

Humboldt Economic Index

March 2022

Our Sponsors:



Professor Erick Eschker, Director

Aowyn Leonhardt, Assistant Editor

Monica Myers, Assistant Analyst

February Brings Higher Gas Prices

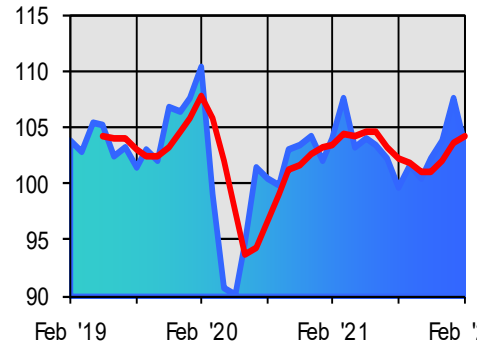
The Composite Index fell to 103.5 in February, down 3.8 percent from the previous month. The Composite Index is down 0.4 percent from this time last year. This month the Retail Sales, Employment, Hospitality and Electricity Indices all fell.

The Index of Home Sales fell to 106.8, down 14.6 percent from the previous month, and down 18.1 percent from this time last year. The median home price rose from \$425,000 to \$452,500.

Leading Indicators are mostly mixed in February. Building Permits are up this month.

The seasonally adjusted unemployment rate in Humboldt County increased from 3.5 percent to 3.7 percent. The seasonally adjusted unemployment rate in California decreased from 6.5 percent to 5.4 percent. The seasonally adjusted national unemployment rate decreased

Composite Index



Feb '19 Feb '20 Feb '21 Feb '22
from 4.0 percent to 3.8 percent.

The average price per gallon of gas in California at the end of March increased from \$4.80 to \$5.88. Northern California's average increased from \$5.04 to \$5.99. Eureka's average increased from \$5.09 to \$5.90.

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	103.5	-3.8	-0.4	1.6	1.9
Home Sales	106.8	-14.6	-18.1	0.0	-8.1
Retail Sales	142.0	-1.9	-6.3	-3.7	-2.1
Hospitality	119.8	-0.9	14.3	48.2	39.1
Electricity	103.0	-10.4	-4.1	-6.8	-20.3
Employment	106.0	-1.7	2.5	-4.7	5.6
Lumber*	26.3	0.0	0.0	0.0	-18.7
Manufacturing**	100.7	10.7	5.7	-	-

* 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

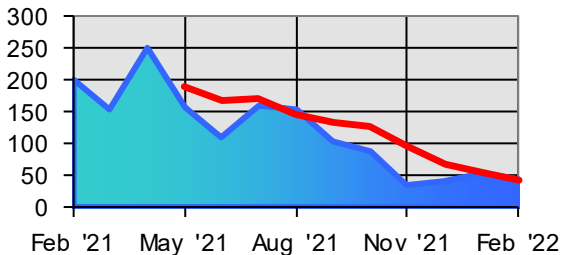
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-18.2%	25.0%	-8.8%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$452,500	\$2,000	4.500%	3.7%
<p>* 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.</p> <p>** Average rent on 2, 3 and 4 bedroom houses listed in the Times Standard.</p> <p>† 30-year owner occupied conforming conventional fixed rate provided by Umpqua Bank.</p> <p>‡ Seasonally adjusted Humboldt County unemployment rate is based on non-seasonally adjusted preliminary EDD data.</p>			

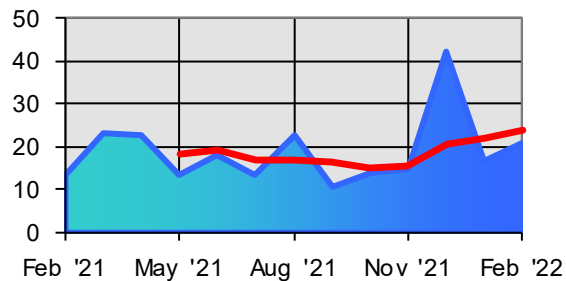
Unemployment Claims fell 10.1 percent to a new Index value of 45.5. The current value is 77.3 percent lower than the value for this time last year. The 4-month moving average fell 19.1 percent to a new average of 44.2.

Index of Claims for Unemployment Insurance



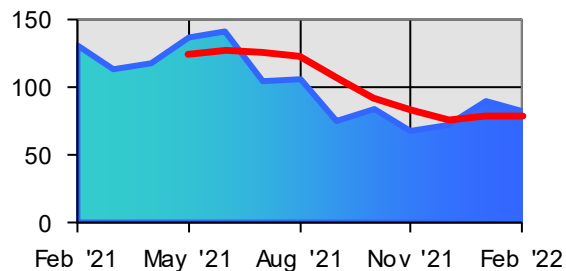
Building Permits rose 4.1 percent to a new Index value of 20.8. The current value is 57.1 percent higher than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 7.9 percent to a new Index value of 81.9. The current value is 37.6 percent lower than the value for this time last year. The 3-month moving average rose 5.7 percent to a new value of 81.5. In February there were 362 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 February fell 14.6 percent to a new value of 106.8. The present Index value is 18.1 percent lower than the value for this time last year. The 4-month moving average fell by 5.7 percent to a new value of 124.1. The country's median home price increased from \$425,000 to \$452,500. In comparison, the median home price this time last year was \$360,000.

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.

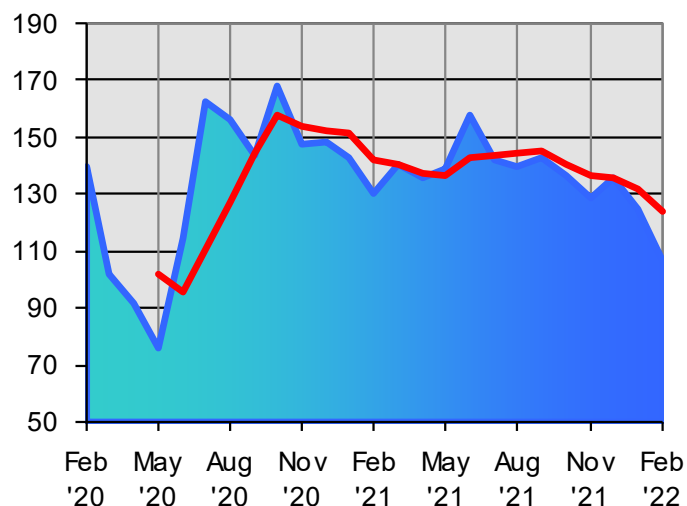
The S&P Case-Shiller Home Price Indices saw a higher year-over-year gain in January compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 17.5 percent and 19.1 percent, respectively. The National Index reported a 19.2 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 1.8. The National Index reported a seasonally adjusted increase of 1.6 percent.

Craig J. Lazzara, Managing Director at S&P DJI notes the rise in home sales, "Home price changes in February 2022 continued the strength we had observed for much of the prior month... Home price changes in January 2022 continued the strength we had observed for much of January. "Last fall we observed that home prices, although continuing to rise quite sharply, had

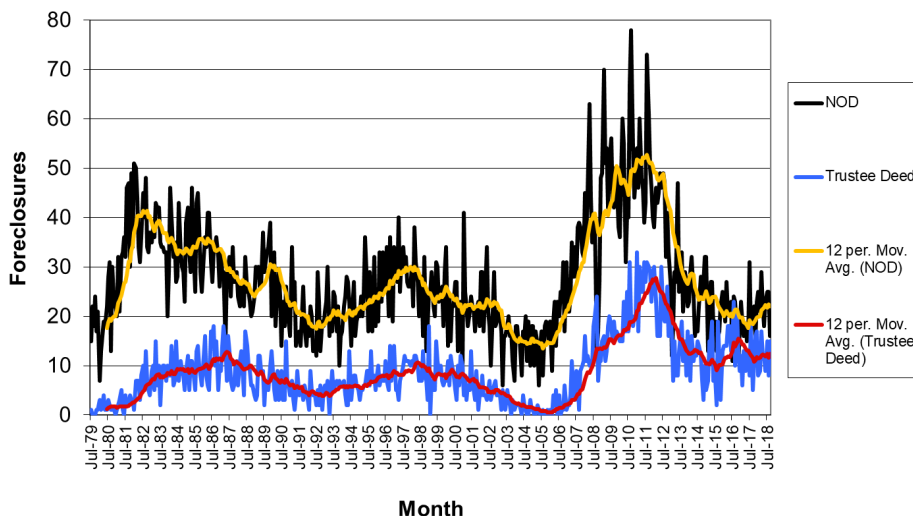
begun to decelerate. Even that modest deceleration was on pause in January. The macroeconomic environment is evolving rapidly. Declining COVID cases and a resumption of general economic activity has stoked inflation, and the Federal Reserve has begun to increase interest rates in response. We may soon begin to see the impact of increasing mortgage rates on home prices"

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of February 24, was 3.89 percent, up from 3.51 on January 27. The average 15-year fixed-rate mortgage was 3.14 percent at the end of February, up from 2.77.

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.

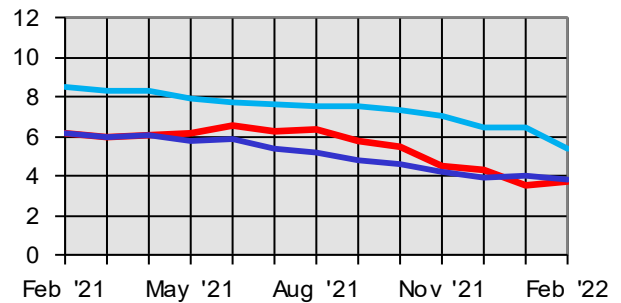
The Total County Employment Index decreased 1.7 percent to a value of 106.0. The seasonally adjusted unemployment rate in Humboldt County increased from 3.5 percent to 3.7 percent. The seasonally adjusted unemployment rate in California decreased from 6.5 percent to 5.4 percent. The seasonally adjusted national unemployment rate decreased 4.0 to 3.8 percent.

The Employment Development Department of California indicated that in February Humboldt County's estimate of total employment rose to 1,000 individuals to a total of 57,000. Humboldt County's total unemployment decreased by 400 individuals to a total of 2,600.

In the Labor Department's February report, total nonfarm payroll employment rose by 678,000. National employment in leisure and hospitality, professional and business services, healthcare, construction, transportation and warehousing, retail trade manufacturing, financial activities, wholesale, and mining

all rose in February. Employment in information and government showed little month-over-month change. Leisure and hospitality had a gain of 179,000 jobs, professional and business services added 95,000 jobs, health care rose by 64,000, construction added 60,000, transportation and warehousing increased by 48,000, retail trade rose by 37,000, manufacturing added 36,000 jobs, employment in financial activities rose by 35,000, wholesale trade added 18,000, and mining employment rose by 9,000.

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 decreased 0.9 percent in February to a new value of 119.8. This month's Index value is 14.3 percent higher than the value for this time last year. The 4-month moving average rose 5.7 percent to a current value of 112.7.

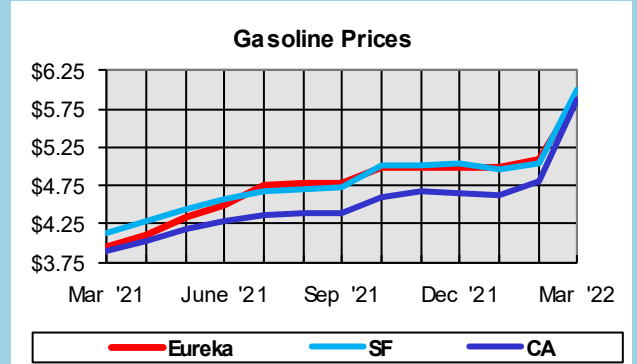
Gasoline Prices

California's average gas price rose in March to \$5.88, a \$1.08 increase from the previous month. Northern California's average price increased 95 cents to a new average of \$5.99, while Eureka's average gas price rose by 81 cents to a new average of \$5.90. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.05 per gallon in 1982-84 dollars.

In response to unprecedented spikes in gasoline prices due to Russia's invasion of Ukraine the past month, many state governments have begun to introduce 'gas-tax holidays'; although California is not one of them, it is notably holding the highest gas prices nationwide. While experts say this can make gasoline more accessible to some, especially those living in clustered states like Maryland, it is not a permanent solution. The national average peaked at \$4.33 before beginning to drop as the month progressed. Experts worry that the fear of international conflicts have increased demand in the United States and will thus push short-run symptoms to have long-lasting consequences. Prices are plateauing, though, mostly due to OPEC's stance that they will not raise prices in the near future.

Gas Prices		
Prices as of 3/ 31/ 2022	Average price*	Change from previous month
Eureka	\$5.90	-\$0.03
Northern California	\$5.99	-\$0.07
California	\$5.88	-\$0.03

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



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 in February to a seasonally adjusted Index value of 100.7, up 10.7 percent from the previous month's value of 91.0. Manufacturing employment increased to 2,500 individuals, according to the Employment Development Department.

The Institute for Supply Management reports that in February economic activity in the manufacturing sector expanded, while the overall economy grew for the 21st 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 February rose 1.0 percentage points to 58.6 percent.

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

The New Export Orders Index rose 3.4 percentage points to 57.1 percent. This is the 20th 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: Textile Mills; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Plastics & Rubber Products; Fabricated Metal Products; Chemical Products; Miscellaneous Manufacturing; and Machinery.

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.

In February, the Electricity Index fell 10.4 percent to a new value of 103.0. The current value is 4.1 percent lower than the value of this time last year.

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 fell 1.9 percent in February to a new value of 142.0, down 6.7 percent from the value for this time last year. The 4-month moving average rose 2.0 percent to a new value of 139.4.

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 February from 111.2 to 110.5. The Expectations Index decreased from 88.8 to 87.5, and the Present Situation Index increased from 144.5 to 145.1.

"Consumer confidence was down slightly for a second consecutive month in February," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index improved a touch, suggesting the economy continued to expand in Q1 but did not gain momentum. Expectations about short-term growth prospects weakened further, pointing to a likely moderation in growth over the first half of 2022. Meanwhile, the proportion of consumers planning to purchase homes, automobiles, major appliances, and vacations over the next six months all fell. "Concerns about inflation rose again in February, after posting back-to-back declines. Despite this reversal, consumers remain relatively confident about short-term growth prospects."

The percentage of consumers expecting business conditions to improve over the next six months fell from 23.6 percent to 23.4 percent, while the percentage of consumers expecting business conditions to worsen fell from 19.7 percent to 18.1 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*

Cited References:

Bureau of Labor Statistics - Case-Shiller Home Price Indices
The Conference Board - Employment Development Department (CA)
Freddie Mac - Humboldt Association of Realtors
Institute for Supply Management – Car and Driver

Layout & Design: Matt Hawk

Contact Info: Erick Eschker can be contacted at ee3@humboldt.edu

www.humboldt.edu/econindex

Copyright © 2022 Erick Eschker.