

Humboldt Economic Index

October 2021

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Leading indicators decline, gas prices reach record high

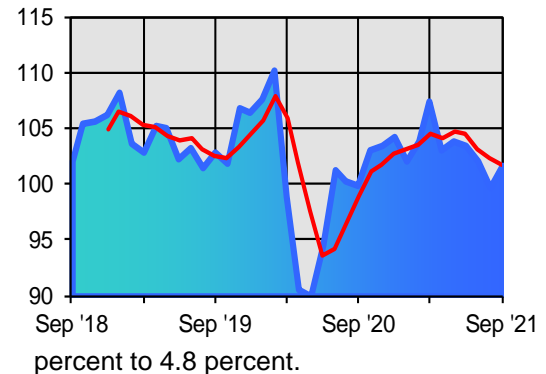
The Composite Index rose to 101.7 in September, up 2.1 percent from the previous month. The Composite Index is up 1.9 percent from this time last year. This month the Retail Sales, Employment, and Hospitality Indices rose, while the Electricity Index fell.

The Index of Home Sales rose to 142.4, up 2.2 percent from the previous month, and down 0.8 percent from this time last year. The median home price increased from \$405,000 in August to \$430,000 in September.

Leading Indicators are all down in September. Unemployment Claims, Building Permits and Help Wanted Advertising are all down.

The seasonally adjusted unemployment rate in Humboldt County decreased from 6.4 percent to 5.7 percent. The seasonally adjusted unemployment rate in California remained at 7.5 percent. The seasonally adjusted national unemployment rate decreased from 5.2

Composite Index



percent to 4.8 percent.

The average price per gallon of gas in California increased from \$4.39 to \$4.59. Northern California's average increased from \$4.74 to \$5.01. Eureka's average increased from \$4.78 to \$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	101.7	2.1	1.9	-3.3	0.9
Home Sales	142.4	2.2	-0.8	12.9	57.8
Retail Sales	141.1	5.0	1.2	-6.2	-4.8
Hospitality	94.2	6.4	0.8	-3.2	3.5
Electricity	102.6	-3.4	-2.3	-7.4	-17.4
Employment	104.8	1.1	4.7	-4.2	6.3
Lumber*	26.3	0.0	0.0	0.0	-39.2
Manufacturing**	93.4	-1.8	-11.4	-	-

* 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

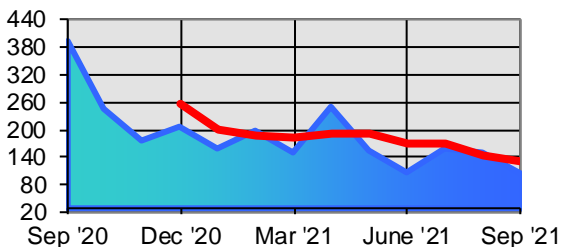
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
0.0%	-31.7%	-52.8%	-28.7%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$430,000	\$ 2,411	3.125%	5.7%
* 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.			

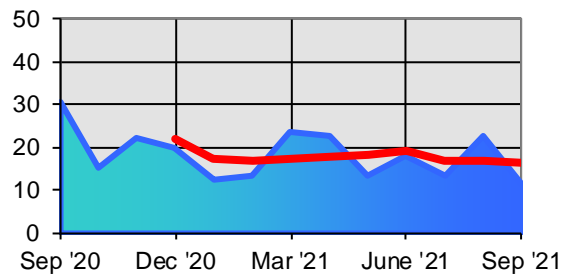
Unemployment Claims fell 31.7 percent to a new Index value of 105.4. The current value is 73.5 percent lower than the value for this time last year. The 3-month moving average fell 9 percent to a new average of 132.7.

Index of Claims for Unemployment Insurance



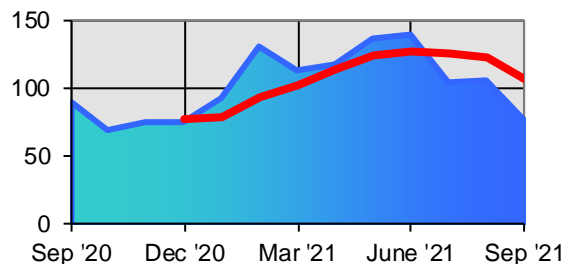
Building Permits fell 52.8 percent to a new Index value of 10.8. The current value is 65.0 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 23.7 percent to a new Index value of 75.7. The current value is 16.4 percent lower than the value for this time last year. The 3-month moving average fell 18.4 percent to a new value of 95.4. In September there were 387 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 September fell 2.2 percent to a new value of 142.4. The present Index value is 0.8 percent lower than the value for this time last year. The 4-month moving average fell by 0.7 percent to a new value of 145.3. The country's median home price increased from \$405,000 to \$430,000 in September. In comparison, the median home price this time last year was \$345,000.

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 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.

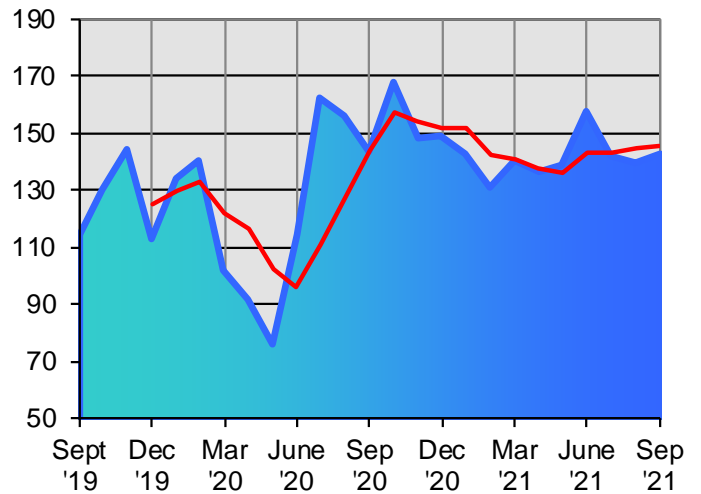
The S&P Case-Shiller Home Price Indices saw constant year-over-year gains in August, with the National Index reporting year-over-gains of 19.8 percent, the same as in July. The 10-City and 20-City Composites reported year-over-year gains of 18.6 percent and 19.7 percent, respectively, over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month gains of 0.9 percent and 1.2 percent, respectively. The National Index reported a seasonally adjusted increase of 1.4 percent.

Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, remarked, "Every one of our city and composite indices stands at its all-time high, and year-over-year price growth continues to be very strong, although moderating somewhat from last month's levels. In August

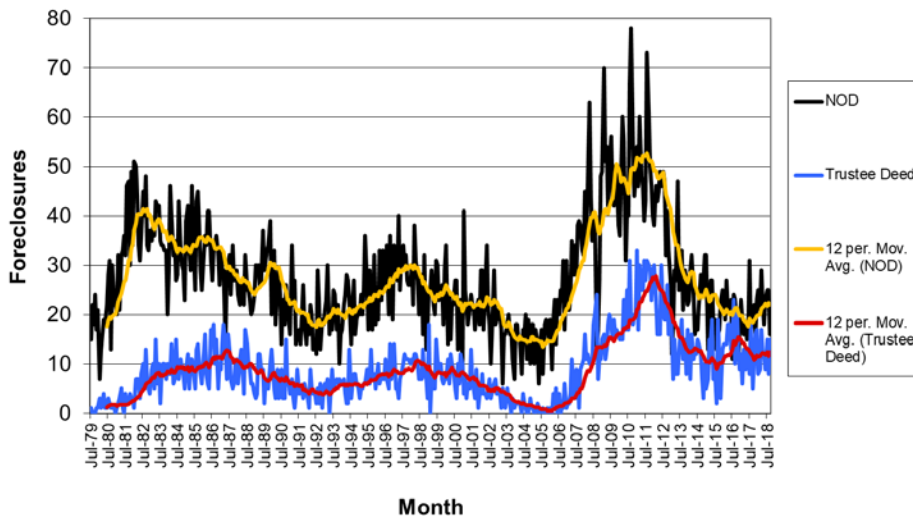
2021, the National Composite Index rose 19.84% from year-ago levels, marginally ahead of July's 19.75% increase. This slowing acceleration was also evident in our 10- and 20-City Composites, which rose 18.6% and 19.7% respectively, modestly less than their rates of gain in July. Price gains were once again broadly distributed, as all 20 cities rose, although in most cases at a slower rate than had been the case a month ago."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of September 30, was 3.01 percent, up from 2.87 percent on August 26. The average 15-year fixed-rate mortgage was 2.28 percent at the end of September, up from 2.17 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.

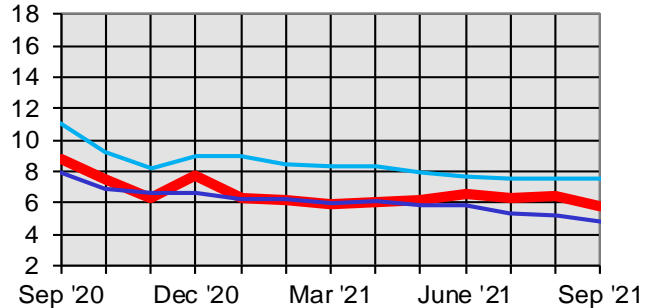
The Total County Employment Index increased 1.1 percent to a new Index value of 104.8 in September. The seasonally adjusted unemployment rate in Humboldt County decreased from 6.4 percent to 5.7 percent. The seasonally adjusted unemployment rate in California remained at 7.5 percent. The seasonally adjusted national unemployment rate decreased from 5.2 percent to 4.8 percent.

The Employment Development Department of California indicated that in September Humboldt County's estimate of total employment rose by 1,400 individuals to a total of 57,600. Humboldt County's total unemployment decreased from 3,700 individuals in August to an estimated 3,000 individuals in September.

In the Labor Department's September report, total nonfarm payroll employment rose by 194,000. Notable

job gains occurred in leisure and hospitality (+74,000), professional and business services (+60,000), retail trade (+56,000), and transportation and warehousing (+47,000). Employment in the information industry, social assistance, manufacturing construction, wholesale trade and mining saw smaller gains. Public sector education lost 144,000 jobs. Healthcare and private education saw minimal losses, and financial activities showed little change.

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 6.4 percent in September to a new value of 94.2. This month's Index value is 0.8 percent higher than the value for this time last year. The 4-month moving average fell 3.8 percent to a current Index value of 94.6.

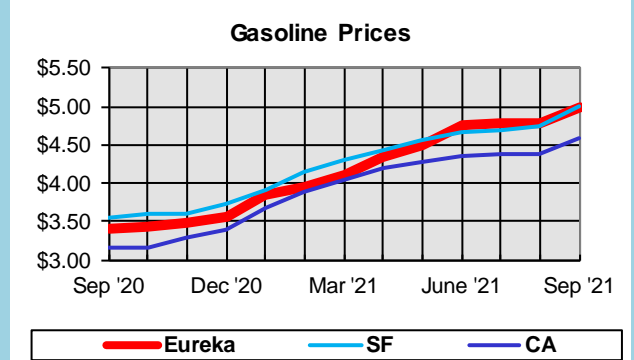
Gasoline Prices

California's average gas price rose significantly in September to \$4.59, up 20 cents from the previous month. Northern California's average price increased 27 cents to a new average of \$5.01, while Eureka's average gas price increase by 21 cents to a new average of \$4.99. When we adjust for inflation, the "real price" of gasoline in Eureka was \$3.33 per gallon in 1982-84 dollars, the highest inflation-adjust average gas price recorded since May 2014.

Gas prices in California have reached their highest levels since 2012 and are even higher in the northern part of the state. A fire near the Wilmington oil refinery in Los Angeles may have pushed prices in California slightly higher than they would have been otherwise, but gas prices have also been rising across the nation because of high crude oil prices between \$82 and \$84 per barrel. A combination of global factors has driven the price of crude up, including rebounding demand after the pandemic, as well as a natural gas shortage in Europe and low coal inventory in China which have led other countries to demand crude oil to supplement their energy needs.

Gas Prices		
Prices as of 10/31/2021	Average price*	Change from previous month
Eureka	\$4.99	\$0.21
Northern California	\$5.01	\$0.27
California	\$4.59	\$0.20

* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey (www.csaa.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 contracted in September to a seasonally adjusted Index value of 93.4, down 1.8 percent from the previous month's value of 95.2. Manufacturing employment remained at 2,300 individuals for the third consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in September, economic activity in the manufacturing sector expanded, while the overall economy grew for the 16th 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 rose 1.2 percentage points to 61.1 percent in September.

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

The New Export Orders Index fell 3.2 percentage points to 53.4 percent. This is the 15th 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.

Seven industries reported growth in new export orders in the following order: Paper Products; Primary Metals; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; Chemical Products; Computer & Electronic Products; and Machinery. The three industries that decreased are Plastics & Rubber Products; Fabricated Metal Products; and Transportation Equipment.

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 September, the Electricity Index fell 3.4 percent to a new value of 102.6. The current value is 2.3 percent lower than the value for 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 rose 5.0 percent in September to a new value of 141.1, up 1.2 percent from the value for this time last year. The 4-month moving average fell 0.4 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 fell to a seven-month low, decreasing from 115.2 in August to 109.3 in September. The Expectations Index decreased from 92.8 to 86.6, and the Present Situation Index decreased from 148.9 to 143.4.

"Consumer confidence dropped in September as the spread of the Delta variant continued to dampen optimism," said Lynn Franco, senior director of economic indicators at the Conference Board. "Concerns about the state of the economy and short-term growth prospects deepened, while spending intentions for homes, autos, and major appliances all retreated again. Short-term inflation concerns eased somewhat, but remain elevated. Consumer confidence is still high by historical levels – enough to support further growth in the near-term – but the Index has now fallen 19.6 points from the recent peak of 128.9 reached in June. These back-to-back declines suggest consumers have grown more cautious and are likely to curtail spending going forward."

The percentage of consumers expecting business conditions to improve over the next six months rose from 23.4 percent to 21.5 percent, while the percentage of consumers expecting business conditions to worsen rose slightly from 17.4 percent to 17.6 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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