The Composite Index decreased 1.9 percent from last month's value of 99.7 to the current value of 97.8, and decreased 1.0 percent from this time last year. The Home Sales, Retail, and Employment Indices decreased this month, while Manufacturing and Hospitality increased.

The Index of Home Sales saw a large decrease of 27.2 percent from last month, and is 11.9 percent lower than this time last year. Median home price in Humboldt County rose from $243,500 to $264,000, the highest median price since April of 2010. Mortgage rates have risen this month with the average 30-year fixed rate mortgage at 4.46 percent and the average 15-year fixed rate mortgage at 3.47 percent. The drop in October sales may reflect this general rise in mortgage rates since the summer.

The Total County Employment Index decreased this month and Humboldt County's unemployment rate increase from 9.3 to 9.4 percent. Leading indicators are mixed with unemployment claims having a large increase, help wanted is up, and building permits are down. California state unemployment remained unchanged at 8.7 percent this month. The national unemployment rate increased from 7.2 to 7.3 percent.

Average gas prices continued to fall through November. Eureka gas prices fell 27 cents this month to an average of $3.71 per gallon. Look for prices to continue their downward trend though the holiday season barring any unexpected refinery issues.

### Composite & Sectors

<table>
<thead>
<tr>
<th></th>
<th>Index</th>
<th>Value*</th>
<th>Last Month</th>
<th>One Year ago**</th>
<th>Five Years ago**</th>
<th>Ten Years ago**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Composite</strong></td>
<td>97.8</td>
<td>-1.9</td>
<td>-1.0</td>
<td>-2.9</td>
<td>-11.4</td>
<td></td>
</tr>
<tr>
<td><strong>Home Sales</strong></td>
<td>89.1</td>
<td>-27.2</td>
<td>-11.9</td>
<td>15.9</td>
<td>-39.6</td>
<td></td>
</tr>
<tr>
<td><strong>Retail Sales</strong></td>
<td>144.3</td>
<td>-0.9</td>
<td>3.8</td>
<td>-4.3</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td><strong>Hospitality</strong></td>
<td>94.2</td>
<td>5.0</td>
<td>2.5</td>
<td>15.5</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td><strong>Electricity</strong></td>
<td>111.6</td>
<td>0.0</td>
<td>-11.7</td>
<td>-16.5</td>
<td>-2.1</td>
<td></td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>97.4</td>
<td>-1.6</td>
<td>0.9</td>
<td>-3.8</td>
<td>-6.6</td>
<td></td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td>36.7</td>
<td>17.5</td>
<td>3.5</td>
<td>-7.3</td>
<td>-60.0</td>
<td></td>
</tr>
</tbody>
</table>

* These values are adjusted to remove seasonal fluctuation. The base month is Jan. of 1994, with an Index value of 100.
** The percent change from the same month one, five and ten years ago.
**Key Statistics**

<table>
<thead>
<tr>
<th>Median Home Price*</th>
<th>Monthly Rent**</th>
<th>Mortgage Rate†</th>
<th>Unemployment Rate‡</th>
</tr>
</thead>
<tbody>
<tr>
<td>$264,000</td>
<td>$1,334</td>
<td>4.25%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

* 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.

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**Leading Indicators**

<table>
<thead>
<tr>
<th>Unemployment Claims</th>
<th>Building Permits</th>
<th>Help Wanted Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change from prior month*</td>
<td>71.0%</td>
<td>-9.1%</td>
</tr>
</tbody>
</table>

* All values are seasonally adjusted.

---

**Unemployment Claims** increased by 71.0 percent this month to an index value of 101.7. Additionally, unemployment claims increased by 1.9 percent from this time last year. The 4-month moving average increased to an index value of 90.4 from 87.9. It is important to remember that in contrast to several other Indexes it is not unheard of to see changes of up to 20 percent on a month-to-month basis with the Unemployment Claims.

**Building permits** contracted by 9.1 percent to an index value of 16.7 from the previous 18.4. The 4-month moving average increased to a value of 15.1 from 12.0. This Index was low for several years due to slow recovery in the construction sector, so even large percentage changes correspond to small absolute changes.

**Help Wanted Advertising** rose to a value of 89.1 up 10.3 percent from last month’s seasonally adjusted value of 80.8. The level this month is 64.6 percent higher than this time last year. Additionally, the 4-month moving average increased 7.6 percent from an Index value of 74.3 to a value of 79.9.
The Humboldt Economic Index

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 decreased by 27.2 percent to a value of 89.1. This is a 11.9 percent decrease from this time last year. The county’s median home prices increased from $243,500 to $264,00, the highest price since April of 2010.

The S&P Case-Shiller Home Price Indices showed national average home prices continued to increase in the 12 months ending in September 2013. The 10-City and 20-City Composite reported a growth of 123.3 percent over the 12-month period. The 10- and 20- City Composites rose 0.7 percent from August to September. All 20 cities posted year-over-year increases for at least nine consecutive months. According to David Blitzer, “The strong price gains in the West are sparking questions and concerns about the possibility of another bubble. However the talk is focused on fear of a bubble not a rush to join the party and buy. Moreover, other data suggest a market beginning to shift to slower growth rather than one about to accelerate. Existing home sales weakened in the most recent report, home construction remains far below the boom levels of six or seven years ago and interest rates are expected to be higher a year from now.”

Mortgage rates have increased this month. According to Freddie Mac, the average 30-year fixed-rate mortgage is 4.46 percent and the average 15-year fixed-rate mortgage is 3.47 percent for the week ending December 5, 2013. The values for a 30-year and 15-year fixed mortgage last year at this time were 3.34 and 2.67 respectively. There is evidence nationally that the rise in interest rates is starting to take effect, as traditional buyers find mortgage payments unaffordable. Also, it seems investors have reduced buying upon concerns about whether the Federal Reserve will raise interest rates sooner rather than later.
Gasoline Prices

Gasoline Prices for California decreased by an average of 18 cents this month. California gas prices fell to an average of $3.55, down from last month’s $3.73, while Northern California prices decreased to $3.50. Eureka gas prices decreased to $3.71, 27 cents lower than last month.

As expected, gas prices were down this month and are expected to continue to decline through the winter months barring any unexpected issues with local refineries. In addition to the lowering prices, on November 1st gas stations switched from the expensive summer blend of gasoline to the cheaper winter blend that further lowered prices.

### Gas Prices

<table>
<thead>
<tr>
<th>Prices as of 10/26/2013</th>
<th>Average price</th>
<th>Change from previous month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eureka</td>
<td>$3.71</td>
<td>-$0.27</td>
</tr>
<tr>
<td>Northern California</td>
<td>$3.50</td>
<td>-$0.21</td>
</tr>
<tr>
<td>California</td>
<td>$3.55</td>
<td>-$0.18</td>
</tr>
</tbody>
</table>

*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)).

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.

Hospitality increased this month 5.0 percent to an Index value of 94.2 from 89.7. The current value is 2.5 percent higher than last year at this time. Additionally, the 4-month moving average increased from last month’s index value of 86.4 to 88.4.

### Unemployment Percentage Rates

- **County**: The Labor Department’s latest statistics reported that the nation added an additional 207,000 nonfarm payroll jobs in October, and the unemployment rate increased from 7.2 to 7.3 percent. National employment rose in leisure and hospitality, retail trade, professional and technical services, manufacturing, and health care.

- **State**: Humboldt County’s labor force decreased by about 100 individuals.

- **National**: The Employment Development Department of California indicated in its October statistics that Humboldt County’s labor force decreased by about 100 individuals. For California on the whole, employment added 29,200 jobs, and statewide unemployment remained unchanged at a seasonally adjusted 8.7 percent, with 17,800 less unemployed compared to the previous month.

### Total County Employment

The Index value of the employment sector is based on seasonally adjusted total employment as reported by the Employment Development Department.

Total County Employment decreased this month to an index value of 97.4 from 99.1. Additionally, the seasonally adjusted unemployment rate for Humboldt County went up from 9.3 to 9.4 percent. The seasonally adjusted national unemployment rate increased from 7.2 to 7.3 percent.

The Employment Development Department of California indicated in its October statistics that Humboldt County’s labor force decreased by about 100 individuals. For California on the whole, employment added 29,200 jobs, and statewide unemployment remained unchanged at a seasonally adjusted 8.7 percent, with 17,800 less unemployed compared to the previous month.

The Labor Department’s latest statistics reported that the nation added an additional 207,000 nonfarm payroll jobs in October, and the unemployment rate increased from 7.2 to 7.3 percent. National employment rose in leisure and hospitality, retail trade, professional and technical services, manufacturing, and health care.
The Index – Individual Sectors

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 decreased by 0.9 percent from a value of 145.6 to 144.3. This is 3.8 percent above this time last year. This Index’s 4-month moving average decreased to an index value of 144.7 from 145.5. On the national scale, Consumer Confidence fell in October. Consumer Confidence Index decreased 2.0 points to a value of 70.4. The Expectations Index posted a 2.9-point decrease from 72.2 to 69.3. The Present Situation Index decreased 0.6 points from 72.6 to 72.0. According to Lynn Franco, the Director of Economic Indicators at the Conference Board, “Consumer confidence declined moderately in November after sharply declining in October. Sentiment regarding current conditions was mixed, with consumers saying the job market had strengthened, while economic conditions had slowed. However, these sentiments did not carry over into the short-term outlook. When looking ahead six months, consumers expressed greater concern about future job and earning prospects, but remain neutral about economic conditions.” 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.

Lumber Manufacturing

The index value of this sector is based on a combination of payroll employment and board feet of lumber production at major county lumber companies and is adjusted to account for normal seasonal variations. Lumber-based manufacturing generates about 55 percent of total county manufacturing employment.

Lumber manufacturing increased 17.5 percent to a value of 36.7 from 31.2. Additionally, the value is up 3.5 percent from this time last year. The 4-month moving average has increased this month to a value of 33.6 from 32.8.

The Institute for Supply Management reported that the national manufacturing sector expanded in November for the sixth consecutive month and the overall economy grew for the 54th consecutive month. The PMI was registered at 57.3 percent, an increase of 0.9 percentage points from October’s 56.4 percent. Fifteen of the eighteen manufacturing industries are reporting growth in November including Furniture and Related Products, and Paper Products. Businesses reported growth in exports for the twelfth consecutive month, registering at an Index value of 59.5 percent for November. Nine industries are reporting growth in new export orders in November, down from ten in October. The PMI (Producing Managers Index) is based on the number of manufacturing supply managers who expect business conditions to improve in the near future.

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.
Cited References:
American Automobile Association – Bureau of Labor Statistics
Case-Shiller Home Price Indices – Consumer Confidence
Employment Development Department – Humboldt Association of Realtors
The Institute of Supply Management

Layout & Design: Matt Hawk

Contact Info: Erick Eschker can be contacted at ee3@humboldt.edu
www.humboldt.edu/econindex

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