

# Humboldt Economic Index

August 2024

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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.

## Prices Slow as Summer Closes

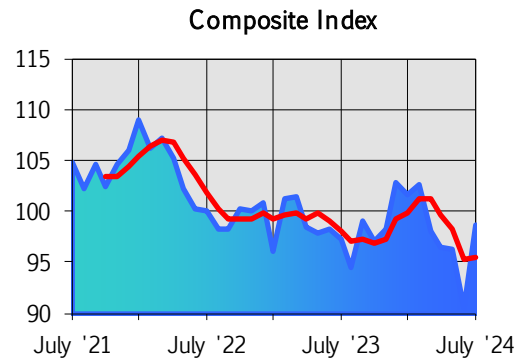
The Composite Index rose to 98.7, up 9.1 points from the previous month. The Composite Index is up 1.4 points from this time last year. This month Retail Sales, Energy and Hospitality Index all rose.

The Index of Home Sales rose 25.6 index points to a new value of 112.6 This is 13.3 points higher than this time last year. At the same time, the median cost of homes fell to \$440,000.

Leading Indicators are all down July. Unemployment Claims, Building Permits and Manufacturing Orders are all down.

The seasonally adjusted unemployment rate in Humboldt County increased from 5.1 percent to 5.4 percent. The seasonally adjusted unemployment rate in California remained at 5.2 percent. The national unemployment rate increased from 4.1 to 4.3 percent.

California gas prices increased from \$4.59 to \$4.61. Northern



California's average rose from \$4.83 to \$4.91. Eureka's average gas price per gallon decreased from \$5.05 to \$5.17.

Composite & Sectors					
Index	Value***	Percent change from			
		Last Month	One Year ago****	Five Years ago****	Ten Years ago****
<b>Composite</b>	<b>98.7</b>	<b>9.1</b>	<b>1.4</b>	<b>-6.6</b>	<b>-2.0</b>
Home Sales	112.6	25.6	13.3	-20.1	1.8
Retail Sales	150.4	39.7	2.4	-4.7	-5.9
Hospitality	78.9	0.0	-1.6	-7.8	2.3
Electricity	119.6	0.0	0.0	10.0	-30.7
Employment	104.4	0.1	0.0	-5.9	7.7
Lumber*	26.3				
Manufacturing**	686.7			-	-

\* 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

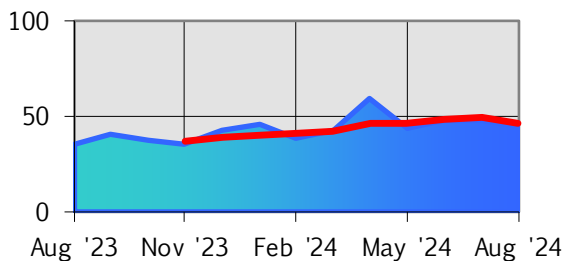
The Index tracks four leading indicators to get a sense of the direction that the county economy may take in the near future. The leading indexes are (1) unfilled orders for manufactured goods, (2) number of initial claims for unemployment insurance, (3) building permits, and (4) help wanted advertising.

Leading Indicators			
Manufacturing Orders	Unemployment Claims	Building Permits	Help Wanted Advertising
N/A	-7.6%	-25.5%	-22.3%
* Change from prior month. All values are seasonally adjusted.			

Key Statistics			
Median Home Price*	Monthly Rent**	Mortgage Rate†	Unemployment Rate‡
\$440,000	\$ 2,297	6.50%	5.4%
* 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.			

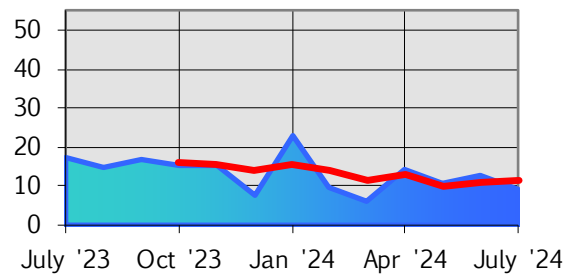
**Unemployment Claims** decreased 7.8 points to a new Index value of 44.9. The Unemployment Claims Index was 35.8 in August 2023, 25.3 points higher than the present value. The 4-month moving average fell 7.3 points to 46.6.

Index of Claims for Unemployment Insurance



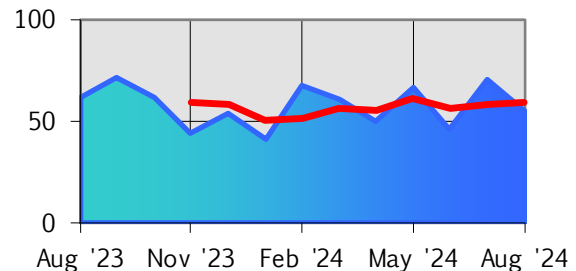
**Building Permits** fell 25.5 points to a new index value of 9.3. The current value is 46.2 points lower than the September 2017 value.

Index of Building Permits Issued



**Help Wanted Advertising** stands at an Index value of 55.1 down 22.3 points from last month. The three-month moving average fell 6.4 points to a new value of 57.5. In August there were 298 unique job postings on Craigslist.

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 July 2024 stands at an Index value of 112.6. The new median price at \$440,000.

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.

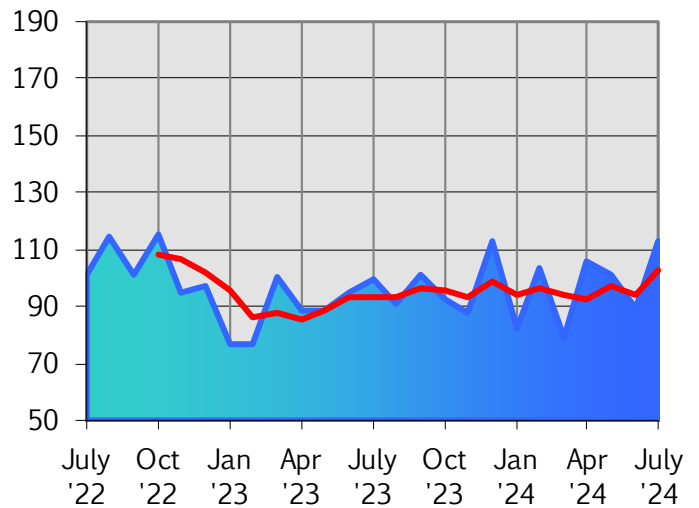
The S&P Case-Shiller Home Price Indices saw a slightly higher year-over-year gain in July compared to June. The 10-City and 20-City Composites report year-over-year gains of 7.4 percent and 6.5 percent, respectively. The National Index reported a 5.5 percent annual gain over the same period. After seasonal adjustment, the 10-City Composite and the 20-City Composite posted a 0.4 and 0.5 month-over-month percent change, respectively. The National Index reported a seasonally adjusted increase of 0.2 percent.

Brian D. Luke, CFA, Head of Commodities, Real & Digital Assets, notes, "Home prices and inflation continue to factor into the political agenda coming into the election season. While both housing and inflation have slowed, the gap between the two is larger than historical norms, with our National Index averaging 2.8% more than the Consumer Price Index. That is a full percentage point above the 50-year average. Before accounting for inflation, home prices have risen over 1,100 percent since 1974, but have slightly more than doubled (111%) after accounting for inflation.

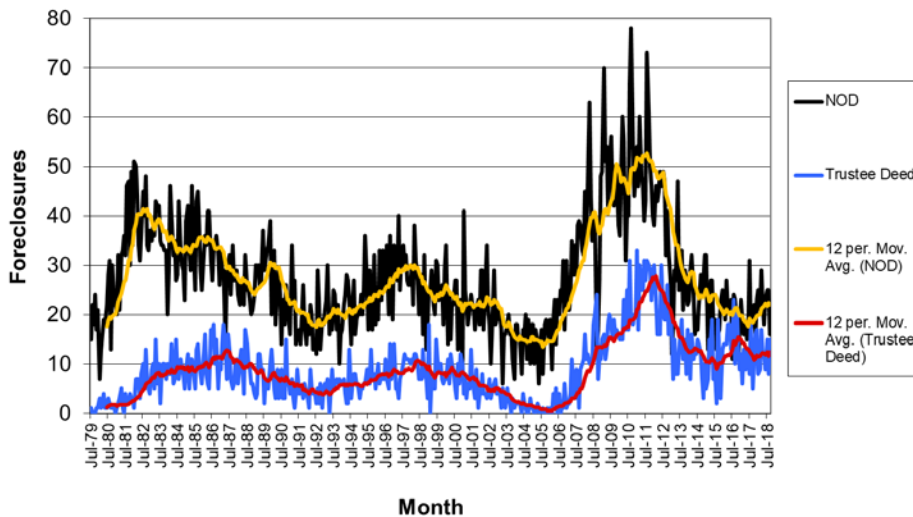
"Another popular theme is making housing more affordable to first-time homebuyers. We compared each of the 16 markets that the S&P CoreLogic Case-Shiller Home Price Indices calculate on a tiered basis to evaluate historical performance of more affordable homes. Our tiered indices divide each market into three price tiers, which range based on the market."

According to Freddie Mac, the average 30-year fixed-rate mortgage, as of July 25, is 6.78 percent. This is a slight decrease from July 3rd's last reported rate of 6.95 percent. The average 15-year fixed-rate mortgage is 6.07 percent, a decrease from 6.25 percent at the beginning of the 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.

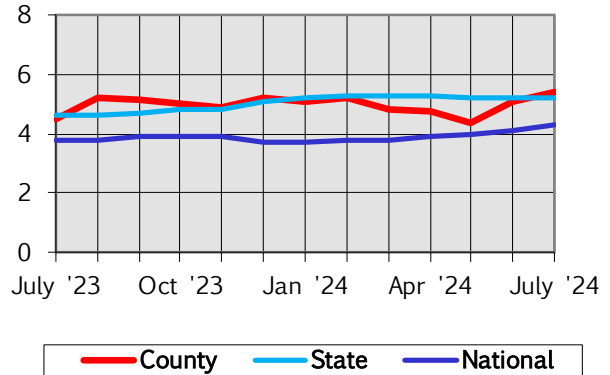
The seasonally adjusted unemployment rate in Humboldt County increased from 5.1 percent to 5.4 percent. The seasonally adjusted unemployment rate in California remained at 5.2 percent. The national unemployment rate increased from 4.1 to 4.3 percent.

The Employment Development Department of California indicated that in July Humboldt County's preliminary estimate of total employment fell by 1,000 individuals to a total of 56,100. Humboldt County's total unemployment increased from 3,000 individuals in June to an estimated 3,200 individuals in July.

In the Labor Department's July report, total nonfarm payroll employment rose by 114,000. National employment in healthcare rose by 55,000, construction gained 25,000 positions, transportation and warehousing employment grew by 14,000, and social assistance added 9,000 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; financial activities; professional and business services; leisure and hospitality; 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 in July to a new value of 95.4 from 92.0. This month's index value represents a 2.9-point increase from this time last year. The 4-month moving average rose 0.6 points to a current value of 92.5

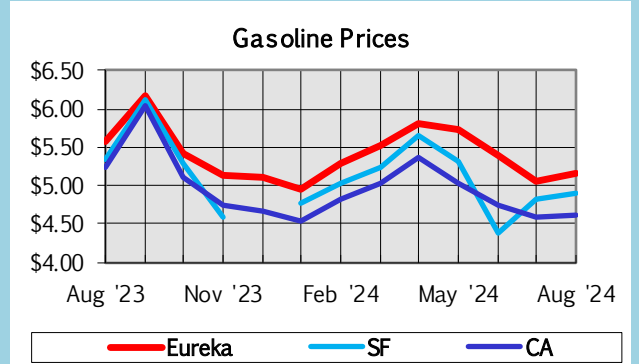
## Gasoline Prices

California gas prices increased from \$4.59 to \$4.61. Northern California's average rose from \$4.83 to \$4.91. Eureka's average gas price per gallon decreased from \$5.05 to \$5.17.

National gas prices fell two cents to \$3.36 at the end of August, possibly indicating the last spike in demand as the summer travel season closes. Tropical storms and monsoons affecting the Eastern United States worry experts that gasoline demands may rise as people hoard and hunker if storms prove forceful. However, the national price is slowly falling. \$3.36 is 14 cents less than this time last month and 46 cents less than August 2023.

Gas Prices		
Prices as of 9/1/2024	Average price*	Change from previous month
Eureka	\$5.17	+\$0.12
Northern California	\$4.91	+\$0.08
California	\$4.61	+\$0.02

\* 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)).



# 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 17<sup>th</sup> month, according to the Employment Development Department.

The Institute for Supply Management reports that in September economic activity in the manufacturing sector expanded, while the overall economy grew for the 100<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 July is 46.8, down 1.7 points increase from June.

Nationally, five of the eighteen manufacturing industries are reporting growth in July including Printing & Related Support Activities; Petroleum & Coal Products; Miscellaneous Manufacturing; Furniture & Related Products; and Nonmetallic Mineral Products. The 11 industries reporting contraction in July — in the following order — are: Primary Metals; Plastics & Rubber Products; Machinery; Electrical Equipment, Appliances & Components; Transportation Equipment; Fabricated Metal Products; Food, Beverage & Tobacco Products; Wood Products; Paper Products; Chemical Products; and Computer & Electronic Products.

The New Export Orders Index for July is 49.0 percent, indicating an increase over September's index of 48.8 points. This is the 34<sup>th</sup> consecutive month of growth 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 four industries reporting growth in new export orders in July are: Paper Products; Primary Metals; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing. The six industries reporting a decrease in new export orders in July — in the following order — are: Computer & Electronic Products; Machinery; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Transportation Equipment; and Chemical Products. Seven industries reported no change in new export orders in July as compared to June.

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, 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.

In July, the energy index rose to a seasonally adjusted value of 87.5, 6.3 points higher than the previous month's value. This value is 3.9 points less than the index 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 is reporting at a value of 150.4 for July, an increase of 39.7 points from the value of 107.7 in June. The most recent value is 2.4 points higher than July 2023. The 4-month moving average is down by 0.1 points with a new value of 133.4.

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 July by 2.5 points to a current index value of 100.3. The Expectations Index increased 5.4 points to a new value of 78.2, and the Present Situation Index decreased, from 135.3 to 133.6.

Dana M. Peterson, Chief Economist at The Conference Board, says that "Confidence increased in July, but not enough to break free of the narrow range that has prevailed over the past two years. Compared to last month, consumers were somewhat less pessimistic about the future. Expectations for future income improved slightly, but consumers remained generally negative about business and employment conditions ahead. Meanwhile, consumers were a bit less positive about current labor and business conditions. Potentially, smaller monthly job additions are weighing on consumers' assessment of current job availability: while still quite strong, consumers' assessment of the current labor market situation declined to its lowest level since March 2021."

## 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*

#### Cited References:

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The Conference Board - Employment Development Department (CA)  
Freddie Mac - Humboldt Association of Realtors  
Institute for Supply Management – AAA Gas Prices

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