

# 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.

January 2020

## Composite Index, Leading Indicators Up

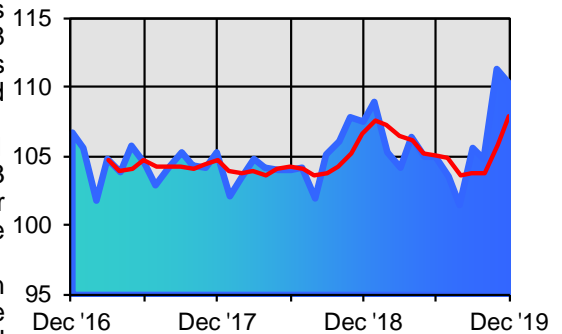
The Composite Index fell to 110.2, down 1.2 points from the previous month. The Composite Index is up 2.8 points from December of last year. This month the Hospitality, Retail Sales and Employment Indices all rose.

The Index of Home Sales fell 40.1 points from November, and is 38.3 points higher than it was in December of last year. The median home price rose from \$317,250 to \$320,000.

Leading Indicators rose in December. Unemployment Claims are down, Building Permits and Manufacturing Orders are all up.

The seasonally adjusted unemployment rate in Humboldt County remained constant at 3.2 percent. The seasonally adjusted unemployment rate in California remained constant at 3.9 percent. The seasonally adjusted national unemployment rate remained constant at 3.5 percent.

Composite Index



California gas prices decreased from \$3.57 to \$3.56. Northern California's average decreased from \$3.66 to \$3.64. Eureka's average gas price per gallon decreased from \$3.78 to \$3.74.

## Composite & Sectors

		Percent change from			
Index	Value***	Last Month	One Year ago****	Five Years ago****	Ten Years ago****
<b>Composite</b>	<b>110.2</b>	<b>-1.1</b>	<b>2.6</b>	<b>4.0</b>	<b>9.1</b>
Home Sales	138.1	-22.5	38.4	19.0	54.5
Retail Sales	148.4	0.3	0.7	-3.1	-7.2
Hospitality	110.4	8.4	-1.4	24.4	16.7
Electricity	119.6	0.0	0.0	-5.2	-6.3
Employment	113.1	0.8	0.3	4.9	17.3
Lumber*	26.3	0.0	0.0	-24.3	-10.3
Manufacturing**	91.5			-	-

\* 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

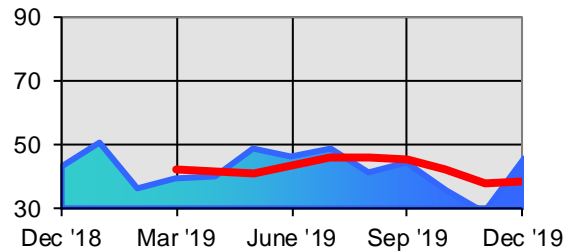
## Leading Indicators

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
1.2%	55.3%	33.2%	3.8%
* Change from prior month. All values are seasonally adjusted.			

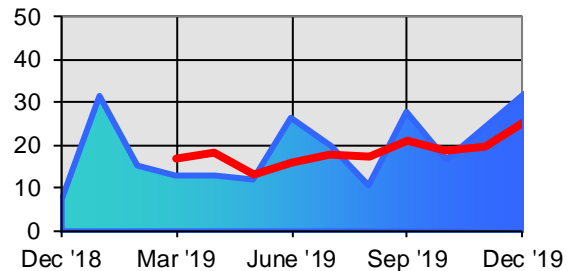
**Unemployment Claims** increased 615.3 points to a new Index value of 45.8. The Unemployment Claims Index in December 2018 was 43.6, which is 2.2 points lower than the present value. The four-month moving average rose 1.1 points to 38.9.

Index of Claims for Unemployment Insurance



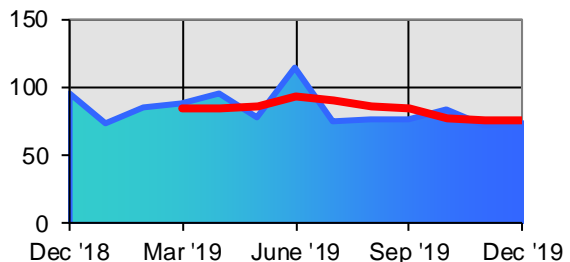
**Building Permits** increased 8.0 points to a new Index value of 32.2. The Building Permits Index in December 2018 was 7.4, which is 24.8 points lower than the present value.

Index of Building Permits Issued



**Help Wanted Advertising** increased 2.7 points to a new Index value of 73.7. The three-month moving average fell 0.7 points to 76.0. In December, there were 331 unique job postings on Craigslist.

Index of Help Wanted Advertising



## Key Statistics

Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$320,000	\$ 1,775	3.625%	3.1%

\* 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.

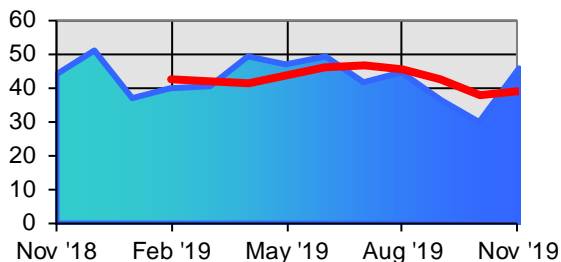
\*\* Average rent on 2, 3 and 4 bedroom houses listed in the Times Standard.

† 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.

**Manufacturing Orders** increased 1.0 point to a new Index value of 82.4. The Manufacturing Orders Index value in December 2018 was 89.1, which is 6.7 points higher than the present value.

Index of Manufacturing Orders



**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 December 2019 stands at an Index value of 138.1, which is 40.1 points lower than November's high spike of 178.2. The Index value in December 2018 was 38.3 points lower than the current value. The four-month moving average is up 4.4 points to a new value of 144.5. The county's median home price increased from \$317,250 to \$320,000. In comparison, the median home price in December 2018 was \$290,000.

The S&P Case-Shiller Home Price Indices, a national Index of housing prices, is calculated monthly using a three-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 nine U.S. census divisions.

The S&P Case-Shiller Home Price Indices saw a slightly higher year-over-year gain in November compared to October. The 10-City and 20-City Composites report year-over-year gains of 2.0 percent and 2.6 percent, respectively. The National Index reported a 3.5 percent annual gain over the same period, up from 3.2 percent in October. After seasonal adjustment, the 10-City and 20-City Composites both posted a 0.5 percent month-over-month increase. The National Index also reported a seasonally adjusted 0.5 percent increase in November.

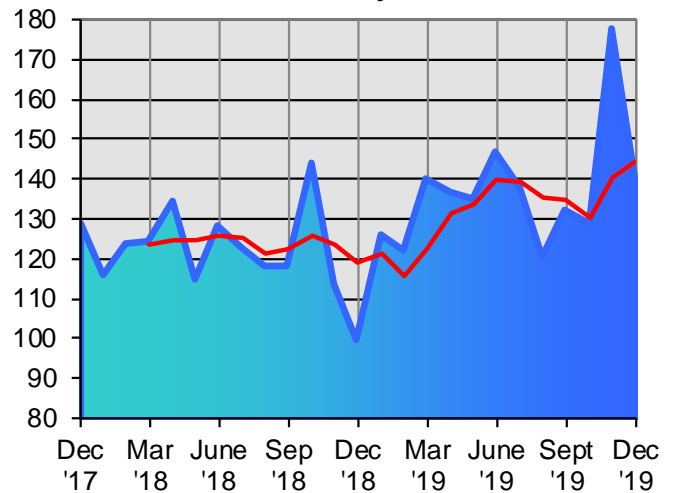
Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices, comments on the stability of the market. "With the month's 3.5% increase in the national composite index, home prices are currently 59% above the trough reached in

February 2012, and 15% above their pre-financial crisis peak. November's results were broad-based, with gains in every city in our 20-city composite."

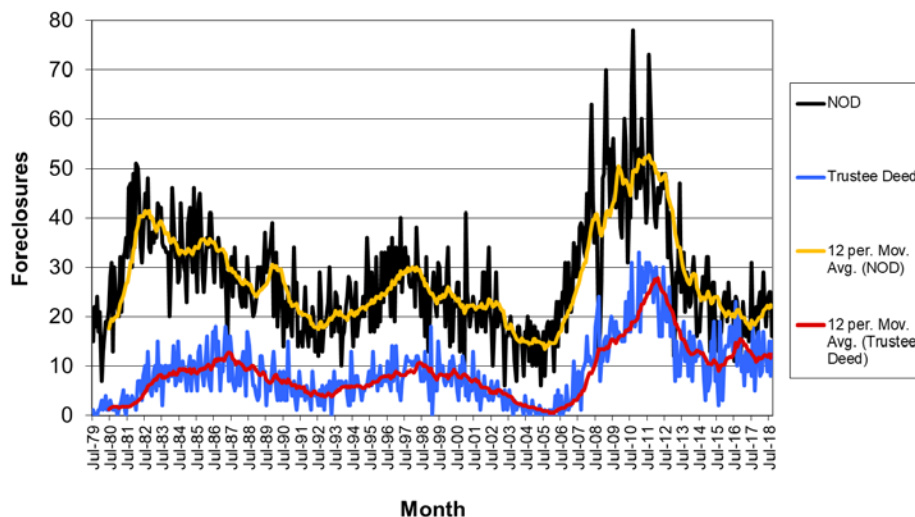
"As was the case last month, after a long period of decelerating price increases, the National, 10-city, and 20-city Composites all rose at a modestly faster rate in November than they had done in October. This increase was broad-based, reflecting data in 15 of 20 cities. It is, of course, still too soon to say whether this marks an end to the deceleration or is merely a pause in the longer-term trend."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of January 30, 2020, is 3.51 percent, down 0.23 percentage points from December 26, 2019. The average 15-year fixed-rate mortgage is 3.00 percent, down 0.19 percentage points from the previous month.

**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.

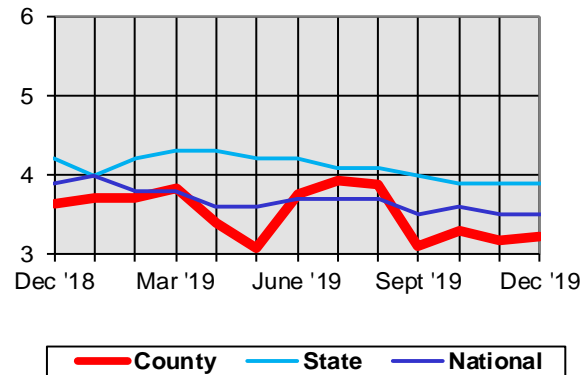
The Total County Employment Index decreased 0.9 point to a value of 123.1. The seasonally adjusted unemployment rates for Humboldt County, California and the United States all remained constant in December. Humboldt County's unemployment rate is 3.3 percent, California's unemployment rate is 3.9 percent, and the national unemployment rate is 3.5 percent.

The Employment Development Department of California indicated that in December, Humboldt County's preliminary estimate of total employment decreased from 62,100 to 61,800 individuals. Humboldt County's total unemployment remained constant at 1900 individuals.

In the Labor Department's January report, total nonfarm payroll employment rose by 225,000. In comparison, average monthly gains throughout 2019 was 175,000. National employment increased notably in

construction, healthcare, and transportation and warehousing this month. Employment in leisure and hospitality also continued to trend upwards. Employment in other major industries saw 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 in December from 101.8 to a new value of 110.4. This month's Index value is 1.6 points lower than the value for this time last year. The 4-month moving average rose 9.0 points to a current value of 96.0.

## Gasoline Prices

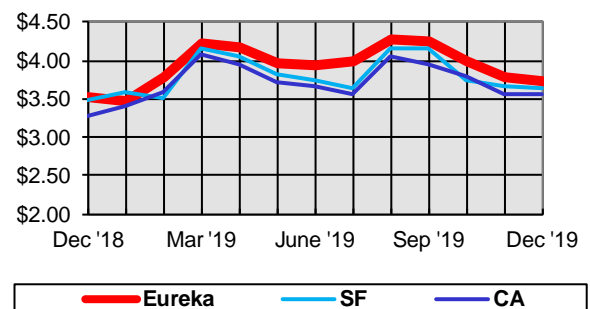
The average price per gallon of gas in December fell in California, Northern California, and Eureka. California's average gas price fell to \$3.56, a 1 cent decrease from the previous month. Northern California's average price fell to \$3.65, a 2 cent decrease from the previous month. Eureka's average gas price fell to \$3.74, a 4 cent decrease from the previous month. When we adjust for inflation, the "real price" of gasoline in Eureka was \$2.66 per gallon in 1982-84 dollars.

Brazil set a new production record of 3.168 million barrels per day in January. Oil regulator ANP attributes the rise in production to the pre-salt basin. Production in January 2020 was 20.4 percent higher than January 2019, and 2 percent higher compared to December 2019. Brazil is projected to be the third largest non-OPEC oil supplier in 2020 after the United States and Norway. Overall, non-OPEC supply is currently growing by 2.25 million barrels per day. Increasing production in Brazil accounts for 310,000 of those barrels per day.

Gas Prices		
Prices as of 1/31/2020	Average price*	Change from previous month
Eureka	\$3.74	-\$0.04
Northern California	\$3.64	-\$0.02
California	\$3.56	-\$0.01

\* Current average price per gallon of self-serve regular unleaded gasoline as reported by the American Automobile Association monthly gas survey ([www.csaa.com](http://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 expanded to a seasonally adjusted Index value of 91.5 in December, down 5.3 points from the previous month's value of 96.8. Manufacturing employment remained constant at 2,200 individuals, according to the Employment Development Department.

The Institute for Supply Management reports that in January economic activity in the manufacturing sector expanded, while the overall economy grew for the 129<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 January is 50.9, up 3.1 percentage points from December.

Nationally, eight of the eighteen manufacturing industries reported growth in January in the following order: Furniture & Related Products; Wood Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Miscellaneous Manufacturing; Nonmetallic Mineral Products; Chemical Products; and Fabricated Metal Products. Eight industries reported contraction in the following order: Printing & Related Support Activities; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Textile Mills; Transportation Equipment; Primary Metals; and Machinery.

The New Export Orders Index for January is 53.3 percent, up 6.0 percentage points from December. This is the first month of growth following five months of contraction in the past six months. 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. Six industries reported growth in new export orders in January in the following order: Wood Products; Computer & Electronic Products; Plastics & Rubber Products; Miscellaneous Manufacturing; Paper Products; and Chemical Products. Four industries reported a decrease in the following order: Nonmetallic Mineral Products; Fabricated Metal Products; Transportation Equipment; and Machinery. Seven industries reported no change.

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.

Energy sector updates are still unavailable. We estimate this sector to be unchanged from the first quarter of 2018, which is the last quarter of data. We will update this sector as new data become available.

## 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 increased 0.4 points to a new value of 148.4. The most recent value is 1.0 point higher than the value for December 2018. The 4-month moving average increased by 2.8 points to a new value of 145.0.

On the national scale, Consumer Confidence increased moderately in both January and February. The Index increased in February by 0.3 points from 130.4 to 130.7. The Expectations Index increased by 6.4 points to a new value of 107.8, and the Present Situation Index decreased by 8.8 points to a new value of 173.9.

The percentage of consumers expecting business conditions to improve over the next six months increased from 18.4 to 20.4. The percentage of consumers expecting business conditions to worsen decreased from 8.6 percent to 7.4 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

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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

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■ ■ ■ *realize human potential*

## Cited References:

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The Conference Board - Employment Development Department (CA)  
Freddie Mac - Humboldt Association of Realtors  
Institute for Supply Management - Oil Price

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