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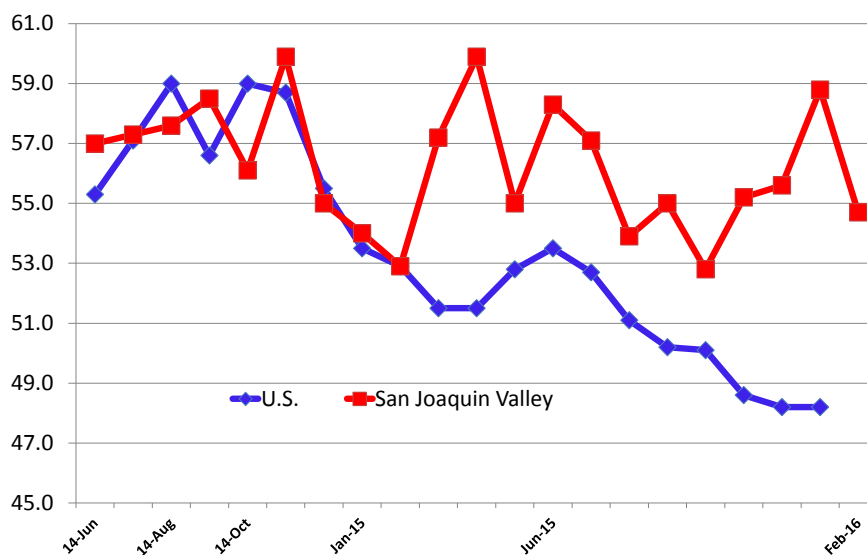
Goss video economic summary: <https://youtu.be/SAY9AKfLVd8>

San Joaquin Valley Economic Indicator Sinks for February: One of Six Businesses See Labor Shortage Challenge

February survey results at a glance:

- Leading economic indicator tumbles for the month, but continues to point to positive growth for next 3 to 6 months.
- Job gains slow for the month.
- Almost one of six firms see finding and hiring qualified workers as their greatest 2016 business challenge.
- Almost one-half or 46.2 indicated that a Fed rate increase in March would have little or no impact on their business.
- Regional exports continue to fall.

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



For Immediate Release: March 1, 2016

FRESNO, CA-For the twenty-seventh 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 February index fell to 54.8 from 58.8 in January. Even with the monthly decline, February's reading is in a range indicating positive growth through the second quarter of 2016. 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 in the months ahead and slightly above that of the nation's economy. As in January, growth slowed for manufacturers while construction firms reduced jobs for the month. On the other hand, 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.

This month survey participants were asked to name the greatest challenge facing their business for 2016. Approximately, 38.5 percent see U.S. economic weakness as the biggest 2016 economic challenge to their business while 23.1 percent named rising government regulation as their most significant business threat. Another 15.6 percent indicated that finding and hiring qualified workers would be the greatest challenge with no other factor rising above 10 percent.

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 sank to 54.1 from 58.3 in January. "Job growth in the San Joaquin Valley has moved a bit lower, but remains above the pace of the nation," reported Goss.

This month we asked businesses how a March Federal Reserve (Fed) rate change would likely impact their business. Almost one-half or 46.2 indicated that a Fed rate increase in March would have little or no impact on their business. Approximately 30.8 percent think that a March rate hike would negatively impact their business. The remaining 23 percent expect a March rate increase to have a positive impact on their business.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, fell to 42.9 from January's 44.1. "Just as in other regional surveys and the national survey, falling agriculture and energy prices are putting downward pressure on the San Joaquin Valley wholesale inflationary gauge," said Goss.

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Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, plummeted to 41.9 from January’s weak 45.3. “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 February, but at a slower pace than in January. The February inventory index slipped to 55.8 from 57.4 in January.

Trade: New export orders fell again, but at a slower pace than in January. The index rose to 48.5 from January’s 38.6, and the import index climbed to 52.3 from 49.1 in January. “The strong U.S. dollar, which makes U.S. goods less competitively priced abroad, and global economic weakness are negatively affecting regional exports,” said Goss.

Other components: Other components of the January Business Conditions Index were: new orders at 53.7, down from January’s 61.5; production or sales at 56.1, down from 62.2 in January; and delivery lead time at 54.2, which is down from last month’s 54.6.

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

	San Joaquin Valley		
	February 2015	January 2016	February 2016
Leading economic indicator	52.9	58.8	54.8
New orders	45.6	61.5	53.7
Production or sales	51.5	62.2	56.1
Employment	51.1	58.3	54.1
Inventories	56.0	57.4	55.8
Delivery lead time	60.4	54.6	54.2
Wholesale prices	47.9	44.1	42.9
Imports	40.9	49.1	52.3
Export orders	66.8	38.6	48.5
Business confidence	54.8	45.3	41.9

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

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