

Humboldt Economic Index

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October 2024

Consumers Lose Confidence as Job Market Slows

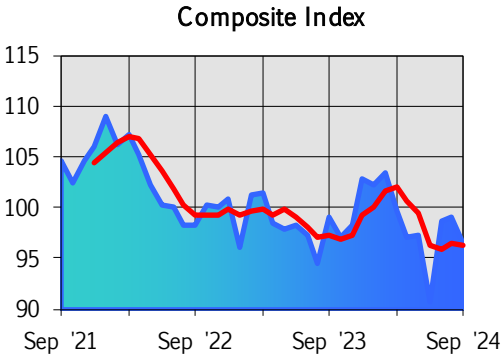
The Composite Index fell to 96.4, down 2.7 points from the previous month. The Composite Index is down 2.6 points from this time last year. This month all Index components fell except for Hospitality.

The Index of Home Sales has dipped 5.7 points to a new value of 104.4 in September. This is 3.2 points higher than September 2023.

Leading Indicators are mixed in September. Unemployment Claims, Building Permits and Manufacturing Orders are all down.

The seasonally adjusted unemployment rate in Humboldt County decreased from 6.0 percent to 5.5 percent. The seasonally adjusted unemployment rate in California remained at 5.3 percent. The national unemployment rate also decreased to 4.1 percent.

California gas prices decreased from \$4.61 to \$4.52. Northern California's average fell from \$5.07 to



\$4.90. Eureka's average gas price per gallon decreased from \$5.39 to \$5.06.

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					
		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	96.4	-2.7	-2.6	-8.3	-3.7
Home Sales	104.4	-5.7	3.2	-8.6	10.3
Retail Sales	146.2	-14.0	-3.2	-8.5	-11.8
Hospitality	85.5	7.4	-9.2	-3.3	-10.0
Electricity	80.4	-5.6	-8.1	-21.4	-22.9
Employment	103.1	-1.2	0.2	-7.3	8.2
Lumber*	26.3				
Manufacturing**	174.9			-	-
* 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
N/A	-16.1%	-14.1%	-19.2%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics

Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$426,000	\$ 2,166	6.50%	5.5%

* 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.

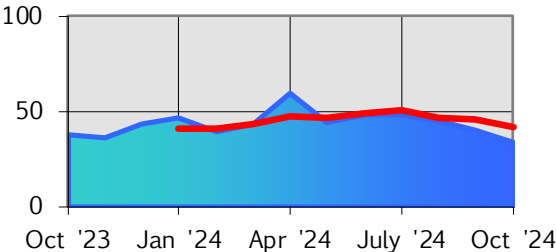
** Average rent on 2, 3 and 4 bedroom houses listed in the Times Standard.

† 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 decreased 16.1 points to a new Index value of 33.4. The Unemployment Claims Index was 37.4 in October 2023, 9.8 percent lower than the present value. The 4-month moving average fell 15.4 points to 50.6.

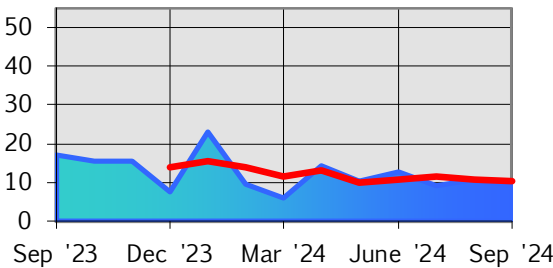
Index of Claims for Unemployment Insurance



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.

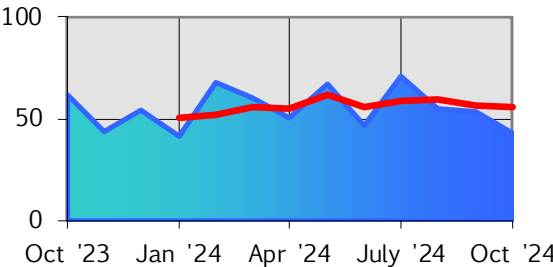
Building Permits fell 14.1 points to a new index value of 9.2. The current value is 45.5 points higher than the September 2023 value.

Index of Building Permits Issued



Help Wanted Advertising stands at an Index value of 43.2, down 19.2 points from last month. The three month moving average is at 36.7, down 9.9 percent from the previous moving average. In October there were 221 unique job postings on Craigslist.

Index of Help Wanted Advertising



Manufacturing Orders are not available this month.

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 2024 fell to 104.4 and the median home price fell to \$426,000, down from \$429,950.

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.

The S&P Case-Shiller Home Price Indices saw a slightly lower year-over-year gain in September compared to August. The 10-City and 20-City Composites reported year-over-year gains of 6.0 percent and 5.2 percent, respectively. The National Index reported a 4.2 percent annual gain over the same period. After seasonal adjustment, the 10-City Composite and the 20-City Composite posted a 0.3 and 0.4 month-over-month percent change, respectively. The National Index reported a seasonally adjusted increase of 0.3 percent.

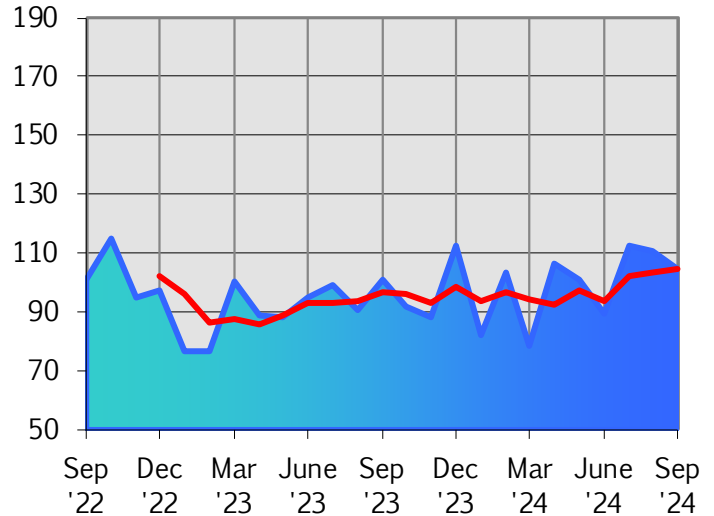
Brian D. Luke, CFA, Head of Commodities, Real & Digital Assets, notes, "Home price growth is beginning to show signs of strain, recording the slowest annual gain since mortgage rates peaked in 2023.

"As students went back to school, home price shoppers appeared less willing to push the index higher than in the summer months. Prices continue to decelerate for the past six months, pushing appreciation rates below their long-run average of 4.8%. After smoothing for seasonality in the data, home prices continued to reach all-time highs, for the 15th month in a

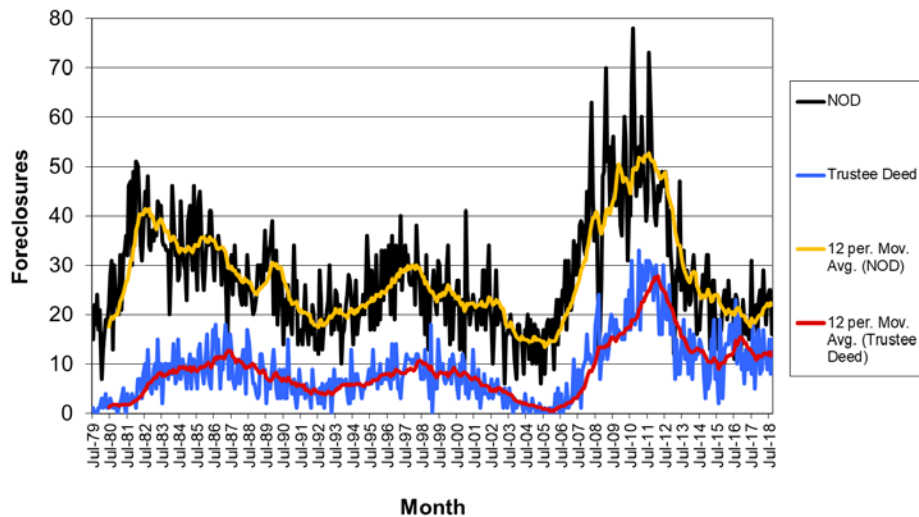
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The Freddie Mac index indicated that, as of September 26, the 30-year fixed-rate mortgage dipped to 6.08 from 6.35 at the beginning of the month. The 15-year fixed-rate mortgage similarly fell to 5.16 from September 5th.

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.

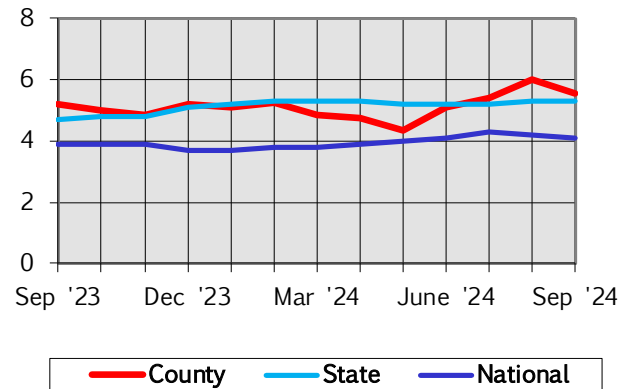
The Total County Employment Index increased 2.7 points to a value of 105.9. The seasonally adjusted unemployment rate for Humboldt County decreased from 6.0 percent to 5.5 percent. The unemployment rate for California remained at 5.3 percent. The national unemployment rate fell from 4.2 to 4.1 percent.

The Employment Development Department of California indicated that in September Humboldt County's number of total employment rose by 2,300 individuals to a total of 58,200. Humboldt County's total unemployment decreased from 3,400 individuals in August to an estimated 3,000 individuals in September.

In the Labor Department's September report, total nonfarm payroll employment rose by 245,000. National employment in food services and drinking places rose by 69,000 positions, health care employment rose by 45,000, government employment grew by 31,000, and construction added 25,000 positions. Employment showed little change over the month in other major

industries, including mining, quarrying, and oil and gas extraction; manufacturing; wholesale trade; retail trade; transportation and warehousing; information; financial activities; professional and business services; and other services.

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 rose to 85.5 this month. This month's index value represents a 9.2 point decrease from this time last year.

Gasoline Prices

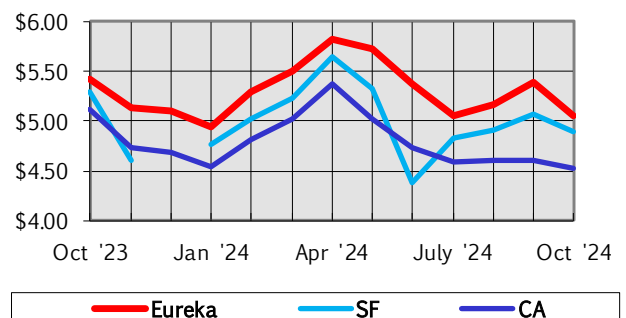
California gas prices decreased from \$4.61 to \$4.52. Northern California's average fell from \$5.07 to \$4.90. Eureka's average gas price per gallon decreased from \$5.39 to \$5.06.

Reports from late October indicate continuously falling prices at the pumps. Many experts point to Israel's failure to target Iranian oil refineries and shipment centers as the cause for this. Across the Pacific Northwest, averages are the lowest they have been in the calendar year or almost reaching those record lows. Nationally, the price for crude oil has fallen below the \$70/barrel benchmark. "Gas prices are falling in most states this week, driven by lower crude oil prices and the usual seasonal factors of lower demand and less expensive winter-blend fuel. AAA expects pump prices to keep dropping if crude prices remain low," says Marie Dodds, public affairs director for AAA Oregon/Idaho.

Gas Prices		
Prices as of 11/1/2024	Average price*	Change from previous month
Eureka	\$5.06	-\$0.33
Northern California	\$4.90	-\$0.17
California	\$4.52	-\$0.09

* 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 employment remained at 2,100 individuals for the 17th month, according to the Employment Development Department.

The Institute for Supply Management reports that in September economic activity in the manufacturing sector contracted for the sixth 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 September is 47.2, matching the figure recorded in August.

Nationally, five manufacturing industries reported growth in September are: Petroleum & Coal Products; Food, Beverage & Tobacco Products; Textile Mills; Furniture & Related Products; and Miscellaneous Manufacturing. The 13 industries reporting contraction in September — in the following order — are: Printing & Related Support Activities; Plastics & Rubber Products; Wood Products; Apparel, Leather & Allied Products; Primary Metals; Transportation Equipment; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Paper Products; Machinery; Chemical Products; Fabricated Metal Products; and Computer & Electronic Products.

The New Export Orders Index for September is 45.3 percent, down 3.3 percent from last month's figure. 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. The two industries reporting growth in new export orders in September are: Fabricated Metal Products; and Food, Beverage & Tobacco Products. The nine industries reporting a decrease in new export orders in September — in the following order — are: Wood Products; Printing & Related Support Activities; Paper Products; Plastics & Rubber Products; Transportation Equipment; Primary Metals; Miscellaneous Manufacturing; Machinery; and Electrical Equipment, Appliances & Components.

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.

The energy index fell 5.6 points to a new value of 80.4 in September. This value is 6.1 points less 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 is reporting a value of 146.2 for September, a decrease of 14.0 points from the value of 170.0 in August. The most recent value is 3.2 points lower than September 2023. The 4-month moving average is up by 1.4 points with a new value of 143.6.

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 September by 6.9 points to a current index value of 98.7. The Expectations Index decreased 4.6 points to a new value of 81.7, and the Present Situation Index fell by 10.3 points to 124.3.

Dana M. Peterson, Chief Economist at The Conference Board, says "Consumer confidence dropped in September to near the bottom of the narrow range that has prevailed over the past two years. September's decline was the largest since August 2021 and all five components of the Index deteriorated. Consumers' assessments of current business conditions turned negative while views of the current labor market situation softened further. Consumers were also more pessimistic about future labor market conditions and less positive about future business conditions and future income.

"The deterioration across the Index's main components likely reflected consumers concerns about the labor market and reactions to fewer hours, slower payroll increases, fewer job openings—even if the labor market remains quite healthy, with low unemployment, few layoffs and elevated wages."

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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