

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.

June 2024

Gas Prices Drop As Demand Increases

The Composite Index fell 0.2 points since April to a new value of 96.3. The Composite Index is down 1.6 percent from this time last year. This month the Energy, Employment, and Home Indices all fell.

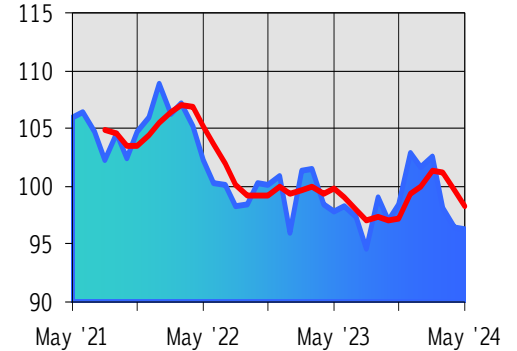
The Home Sales Index rose 4.7 percent to 101.2, up 14.5 percent from last year. The median home price rose from \$400,000 to \$460,000.

Leading Indicators are down in May except for unemployment.

The seasonally adjusted unemployment rate in Humboldt County rose from 4.7 to 4.3 percent. The seasonally adjusted unemployment rate in California rose from 5.3 to 5.2 percent. The seasonally adjusted national unemployment rate rose from 3.9 to 4.0 percent.

The average price per gallon of gas in California decreased from \$5.03 to \$4.74. Northern California's average decreased from \$5.32 to \$4.38.

Composite Index



Eureka's average decreased from \$5.73 to \$5.38.

Composite & Sectors

Index	Value***	Percent change from			
		Last Month	One Year ago****	Five Years ago****	Ten Years ago****
Composite	96.3	-0.2	-1.6	-9.9	-5.3
Home Sales	101.2	-4.7	14.5	-25.8	-7.8
Retail Sales	138.2	0.6	-4.3	-11.2	-19.1
Hospitality	92.7	3.3	-5.4	-0.3	1.5
Electricity	84.6	-3.3	-10.0	-22.0	-29.7
Employment	105.4	-0.1	0.9	-5.9	7.4
Lumber*	26.3				
Manufacturing**	169.3				-

* 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

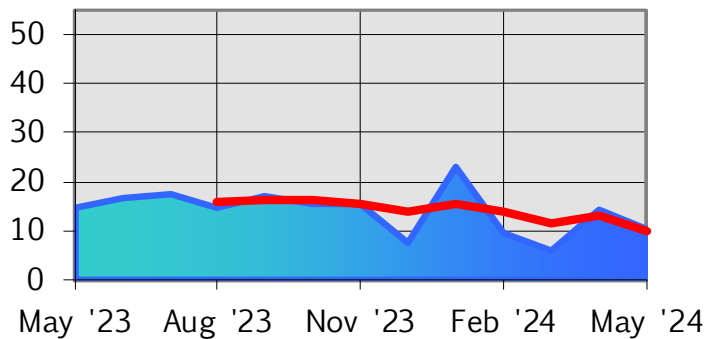
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
N/A	8.9%	-27.0%	-30.7%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$460,000	\$ 2,283	7.25%	4.3%
<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>			

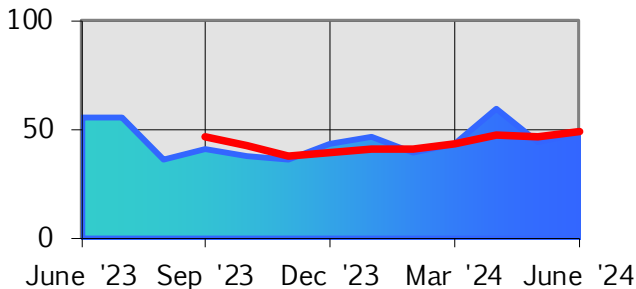
Building Permits fell 27.0 percent to a new Index value of 10.4. The current value is 37.7 percent lower than the value for this time last year.

Index of Building Permits Issued



Unemployment Claims rose 8.9 percent to a new Index value of 48.4. The current value is 12.7 percent higher than the value for this time last year. The 4-month moving average rose 5.1 percent to a new average of 49.0.

Index of Claims for Unemployment Insurance



Help Wanted Advertising fell 30.7 percent to a new Index value of 46.4. The current value is 40.5 percent lower than the value for this time last year. The 3-month moving average fell 7.9 percent to a new average of 54.6.

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 May fell 4.7 percent to a new value of 101.2. The present Index value is 14.5 percent higher than the value for this time last year. The 4-month moving average rose by 5.1 percent to a new value of 97.4. The country's median home price increased from \$400,000 to \$460,000. In comparison, the median home price this time last year was \$430,000.

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 smaller year-over-year gain in May compared to the previous month. The 10-City and 20-City Composites reported year-over-year increases of 7.7 and 6.8, respectively. The National Index reported a 5.9 percent annual gain over the same period. After seasonal adjustment, the U.S. National Index, the 20-City Composite, and the 10-City Composite all posted month-over-month increases of 0.3%, 0.3%, and 0.4% respectively.

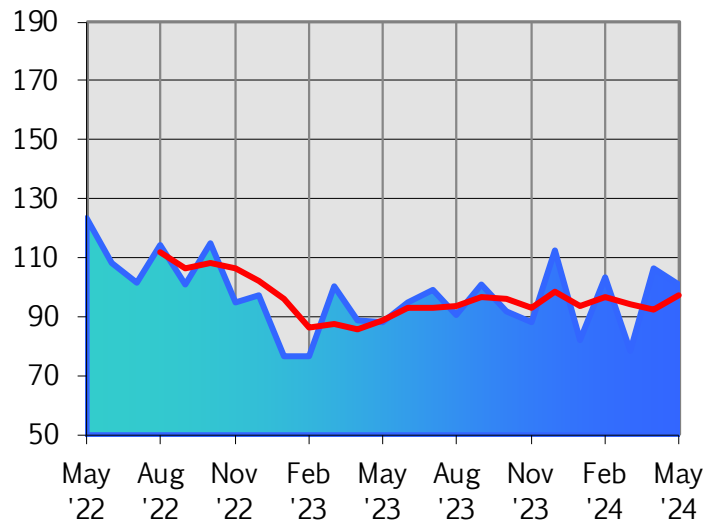
Brian D. Luke, Head of Commodities, Real & Digital Assets at S&P Dow Jones Indices, said, "While annual gains have decelerated recently, this may have more to do with 2023 than 2024, as recent performance remains encouraging.

"Our home price index has appreciated 14.5% year-over-year."

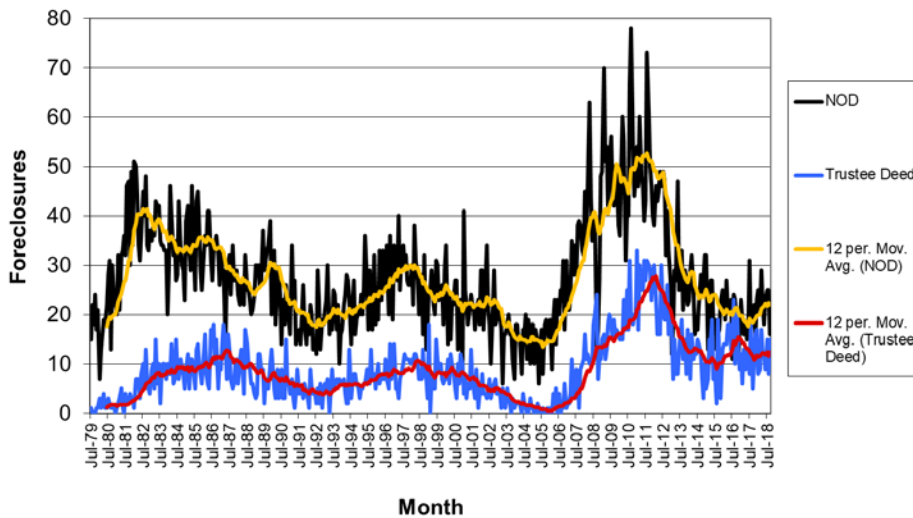
date, the fastest start in two years. Covering the six-month period dating to when mortgage rates peaked, our national index has risen the past four months, erasing the stall experienced late last year. Collectively, all 20 markets covered continue to trade in a homogeneous pattern. Coming into the 2024 presidential election, traditional red states are in a dead heat with blue states, both averaging 5.9% gains annually."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of May 30th, was 7.03 percent, lower than its score of 7.22 on May 2nd. The average 15-year fixed-rate mortgage was 6.36 percent at the end of May, down from 6.47 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.

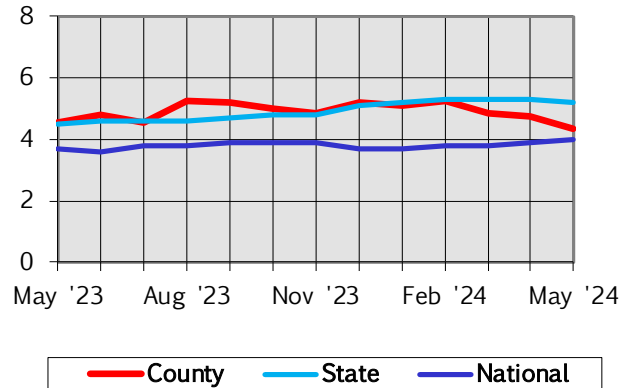
The seasonally adjusted unemployment rate in Humboldt County rose from 4.7 to 4.3 percent. The seasonally adjusted unemployment rate in California rose from 5.3 to 5.2 percent. The seasonally adjusted national unemployment rate rose from 3.9 to 4.0 percent.

The Employment Development Department of California indicated that in May Humboldt County's estimate of total employment rose by 500 individuals to a total of 57,700. Humboldt County's total unemployment decreased to 2,500 individuals from 2,900.

In the Labor Department's May report, total nonfarm payroll employment rose by 272,000. Health care added 68,000 jobs, government employment rose by 43,000, leisure and hospitality gained 42,000 jobs, professional services added 32,000 positions, social assistance employment grew by 13,000, and retail trade added

12,000 jobs. Employment showed little or no change over the month in other major industries, including mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; transportation and warehousing; information; financial activities; and other services.

Unemployment Percentage Rates



Hospitality

The Index value of the hospitality sector is based on seasonally adjusted average monthly occupancy at a cross-section of local hotels, motels, and inns.

The Hospitality Index rose by 3.3 points to 92.7 in May. This month's Index value is 5.4 percent lower than the value for this time last year. The 4-month moving average fell 2.7 percent to a current value of 92.2.

Gasoline Prices

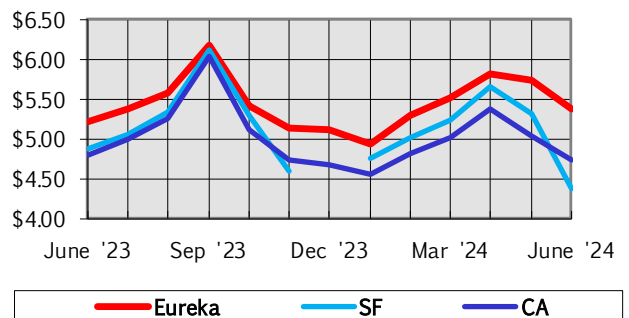
The average price per gallon of gas in California decreased from \$5.03 to \$4.74. Northern California's average decreased from \$5.32 to \$4.38. Eureka's average decreased from \$5.73 to \$5.38.

GasBuddy projects that the Independence Day holiday will bring about an average cost of gasoline just one cent higher than 2023's. This is nearly \$2 lower than the national average 2 years prior after Russian oil was blocked from entering the United States following the beginning of the Russian-Ukrainian war. The department of energy reports that, when adjusted for inflation, gas prices are equivalent to pre-COVID July 2018. This comes when demand for gasoline grows as a over 60 million Americans are expected to fuel up before traveling for the independence day holiday. Some experts worry about the upcoming hurricane season, however, as abating travel and possibly limiting US oil production and refinery activities.

Gas Prices		
Prices as of	Average price*	Change from previous month
Eureka	\$5.38	-\$0.35
Northern California	\$4.38	-\$0.96
California	\$4.74	-\$0.29

* 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 fell in May to a seasonally adjusted Index value of 169.3. Manufacturing employment remained at 2,600 individuals for the fifteenth consecutive month, according to the Employment Development Department.

The Institute for Supply Management reports that in January economic activity in the manufacturing sector contracted for the sixteenth 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 May fell 0.5 percentage points to 48.7 percent.

The seven manufacturing industries reporting growth in May — in order — are: Printing & Related Support Activities; Petroleum & Coal Products; Paper Products; Textile Mills; Primary Metals; Fabricated Metal Products; and Chemical Products. The seven industries reporting contraction in May — in the following order — are: Wood Products; Plastics & Rubber Products; Machinery; Computer & Electronic Products; Furniture & Related Products; Transportation Equipment; and Food, Beverage & Tobacco Products.

The New Export Orders Index rose 1.9 percentage points to 50.6 percent. This is the first month of expansion after 1 month of contraction. 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 four industries reporting growth in new export orders in May are: Wood Products; Chemical Products; Food, Beverage & Tobacco Products; and Computer & Electronic Products. The six industries reporting a decrease in new export orders in May — in the following order — are: Paper Products; Furniture & Related Products; Plastics & Rubber Products; Primary Metals; Transportation Equipment; and Machinery. Seven industries reported no change in exports in May.

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 May, the Electricity Index fell 3.3 percent to a new value of 84.6. The current value is 10.0 percent lower than the value at 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 0.6 percent in May to a new value of 138.2, down 4.3 percent from the value for this time last year. The 4-month moving average fell 3.5 percent to a new value of 147.4.

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 increased in May from 97.5 to 102.0. The Expectations Index increased from 68.8 to 74.6, and the Present Situation Index increased from 140.6 to 143.1.

"Confidence improved in May after three consecutive months of decline," said Dana Peterson, Chief Economist at The Conference Board.

"Consumers' assessment of current business conditions was slightly less positive than last month. However, the strong labor market continued to bolster consumers' overall assessment of the present situation. Views of current labor market conditions improved in May, as fewer respondents said jobs were 'hard to get,' which outweighed a slight decline in the number who said jobs were 'plentiful.' Looking ahead, fewer consumers expected deterioration in future business conditions, job availability, and income, resulting in an increase in the Expectation Index. Nonetheless, the overall confidence gauge remained within the relatively narrow range it has been hovering in for more than two years.

The percentage of consumers expecting business conditions to improve over the next six months fell from 13.4 to 13.3 while the percentage of consumers expecting business conditions to worsen fell from 16.8 to 19.1.

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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