

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.

February 2023

New Year Brings Dip in Humboldt Economy

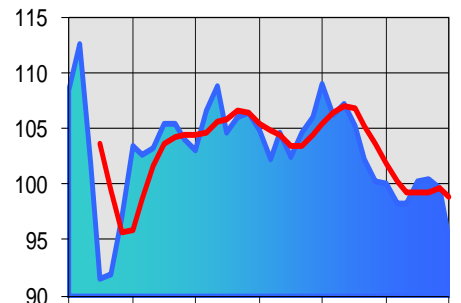
The Composite Index fell to 95.4 in December, down 4.3 percent from the previous month. The Composite Index is down 12.4 percent from this time last year.

The Index of Home Sales fell to 76.5, down 21.6 percent from the previous month, and down 38.8 percent from this time last year. The median home price rose from \$388,750 to \$392,500.

We have updated graphs on our Index Real Estate page. The last time home sales were this low was in May 2020, with the Covid lockdowns. Before that, we had similar low sales between 2007 and 2011, which was during the historic housing crash after the housing bubble. Seasonally adjusted housing sales surged to historic levels during the summer of 2020, after Covid lockdowns were lifted.

If you adjust for inflation, the real median selling price over the last two

Composite Index



months is back to levels last seen during summer of 2020.

The average price per gallon of gas in California increased from \$4.47 to \$4.72. Northern California's average increased from \$4.88 to \$4.99. Eureka's average decreased from \$5.19 to \$5.15.

Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	95.4	-4.3	-12.4	-9.7	-11.6
Home Sales	76.5	-21.6	-38.8	-34.2	-41.6
Retail Sales	162.8	6.8	-5.0	-4.5	-7.8
Hospitality	59.7	-34.4	-41.7	-13.5	-30.9
Electricity	93.7	0.2	-18.5	-20.2	-35.9
Employment	107.1	0.0	-0.7	-4.7	6.1
Lumber*	26.3				
Manufacturing**	0.0	-	-	-	-

* 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

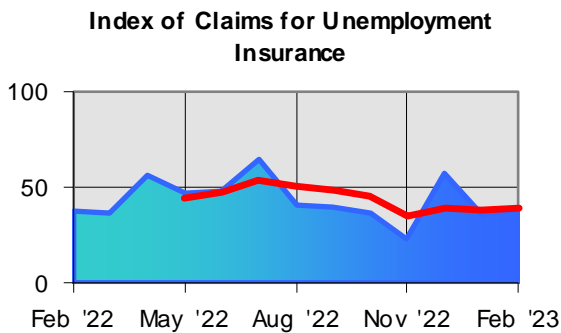
Leading Indicators

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%	10.5%	-15.8%	-7.1%
* Change from prior month. All values are seasonally adjusted.			

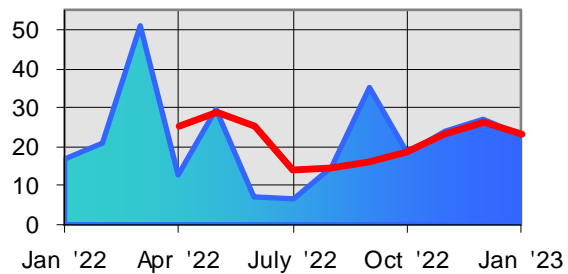
Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$392,500	\$2,150	6.38%	3.5%
<p>* The Humboldt Association of Realtors provides home price data. MLS is not responsible for accuracy of information. The information published and disseminated by the Service is communicated 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 rose 10.5 percent to a new Index value of 39.2.



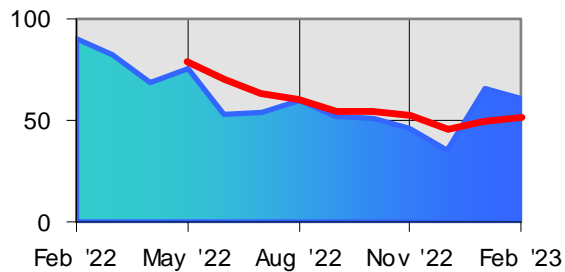
Building Permits fell 15.8 percent to a new Index value of 22.9. The current value is 37.5 percent lower than the value for this time last year.

Index of Building Permits Issued



Help Wanted Advertising fell 7.1 percent to a new Index value of 60.8.

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 January fell 21.6 percent to a new value of 76.5. The present Index value is 38.8 percent lower than the value for this time last year. The 4-month moving average fell by 6.0 percent to a new value of 96.0. The country's median home price increased from \$388,750 to \$392,500. In comparison, the median home price this time last year was \$425,000.

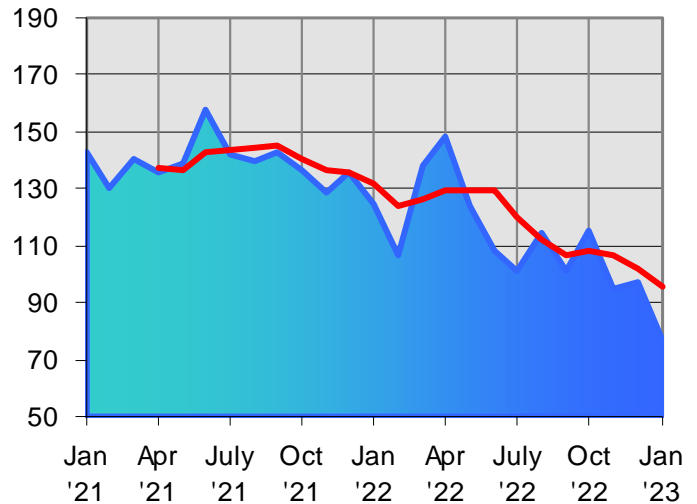
We have updated graphs on our Index Real Estate page. The last time home sales were this low was in May 2020, with the Covid lockdowns. Before that, we had similar low sales between 2007 and 2011, which was during the historic housing crash after the housing bubble. Seasonally adjusted housing sales surged to historic levels during the summer of 2020, after Covid lockdowns were lifted.

The S&P Case-Shiller Home Price Indices saw a smaller year-over-year gain in January compared to the previous month. The 10-City and 20-City Composites reported year-over-year gains of 4.4 percent and 4.6 percent, respectively. The National Index reported a 5.8 percent annual gain over the same period. After seasonal adjustment, the 10-City and 20-City Composites reported month-over-month losses of 0.4 and 0.5 percent, respectively. The National Index reported a seasonally adjusted decrease of 0.3 percent.

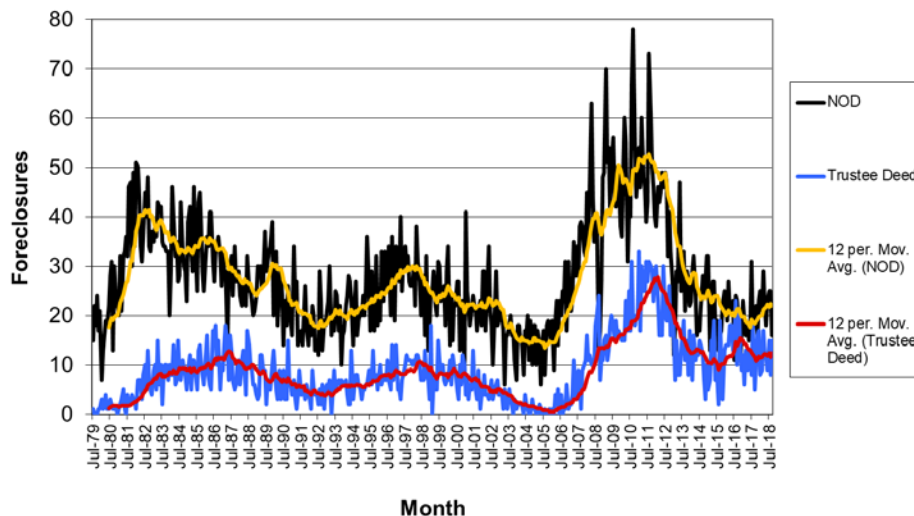
Craig J. Lazzara, Managing Director at S&P Dow Jones Indices, said, "The cooling in home prices that began in June 2022 continued through year end, as December marked the sixth consecutive month of declines for our National Composite Index.

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of January 25, was 6.13 percent, down from 6.48 on January 4th. The average 15-year fixed-rate mortgage was 5.17 percent at the end of January, down from 5.73 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.

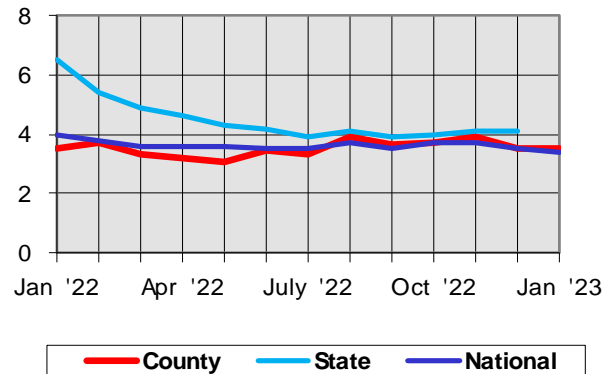
The seasonally adjusted unemployment rate in Humboldt County was unavailable and is estimated to have remained at 3.5 percent.

The Employment Development Department of California did not have employment data for the month.

In the Labor Department's December report, total nonfarm payroll employment rose by 517,000. National employment in leisure and hospitality gained 128,000 jobs, employment in professional and business services added 82,000, government gained 74,000 jobs, health care employment rose by 58,000, retail gained 30,000 jobs, construction employment went up by 25,000, transportation and warehousing added 23,000 jobs, social assistance gained 21,000 employees, and manufacturing gained 19,000 jobs. Employment changed little in mining, quarrying, and oil and gas extraction,

wholesale trade, information, financial activities, 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 decreased 34.4 percent in January to a new value of 59.7. This month's Index value is 41.7 percent lower than the value for this time last year. The 4-month moving average fell 8.4 percent to a current value of 86.4. The big drop is attributable to the impact of winter storms on structures and visitors.

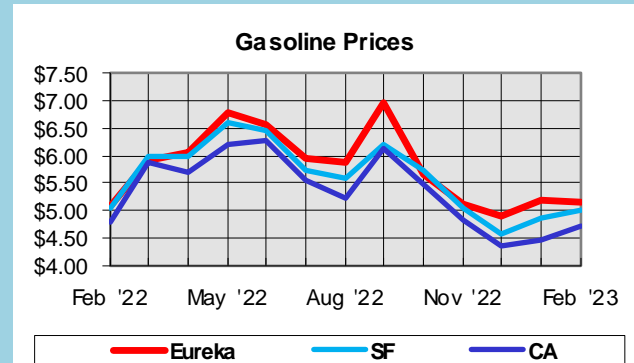
Gasoline Prices

The average price per gallon of gas in California increased from \$4.47 to \$4.72. Northern California's average increased from \$4.88 to \$4.99. Eureka's average decreased from \$5.19 to \$5.15.

It was not until the end of February that national gas prices reached an average of \$3.53, the same as the averages before Russia's invasion into the Ukraine. Crude oil prices have fallen below their pre-war levels, though. Regular gas prices across the States are also below what they were before the invasion. OPIS predicts that the yearly average for 2023 will reach \$3.45, down from \$3.91 last year. Many experts say this disparity is due to market uncertainty from the premise of war, although many now declare this an overreaction.

Gas Prices		
Prices as of 2/ 28/ 2023	Average price*	Change from previous month
Eureka	\$5.15	-\$0.04
Northern California	\$4.99	\$0.11
California	\$4.72	\$0.25

* 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 employment is estimated to have remained at 2,600 individuals for the fourth consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in November economic activity in the manufacturing sector expanded, while the overall economy grew for the 19th 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 January fell 1.0 percentage points to 47.4 percent.

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

The New Export Orders Index fell 3.2 percentage points to 49.4 percent. This is the 6th 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.

Four industries reported growth in new export orders in the following order: Nonmetallic Mineral Products; Wood Products; Printing & Related Support Activities; and Fabricated Metal 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 January, the Electricity Index rose 0.2 percent to a new value of 93.7. The current value is 18.5 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 rose 6.8 percent in January to a new value of 162.8, down 5.0 percent from the value for this time last year. The 4-month moving average rose 3.6 percent to a new value of 150.6.

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 January from 107.1 to 109.0. The Expectations Index decreased from 83.4 to 76.8, and the Present Situation Index increased from 147.4 to 150.9.

"Consumer confidence declined in January, but it remains above the level seen last July, lowest in 2022" said Ataman Ozyildirim, Senior Director, Economics at The Conference Board. "Consumers' assessment of present economic and labor market conditions improved at the start of 2023. However, the Expectations Index retreated in January reflecting their concerns about the economy over the next six months. Consumers were less upbeat about the short-term outlook for jobs. They also expect business conditions to worsen in the near term. Despite that, consumers expect their incomes to remain relatively stable in the months ahead. Meanwhile, purchasing plans for autos and appliances held steady, but fewer consumers are planning to buy a home—new or existing. Consumers' expectations for inflation ticked up slightly from 6.6 percent to 6.8 percent over the next 12 months, but inflation expectations are still down from its peak of 7.9 percent last seen in June."

The percentage of consumers expecting business conditions to improve over the next six months fell slightly from 20.9 to 18.6 while the percentage of consumers expecting business conditions to worsen rose from 19.9 to 21.6.

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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Institute for Supply Management – CNN

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