

Humboldt Economic Index

November 2021

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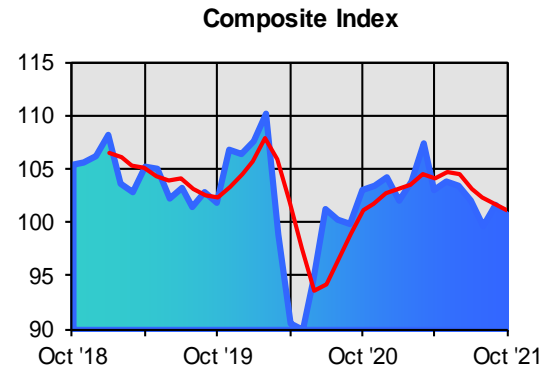
Current and Leading Indicators Both Mixed

The Composite Index fell to 100.8 in October, down 0.9 percent from the previous month. The Composite Index is down 2.2 percent from this time last year. This month the Retail Sales and Employment Indices fell, while the Hospitality and Electricity Indices rose.

The Index of Home Sales fell to 136.6, down 4.1 percent from the previous month, and down 18.7 percent from this time last year. The median home price fell from \$430,000 to \$420,000.

Leading Indicators are mixed in October. Unemployment Claims are down, while Building Permits and Help Wanted Advertising are up.

The seasonally adjusted unemployment rate in Humboldt County decreased from 5.7 percent to 5.4 percent. The seasonally adjusted unemployment rate in California decreased from 7.5 percent to 7.3 percent. The seasonally adjusted



national unemployment rate decreased from 4.8 percent to 4.6 percent.

The average price per gallon of gas in California increased from \$4.59 to \$4.68. Northern California's average increased slightly from \$5.01 to \$5.02. Eureka's average remained constant at \$4.99.

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	100.8	-0.9	-2.2	-2.3	1.3
Home Sales	136.6	-4.1	-18.7	17.8	63.6
Retail Sales	131.2	-7.0	-1.1	-9.6	-6.3
Hospitality	98.0	4.0	-0.7	0.2	16.9
Electricity	108.3	5.5	-0.1	0.4	-22.6
Employment	104.2	-0.6	0.7	-4.1	5.9
Lumber*	26.3	0.0	0.0	0.0	-33.7
Manufacturing**	99.0	5.9	-4.2	-	-

* 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

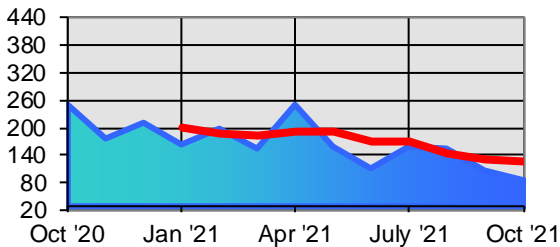
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-17.3%	29.8%	10.6%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$420,000	\$ 2,257	3.250%	5.4%
* 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.			

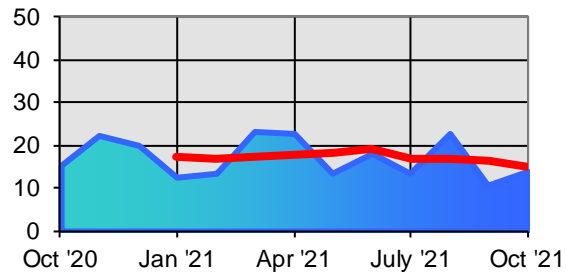
Unemployment Claims fell 17.3 percent to a new Index value of 87.2. The current value is 65.0 percent lower than the value for this time last year. The 4-month moving average fell 4.5 percent to a new average of 126.8.

Index of Claims for Unemployment Insurance



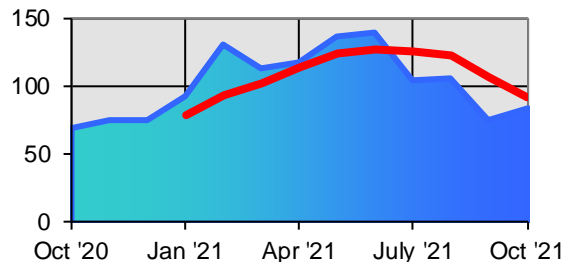
Building Permits rose 29.8 percent to a new Index value of 14.0. The current value is 9.1 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising rose 10.6 percent to a new Index value of 83.8. The current value is 19.8 percent higher than the value for this time last year. The 3-month moving average fell 7.2 percent to a new value of 88.6. In October there were 393 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 fell 4.1 percent in October to a new value of 136.6. The present Index value is 18.7 percent lower than the value for this time last year. The 4-month moving average fell by 3.6 percent to a new value of 140.1. The country's median home price decreased from \$430,000 to \$420,000. In comparison, the median home price this time last year was \$375,810.

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 2-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 September compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 17.8 percent and 19.1 percent, respectively. The National Index reported a 19.5 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 0.8 percent and 1.0 percent, respectively. The National Index reported a seasonally adjusted increase of 1.2 percent.

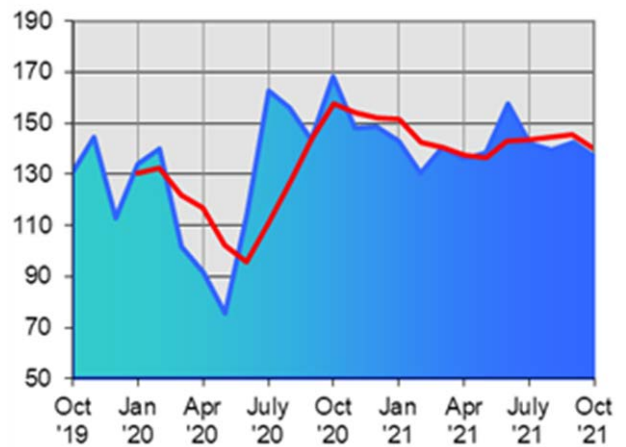
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices commented on the decelerating housing prices. "Housing prices continued to show remarkable strength in September, though the pace of price increases declined slightly... This month, however, the

rate of price growth began to decline, as each of our three composites rose less in September than in August.

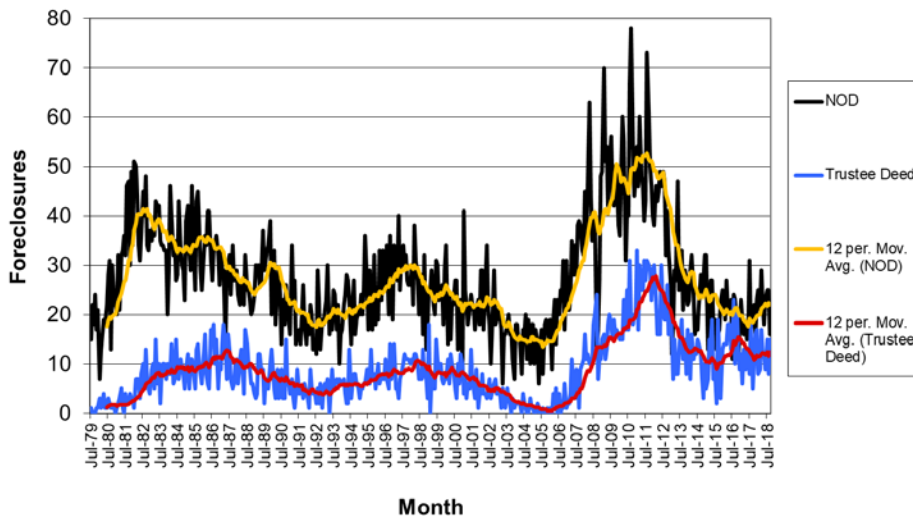
"We also saw very strong price growth at the city level. All 20 cities saw price increases in September, and all 20 cities stand at their all-time highs. September's price increase ranked in the top quintile of historical experience for all 20 cities, and in the top decile for 17 of them. That said, in 14 of 20 cities, prices decelerated – i.e., increased by less in September than in August."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of October 21, was 3.09 percent, up from 2.88 on September 23. The average 15-year fixed-rate mortgage was 2.33 percent at the end of October, up from 2.15 at the end of September.

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.

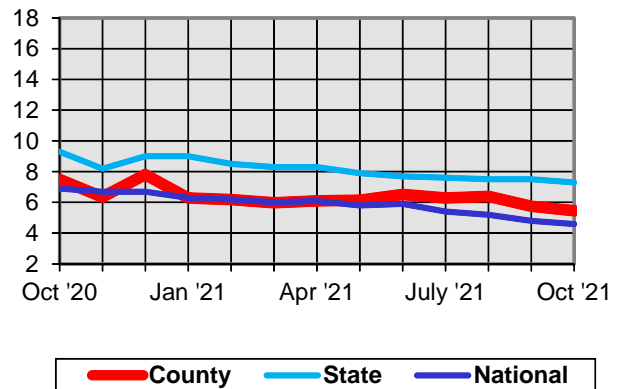
The Total County Employment Index decreased 0.6 percent to a value of 104.2. The seasonally adjusted unemployment rate in Humboldt County decreased from 5.7 percent to 5.4 percent. The seasonally adjusted unemployment rate in California decreased from 7.5 percent to 7.3 percent. The seasonally adjusted national unemployment rate decreased from 4.8 percent to 4.6 percent.

The Employment Development Department of California indicated that in October Humboldt County's estimate of total employment rose by 200 individuals to a total of 57,800. Humboldt County's total unemployment decreased by 100 individuals to a total of 2,900.

In the Labor Department's October report, total nonfarm payroll employment rose by 531,000. National employment added 164,000 jobs in leisure and hospitality, 100,000 in professional and business services, 60,000 in manufacturing, 54,000 in

transportation and warehousing, 44,000 in construction, 37,000 in health care, 35,000 in retail trade, 33,000 in other services, 21,000 in financial activities, and 14,000 in wholesale trade. Mining and information changed little. Local and state government education both lost jobs, and private education gained 17,000 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 increased 4.0 percent in October to a new value of 98.0. This month's Index value is 0.7 percent lower than the value for this time last year. The 4-month moving average fell 1.1 percent to a current value of 93.6.

Gasoline Prices

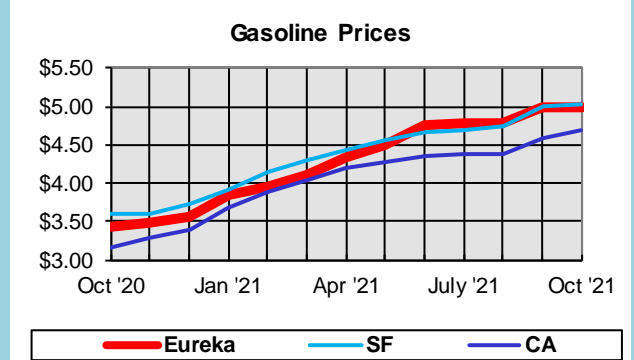
California's average gas price rose in October to \$4.68, a 9-cent increase from the previous month. Northern California's average price increased 1 cent to a new average of \$5.02, while Eureka's average gas price remained unchanged at \$4.99. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.30 per gallon in 1982-84 dollars.

Amid growing concerns about the Omicron variant, crude oil prices experienced their deepest downturn since April 2020 and fuel experts are concerned about a plummet in fuel sales and air-travel. The average cost of gasoline at the pump is forecasted to fall below \$3 per gallon at the national level.

Omicron's timing has effectively undone President Biden's efforts to reduce the gap between wholesale and retail prices by extracting national oil reserves to lower the cost at the pumps. Following the first wave of the pandemic in March 2020, both Russian and Saudi Arabian governments overwhelmed the market with barrels of oil, raising the difference between retail and wholesale prices to \$1.64. That time, the spread did not return to normal for two months.

Gas Prices		
Prices as of 11/30/2021	Average price*	Change from previous month
Eureka	\$4.99	\$0.00
Northern California	\$5.02	\$0.01
California	\$4.68	\$0.09

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



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 October to a seasonally adjusted Index value of 99.0, up 5.9 percent from the previous month's value of 93.4. Manufacturing employment decreased from 2300 to 2200 individuals in October, according to the Employment Development Department.

The Institute for Supply Management reports that in October economic activity in the manufacturing sector expanded, while the overall economy grew for the 17th 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 October fell 0.3 percentage point to 60.8 percent.

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

The New Export Orders Index rose 1.2 percentage points to 54.6 percent. This is the 16th 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.

Ten industries reported growth in new export orders in the following order: Furniture & Related Products; Paper Products; Primary Metals; Miscellaneous Manufacturing; Fabricated Metal Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; Chemical Products; and Transportation Equipment. The only industry reporting a decrease in new export orders in October is Plastics & Rubber Products.

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 October, the Electricity Index rose 5.5 percent to a new value of 108.3. The current value is 0.1 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 7.0 percent in October to a new value of 131.2, down 1.1 percent from the value for this time last year. The 4-month moving average fell 1.7 percent to a new value of 137.0.

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 October from 109.8 to 113.8. The Expectations Index increased from 91.3 from 86.7, and the Present Situation Index increased from 144.3 to 147.4

"Consumer confidence improved in October, reversing a three-month downward trend as concerns about the spread of the Delta variant eased," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "While short-term inflation concerns rose to a 13-year high, the impact on confidence was muted. The proportion of consumers planning to purchase homes, automobiles, and major appliances all increased in October—a sign that consumer spending will continue to support economic growth through the final months of 2021. Likewise, nearly half of respondents (47.6%) said they intend to take a vacation within the next six months—the highest level since February 2020, a reflection of the ongoing resurgence in consumers' willingness to travel and spend on in-person services."

The percentage of consumers expecting business conditions to improve over the next six months rose from 21.7 percent to 24.3 percent, while the percentage of consumers expecting business conditions to worsen rose from 17.6 percent to 21.1 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*

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