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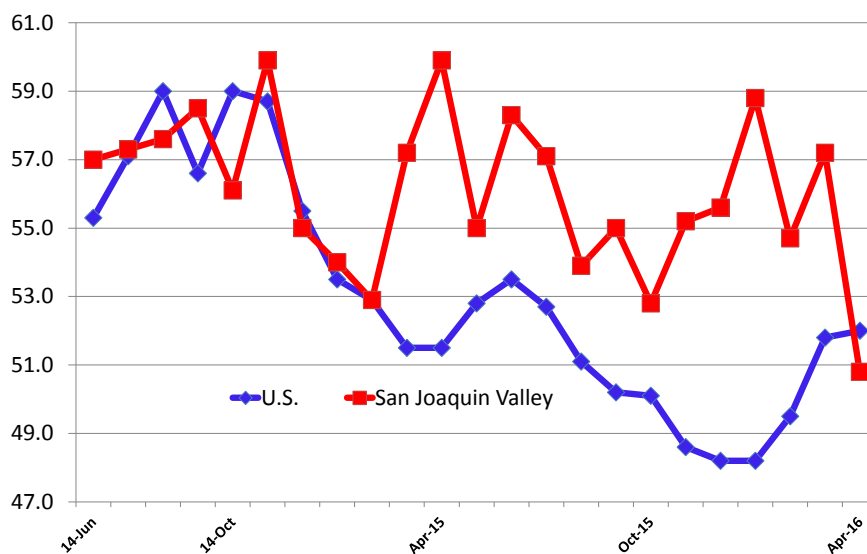
Goss video economic summary: <https://youtu.be/kDSE2T7Weos>

San Joaquin Valley Economic Indicator Plummets for April: Slight Job Losses for Month

April survey results at a glance:

- Leading economic indicator falls to its lowest level since November 2012, but remained above growth neutral.
- Slight job losses for the month.
- Businesses expect wages & salaries to rise by 2.6 percent over the next year. This is up from 2.1 percent record in April 2015.
- Almost one-fifth of businesses named rising regulatory costs as their biggest long-term threat.
- More than one-half reported that an economic slowdown was the greatest long-term threat to their business.

PMIs for U.S. & San Joaquin Valley, June 2014 – April 2016



For Immediate Release: May 2, 2016

FRESNO, CA-For the twenty-ninth consecutive month, the San Joaquin Valley Business Conditions Index rose above the 50.0 growth neutral threshold. The index, a leading economic indicator from a survey of individuals making company purchasing decisions for firms in the counties of Fresno, Kings, Madera, and Tulare, rose and continues to point to positive growth for the next 3 to 6 months. The index is produced using the same methodology as that of the national Institute for Supply Management (www.ism.ws).

Overall Index: The April index plummeted to 50.4 from 57.2 in March. This is the lowest recorded reading since November 2012. Readings over the past months are in a range pointing to softer growth over the next 3 to 6 months for the region. An index greater than 50.0 indicates an expansionary economy over the course of the next three to six months. Survey results for the last two months and one year ago are listed in the accompanying table.

“According to our survey results over the last several months, economic growth will remain positive but somewhat weaker in the months ahead. As in February growth slowed for durable goods manufacturer. On the other hand, food processors, wholesale trade and business services firms continue to experience healthy growth,” said Ernie Goss, Ph.D., research faculty with the Craig School of Business at Fresno State University.

Employment: For the first time since October of 2013, the regional hiring gauge fell below growth neutral 50.0 threshold. The employment index slumped to 49.4 from 57.8 in March. “Job growth in the San Joaquin Valley has waned over the past months with April’s survey indicating slight job losses. Gains for construction and manufacturing were more than offset by losses for firms with tight linkages to agriculture and international markets,” reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, advanced to 51.7 from March’s 48.9. “Just as in other regional surveys and the national survey, Fresno State’s survey over the past many months shows little evidence of inflationary pressures at the wholesale level,” said Goss.

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, expanded to a frail 48.9 from March’s 47.9. “Weak agriculture commodity prices, and global economic weakness continue to weigh on expectations of future economic conditions,” said Goss.

Inventories: Businesses expanded inventories of raw materials and supplies for April, but at a slower pace than for March. The April inventory index sank to 59.8 from 69.6 in March.

Trade: New export orders fell again for April. The index sank to 30.4 from March’s 44.2, and the import index slipped to 53.1 from 56.2 in March. “Even though the U.S. dollar has declined in 2016,

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it remains relative strong and makes U.S. goods less competitively priced abroad. At the same time, the strong U.S. dollar has made foreign goods more competitively priced in the U.S. thus increasing imports,” said Goss.

Other components: Other components of the April Business Conditions Index were: new orders at 46.4, down from March’s 51.8; production or sales at 44.4, down from 56.9 in March; and delivery lead time at 52.1, which is higher than last month’s 49.6

Table 1 details survey results for April 2015, last month, and April 2016. May survey results will be released on the first business day of next month, June 1.

Table 1: Overall and component indices for last 2 months and one year ago (above 50.0 indicates expansion)			
	San Joaquin Valley		
	April 2015	March 2016	April 2016
Leading economic indicator	59.9	57.2	50.4
New orders	56.1	51.8	46.4
Production or sales	57.6	56.9	44.4
Employment	64.9	57.8	49.4
Inventories	56.9	69.6	59.8
Delivery lead time	64.2	49.6	52.1
Wholesale prices	46.4	48.9	51.7
Imports	38.0	56.2	53.1
Export orders	50.6	44.2	30.4
Business confidence	58.7	47.9	48.9

Craig School of Business: <http://www.fresnostate.edu/craig/ubc/sjvs.html>

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