

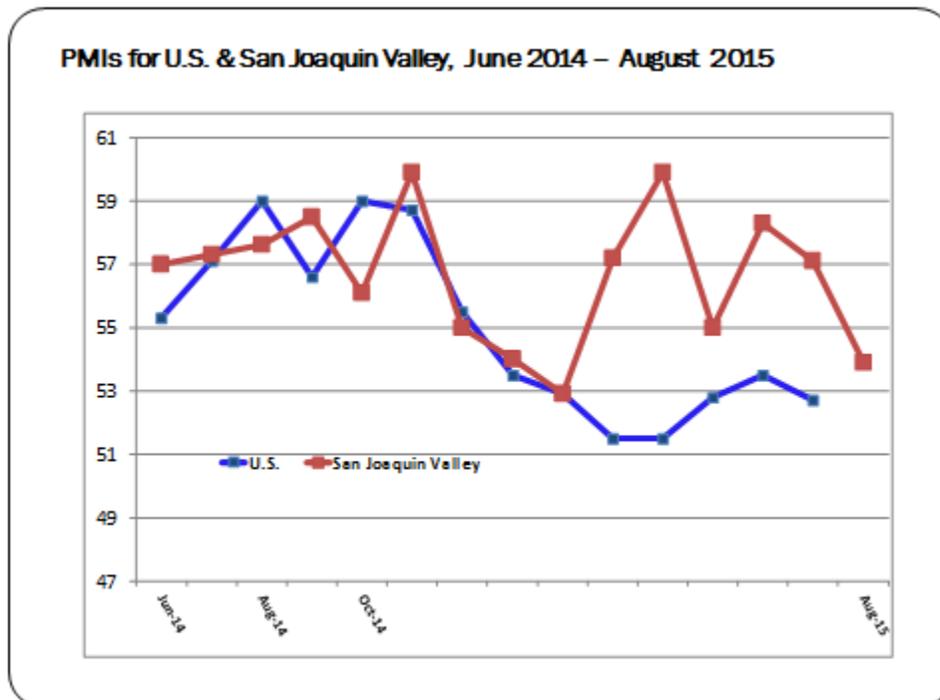
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Goss video summary at: <http://youtu.be/m72CnL2iYwo>

San Joaquin Valley Economic Indicator Points to Growth: Inflationary Pressures Sink

August survey results at a glance:

- Leading economic indicator falls to level pointing to healthy growth for next 3 to 6 months.
- More than one-fourth report rising regulatory costs as the biggest economic challenge facing their firm over the next 12 months.
- Wholesale inflationary pressures fall for the month.
- Businesses, on average, expect to raise prices for their company's products by less than one percent over the next year.



For Immediate Release: September 1, 2015

FRESNO, CA-For the twenty-first 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, fell but 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 August index fell to 53.9 from July's 57.1. August's reading is in a range indicating positive and solid growth for the remainder of 2015. 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 healthy in the months ahead. Manufacturers in the area continue to expand at a positive but slow pace. Warehousing and wholesale trade firms are experiencing healthy growth," said Ernie Goss, Ph.D., research faculty with the Craig School of Business at California State University, Fresno.

Employment: After slumping below growth neutral in October of 2013, the regional hiring gauge has moved above the 50.0 threshold each month since. The employment index fell to a sound 54.1 from 54.8 in July. "Manufacturing firms, including food processors, and wholesale businesses are adding employment. As a result of consistent regional growth the area's unemployment rate has declined to its lowest level in almost seven years," reported Goss.

This month, business leaders and supply managers were asked to name their biggest economic challenge for the next 12 months. Approximately one fourth or 26.7 percent indicated that rising regulatory costs were the greatest economic threat, and one-fifth named low consumer demand as the biggest threat to their business. Approximately 13.3 think higher interest rates represent the greatest economic challenge to their business over the next 12 months. No other factor was identified by more than ten percent of businesses in terms of an economic threat," said Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, fell to 49.8 from 56.8 in July. "Just as in other regional surveys and the national survey, the San Joaquin Valley inflationary gauge has remained in a range indicating declining inflationary pressures at the wholesale level. Businesses in the San Joaquin Valley expect the price of their products and services to rise by less than one percent over the next 12 months," said Goss.

Business Confidence: Looking ahead six months, economic optimism, captured by the business confidence index, declined to 53.5 from July's 57.1. "Sinking agriculture and energy

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commodity prices, along with global economic uncertainty, pushed expectations of future economic conditions lower for the month,” said Goss.

Inventories: Businesses increased inventories of raw materials and supplies for the month at a faster pace than in July. The July inventory expanded to 53.5 from last month’s 52.5.

Trade: The new export order index increased slightly to 42.8 from 42.7 in July, and the import index dipped to 51.1 from 52.2 in July. “The strong U.S. dollar, which makes U.S. goods less competitively priced abroad, is negatively affecting regional exports. On the other hand, the strong U.S. dollar and regional growth have boosted imports for businesses in the four county region,” said Goss.

Other components: Other components of the August Business Conditions Index were: new orders at 54.0 down from 61.5 in July; production or sales at 56.4 lower than July’s 62.7; and delivery lead time at 52.2 from 54.3 in July.

Table 1 details survey results for August 2014, last month and August 2015. September survey results will be released on the first business day of next month, October 1.

	San Joaquin Valley		
	August 2014	July 2015	August 2015
Leading economic indicator	57.6	57.1	53.9
New orders	68.7	61.5	54.0
Production or sales	66.6	62.7	56.4
Employment	57.0	54.8	54.1
Inventories	47.2	52.1	53.1
Delivery lead time	56.2	54.3	52.2
Wholesale prices	66.0	56.8	49.8
Imports	52.4	52.2	51.1
Export orders	43.6	42.7	42.8
Business confidence	58.6	57.1	53.5

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

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