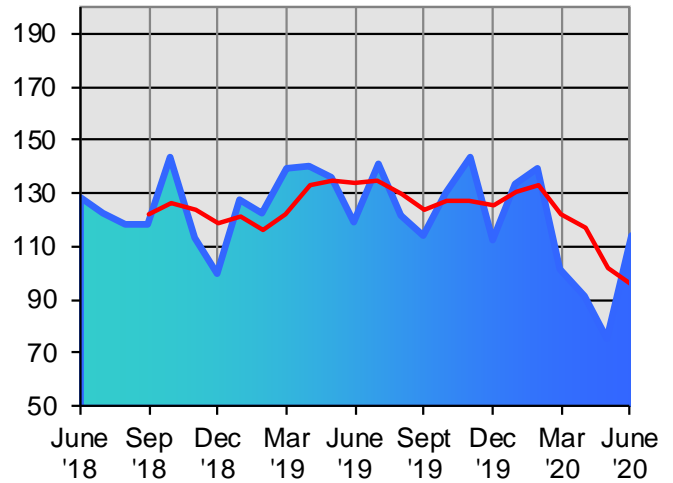
Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, notes the stable housing price data, "In contrast with the past eight months, May's gains were less than April's. Although prices increased in May, in other words, they did so at a decelerating rate. We observed an analogous development at the city level: prices increased in all 19 cities for which we have data, but accelerated in

only 3 of them (in contrast with 12 cities last month and 18 the month before that).

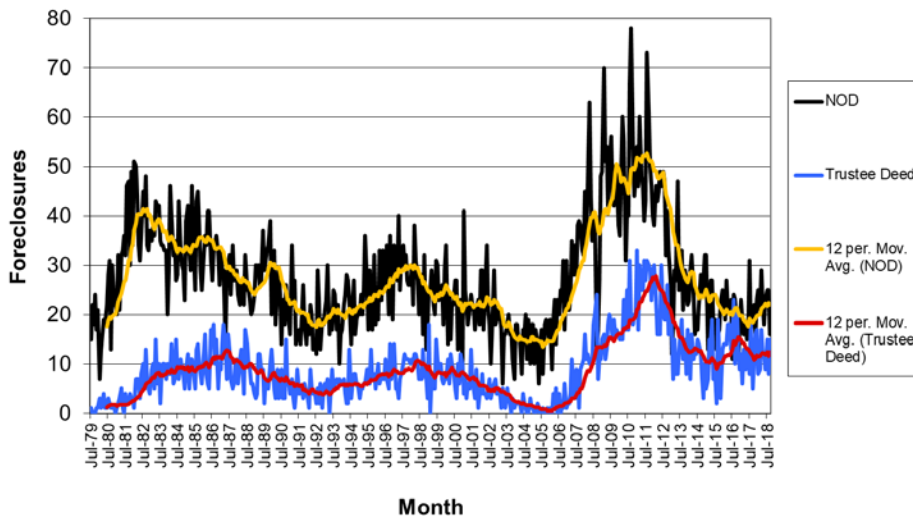
"More data will obviously be required in order to know whether May's report represents a reversal of the previous path of accelerating prices or merely a slight deviation from an otherwise intact trend. Even if prices continue to decelerate, that is quite different from an environment in which prices actually decline."

According to Freddie Mac, the average 30-year fixed-rate mortgage as of June 25 was 3.13 percent, down from 3.15 percent on May 28. The average 15-year fixed-rate mortgage was 2.59 percent, down from 2.62 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.

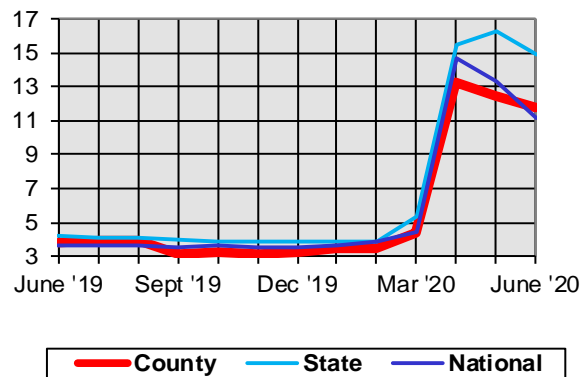
The Total County Employment Index fell 1.0 point to a value of 96.9. The seasonally adjusted unemployment rate for Humboldt County decreased from 12.5 percent to 11.8 percent. The unemployment rate for California decreased from 16.3 percent to 14.9 percent. The national unemployment rate decreased from 13.3 to 11.1 percent.

The Employment Development Department of California indicated that in June Humboldt County's estimate of total employment fell by 700 individuals to a total of 52,900. Humboldt County's total unemployment fell by 300 individuals to a total of 7,000.

In the Labor Department's June report, total nonfarm payroll employment rose by 4.8 million. National employment in leisure and hospitality increased by 2.1 million jobs. Retail trade added 740,000 jobs, education and health services added 568,000 jobs, other services added 357,000 jobs, manufacturing added 356,000 jobs,

professional and business services added 306,000 jobs, construction added 158,000 jobs, transportation and warehousing added 99,000 jobs, wholesale trade added 68,000 jobs, government added 33,000 jobs, and financial activities added 32,000 jobs. Mining and logging lost 10,000 jobs.

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 is 73.7 which is 12.5 points higher than last month and seems to reflect a healthy recovery in the sector.

Gasoline Prices

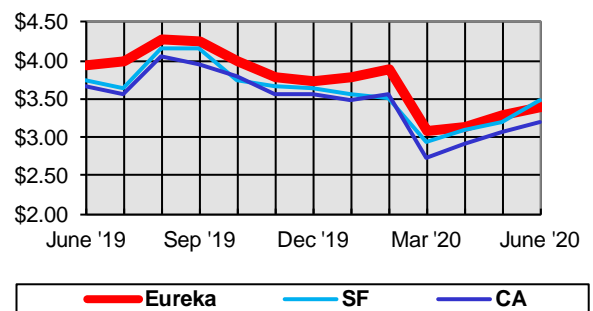
California's average gas price increased 14 cents in June to a new average of \$3.21. Northern California's average price increased 30 cents to a new average of \$3.49, while Eureka's average gas price increased 12 cents to a new average of \$3.40. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.41 per gallon in 1982-84 dollars.

Oil prices continues to recover from their historic lows in April, reaching \$40 per barrel in mid-July. This can be largely attributed to OPEC+ supply cuts, but demand for oil has also been increasing as COVID-19 lockdowns restrictions ease. Oil prices in the coming months are highly uncertain. Promising vaccine trials from AstraZeneca offer hope for a return to normalcy in the future, but in the meantime the number of global COVID-19 cases is rising sharply. Supply will soon increase again as OPEC+ plans to scale back coordinated supply cuts after July, and Libya is expected to resume crude exports, even as demand for oil in the transportation and industrial sectors, which account for more than 90 percent of U.S. oil consumption, have not yet recovered.

Gas Prices		
Prices as of 7/31/2020	Average price*	Change from previous month
Eureka	\$3.40	+\$0.12
Northern California	\$3.49	+\$0.30
California	\$3.21	+\$0.14

* 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 111.2 in June, up 10.3 points from the previous month's value. Manufacturing employment remained at 2,100 individuals according to the Employment Development Department.

The Institute for Supply Management reports that in July economic activity in the manufacturing sector expanded, while the overall economy grew for the third 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 July is 54.2 percent, up 1.6 percentage points from the previous month.

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

The New Export Orders Index for July is 50.4 percent, up 2.8 percentage points from the previous month, expanding modestly after four consecutive months of contraction. 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. Six industries reported growth in the following order: Furniture & Related Products; Wood Products; Computer & Electronic Products; Plastics & Rubber Products; Chemical Products; and Miscellaneous Manufacturing. The four industries reporting a contraction are: Nonmetallic Mineral Products; Fabricated Metal Products; Paper Products; and Machinery. Seven industries reported no change in new export orders.

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 is reporting at a value of 147.6 for June, up 8.1 points from the value of 139.5 in May. The most recent value is 4.9 points higher than the Index value for this time last year. The 4-month moving average fell 0.6 points to a new value of 140.1.

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 July by 5.7 points to a current index value of 92.6. The Expectations Index fell 14.6 points to a new value of 91.5, and the Present Situation Index rose 7.5 points to a new value of 94.2.

Lynn Franco, the Director of Economic Indicators at the Conference Board, says that "Large declines were experienced in Michigan, Florida, Texas and California, no doubt a result of the resurgence of COVID-19. Looking ahead, consumers have grown less optimistic about the short-term outlook for the economy and labor market and remain subdued about their financial prospects."

The percentage of consumers expecting business conditions to improve over the next six months declined from 42.4 percent to 31.6 percent, while the percentage of consumers expecting business conditions to decline increased from 15.2 percent to 19.3 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

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■ ■ ■ *realize human potential*

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