

# Humboldt Economic Index

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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.

September 2023

## Economy Tightens as Summer Leaves

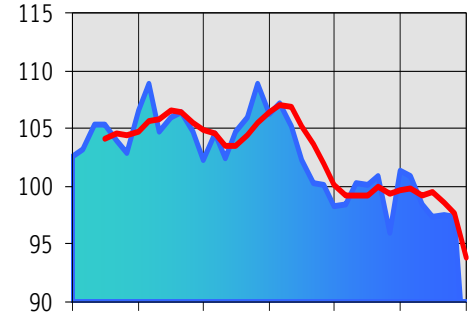
The Composite Index fell to 94.4 in August, down 3 percent from the previous month. The Composite Index is down 3.9 percent from this time last year. This month the Retail Sales, Employment, Hospitality and Home Indices all fell.

The Index of Home Sales fell to 90.9, down 8.5 percent from the previous month, and down 20.7 percent from this time last year. The median home price fell from \$465,000 to \$420,000.

Leading Indicators are mixed. Unemployment Claims, Permits are down but Unemployment and Help Wanted indices are up.

The seasonally adjusted unemployment rate in Humboldt County rose from 4.5 to 5.2 percent. The seasonally adjusted unemployment rate in California remained at 4.6 percent. The seasonally adjusted national unemployment rate remained at 3.8 percent.

Composite Index



Aug '20 Aug '21 Aug '22 Aug '23

The average price per gallon of gas in California increased from \$5.25 to \$6.04. Northern California's average increased from \$5.33 to \$6.12. Eureka's average increased from \$5.58 to \$6.18.

## Composite & Sectors

Index	Value***	Percent change from			
		Last Month	One Year ago****	Five Years ago****	Ten Years ago****
<b>Composite</b>	<b>94.4</b>	<b>-3.0</b>	<b>-3.9</b>	<b>-7.8</b>	<b>-5.7</b>
Home Sales	90.9	-8.5	-20.7	-23.3	-20.7
Retail Sales	141.6	-3.5	2.0	-4.2	-11.4
Hospitality	80.9	-9.4	-4.7	-3.5	-5.2
Electricity	92.4	1.6	-6.2	-14.2	-24.0
Employment	102.9	-1.4	-3.1	-6.5	3.9
Lumber*	26.3				
Manufacturing**	N/A				

\* 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

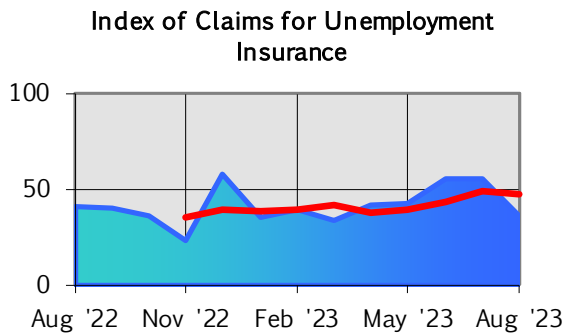
## Leading Indicators

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%	2.4%	-29.0%	25.2%
* Change from prior month. All values are seasonally adjusted.			

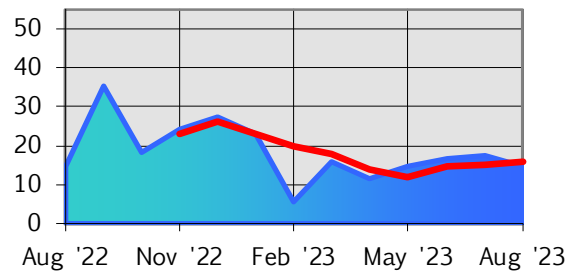
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$430,000	#REF!	7.00%	4.6%
* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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 35.4 percent to a new Index value of 35.8. The current value is 12.3 percent lower than the value for this time last year. The 4-month moving average rose 3.0 percent to a new average of 47.3.



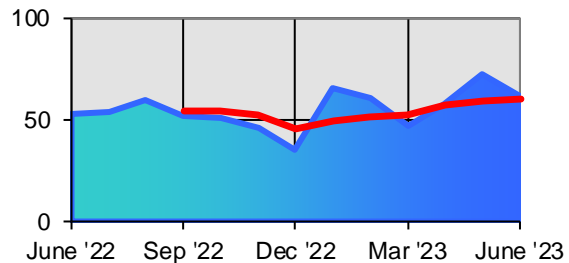
**Building Permits** fell 14.7 percent to a new Index value of 14.7. The current value the same as the value for this time last year.

**Index of Building Permits Issued**



**Help Wanted Advertising** fell 21.2 percent to a new Index value of 61.6. The current value is 2.5 percent higher than the value for this time last year. The 3-month moving average fell 5.1 percent to a new average of 67.3.

**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 August fell 8.5 percent to a new value of 90.9. The present Index value is 20.7 percent lower than the value for this time last year. The 4-month moving average rose by 0.5 percent to a new value of 93.4. The country's median home price increased from \$465,000 to \$420,000. In comparison, the median home price this time last year was \$465,000.

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 larger year-over-year gain in August compared to the previous month. The 10-City and 20-City Composites reported year-over-year increases of 0.9 and 0.1, respectively. The National Index reported a 1.0 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported year-over-year increases of 0.8 and 0.9, respectively. The National Index reported a seasonally adjusted increase of 0.6 percent.

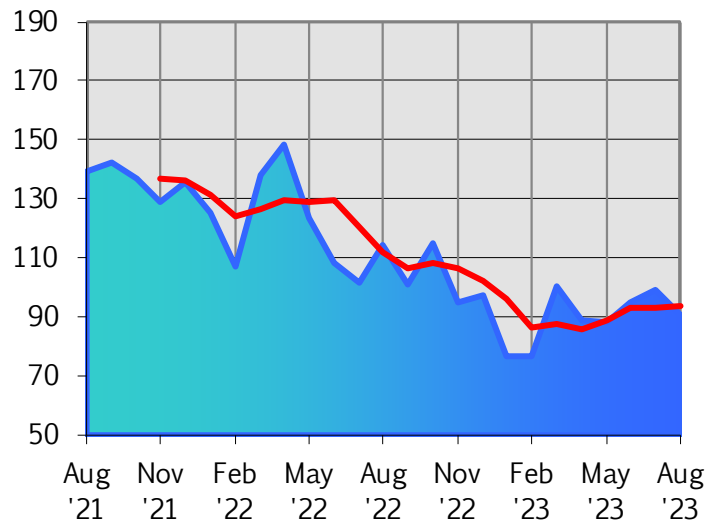
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "U.S. home prices continued to rally in July 2023.

"Our National Composite rose by 0.6% in July, and now stands 1.0% above its year-ago level. Our 10- and 20-City Composites each also rose in July 2023, and

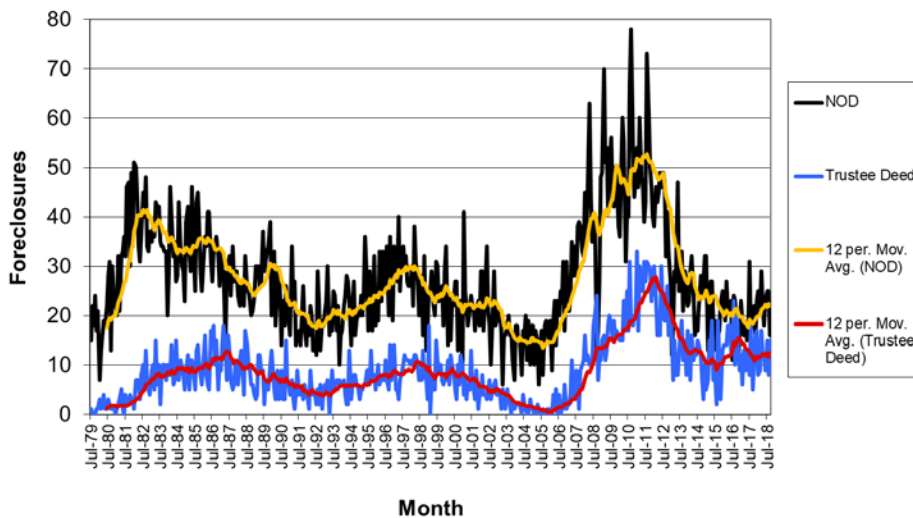
likewise stand slightly above their July 2022 levels. We have previously noted that home prices peaked in June 2022 and fell through January of 2023, declining by 5.0% in those seven months. The increase in prices that began in January has now erased the earlier decline, so that July represents a new all-time high for the National Composite. Moreover, this recovery in home prices is broadly based."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of August 31, was 7.18 percent, higher than its score of 6.91 on August 3<sup>rd</sup>. The average 15-year fixed-rate mortgage was 6.55 percent at the end of August, up from 6.22 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.

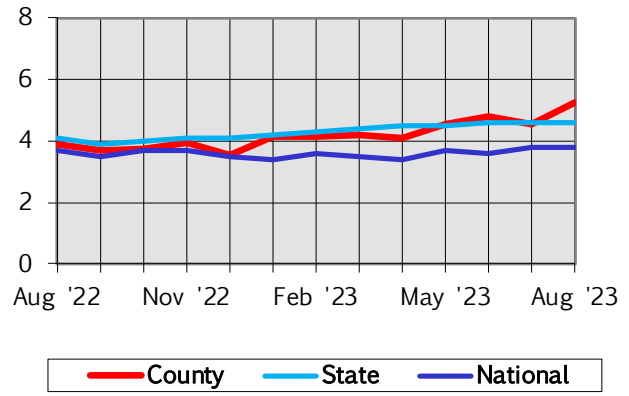
The seasonally adjusted unemployment rate in Humboldt County rose from 4.5 to 5.2 percent. The seasonally adjusted unemployment rate in California remained at 4.6 percent. The seasonally adjusted national unemployment rate remained at 3.8 percent.

The Employment Development Department of California indicated that in August Humboldt County's preliminary estimate of total employment fell by 700 individuals to a total of 55,800. Humboldt County's total unemployment increased to 2,900 individuals.

In the Labor Department's August report, total nonfarm payroll employment rose by 187,000. National healthcare employment increased by 71,000, leisure and hospitality added 40,000 jobs, social assistance added 26,000 positions, and employment in construction rose by 22,000. Employment showed little change over the month

in other major industries, including mining, quarrying, and oil and gas extraction; manufacturing; wholesale trade; retail trade; financial activities; other services; and government.

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 fell 0.1 percent to 89.4 in August. This month's Index value is 2.2 percent lower than the value for this time last year. The 4-month moving average fell 1.4 percent to a current value of 91.8.

## Gasoline Prices

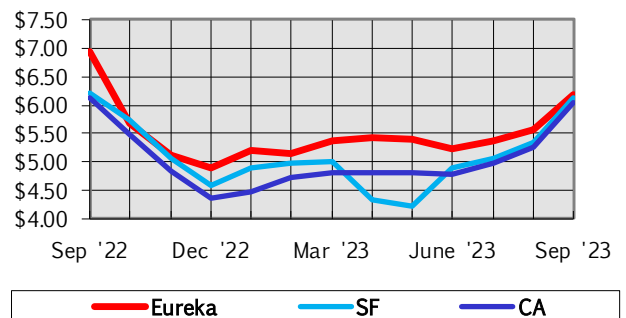
The average price per gallon of gas in California increased from \$5.25 to \$6.04. Northern California's average increased from \$5.33 to \$6.12. Eureka's average increased from \$5.58 to \$6.18.

The end of September brought on a sharp tick in gasoline prices, even a 14-cent increase over four days in the last week. California is feeling the majority of this rise with its state average rising over \$6.00. Although this does not break the all-time high of \$6.43 from June of 2022. One of the largest causes is planned and unplanned power outages at Southern California refineries, according to Patrick De Haan, head of petroleum analysis for GasBuddy. To combat California's problem, governor Gavin Newsom ordered a winter fuel mix be distributed about 10 weeks prior to its planned date. This winter fuel mix typically has lower costs, thereby helping drivers pay less at the pumps.

Gas Prices		
Prices as of 6/30/2023	Average price*	Change from previous month
Eureka	\$6.18	+\$0.60
Northern California	\$6.12	+\$0.79
California	\$6.04	+\$0.79

\* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey ([www.csa.com](http://www.csa.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 2,600 individuals for the eleventh consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in August economic activity in the manufacturing sector expanded, while the overall economy grew for the 10<sup>th</sup> 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 August rose 1.2 percentage points to 47.6 percent.

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

The New Export Orders Index rose 0.3 percentage points to 46.2 percent. This is the 10<sup>th</sup> consecutive month of contraction 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.

The two industries reporting growth in new export orders in August are: Paper Products; and Transportation Equipment. The nine industries reporting a decrease in new export orders in August — in the following order — are: Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Primary Metals; Miscellaneous Manufacturing; Plastics & Rubber Products; Computer & Electronic Products; Fabricated Metal Products; Chemical Products; 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 August, the Electricity Index rose 1.6 percent to a new value of 92.4. The current value is 6.2 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 3.5 percent in August to a new value of 141.6, up 2.0 percent from the value for this time last year. The 4-month moving average fell 1.5 percent to a new value of 146.1.

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 decreased in August from 114.0 to 106.1. The Expectations Index decreased from 88.0 to 80.2, and the Present Situation Index decreased from 153.0 to 144.8.

"Consumer confidence fell in August 2023, erasing back-to-back increases in June and July," said Dana Peterson, Chief Economist at The Conference Board.

"August's disappointing headline number reflected dips in both the current conditions and expectations indexes. Write-in responses showed that consumers were once again preoccupied with rising prices in general, and for groceries and gasoline in particular. The pullback in consumer confidence was evident across all age groups—and most notable among consumers with household incomes of \$100,000 or more, as well as those earning less than \$50,000. Confidence held relatively steady for consumers with incomes between \$50,000 and \$99,999."

"Assessments of the present situation dipped in August on receding optimism around employment conditions: fewer consumers said jobs are "plentiful" and more said jobs are "hard to get."

The percentage of consumers expecting business conditions to improve over the next six months fell from 17.1 to 16.2 while the percentage of consumers expecting business conditions to worsen rose from 14.5 to 16.8.

## 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

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**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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