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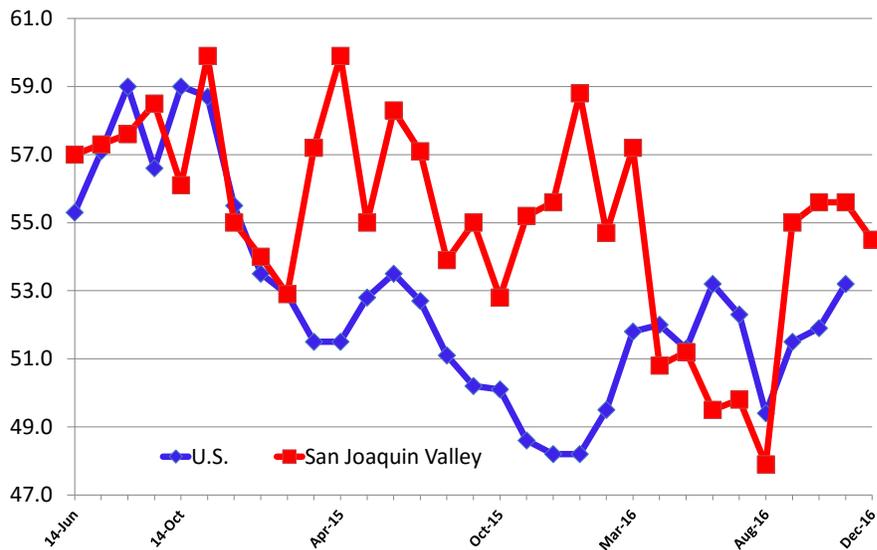
Goss video economic summary: [https://youtu.be/ WO5lqeHepo](https://youtu.be/WO5lqeHepo)

San Joaquin Valley Indicator Healthy for December: Healthy Job Growth; Solid Wage Gains for 2017

December survey results at a glance:

- Leading economic indicator sinks to still healthy level signaling growth for first half of 2017.
- Inflationary pressures remain muted.
- Top of area’s 2017 economic wish list: Weaker U.S. dollar against the Chinese Yuan, Mexican Peso and Canadian Dollar.
- Chief 2017 economic risk for the area: Stronger U.S. Dollar, U.S. trade restrictions and trade conflicts.

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



For Immediate Release: January 3, 2017

FRESNO, CA-For a fourth straight month, the San Joaquin Valley Business Conditions Index moved into a range pointing to solid growth in the next 3 to 6 months. 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.. The index is produced using the same methodology as that of the national Institute for Supply Management (www.ism.ws).

Overall Index: The December index dipped slightly to 54.5 from November's healthy 55.6 reading. 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.

"After three straight months with readings below growth neutral the past summer, the index has now moved above growth neutral for four straight months. The region is currently experiencing manufacturing growth combined with upturns in regional construction. Furthermore, growth was recorded in wholesale trade and distribution," said Ernie Goss, Ph.D., research faculty with the Craig School of Business at Fresno State University.

Employment: After five straight months of advancing above growth neutral, the hiring gauge fell slightly below the 50.0 threshold. The employment index sank to 49.0 from November's 56.2. "Over the past 12 months, the San Joaquin region has experienced job growth of 1.8 percent, which is a bit above the pace of the nation. Our surveys over the last several months indicate that this positive regional gap will continue for the first half of 2017," reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, sank to 54.2 from 58.5 in November indicating muted inflationary pressures at the wholesale level. "Despite the December pullback, I expect inflationary pressures at both the consumer and wholesale level to move higher in the months ahead with at least one rate hike in the first quarter of 2017," said Goss.

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, rose to very strong 64.4 from November's 59.4. "Much like for the national economy, we are recording very positive economic outlook for the four-county region," said Goss.

Inventories: In another show of economic confidence, businesses increased inventories of raw materials and supplies for December. The December inventory climbed to 62.0 from 57.4 in November.

Trade: The new export orders index moved above growth neutral for December. The index slipped to 50.8 from 51.5 in November. The import index stood at 49.1, which was up from 48.3 in November.

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Other components: Other components of the December Business Conditions Index were: new orders at 54.9, up from 54.9 in November; production or sales at 54.9, down from November's 55.7; and delivery lead time at 51.8, down from last month's 53.6.

Table 1 details survey results for December 2015, last month, and December 2016. January's survey results will be released on the first business day of February.

Table 1: Overall and component indices for last 2 months and one year ago (above 50.0 indicates expansion)			
	San Joaquin Valley		
	December 2015	November 2016	December 2016
Leading economic indicator	55.6	55.6	54.5
New orders	52.2	54.9	54.9
Production or sales	55.0	55.7	54.9
Employment	55.0	56.2	49.0
Inventories	56.5	57.4	62.0
Delivery lead time	59.3	53.6	51.8
Wholesale prices	49.7	58.5	54.2
Imports	42.7	48.3	49.1
Export orders	41.5	51.5	50.8
Business confidence	44.4	59.4	64.4

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

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