

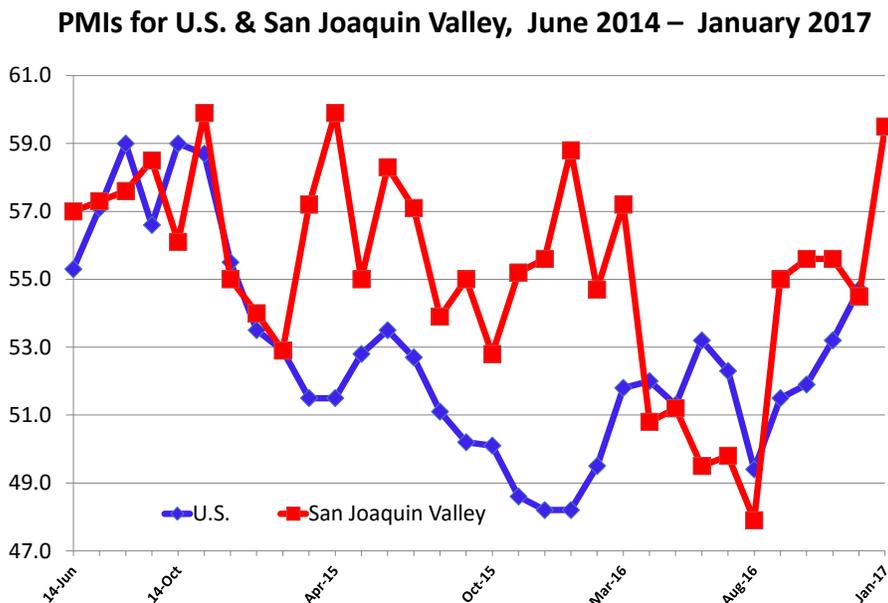
For More Information Contact:
Ernie Goss Ph.D., 559-278-2352
University Business Center
Craig School of Business
California State University, Fresno

Goss video economic summary: <https://youtu.be/zgqQuYXTC9I>

San Joaquin Valley Indicator Highest Since April 2015: Business Confidence Soars

January survey results at a glance:

- Leading economic indicator soars to highest level since April 2015.
- Inflationary pressures at wholesale level bounce higher.
- Almost one-third, or 30.8 percent, of survey participants expect a quarter one rate to have a negative impact on their business.
- Manufacturing wages were 4.2 percent higher for quarter four of 2016 compared to quarter four of 2015.



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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

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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 January index jumped to 59.5, its highest level since April 2015, and up from December's 54.5. 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 five 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 moving below growth neutral for December, the employment gauge climbed above the threshold. The January index advanced to 53.3 from 49.0 in December. "Over the past 12 months, the San Joaquin region has experienced job growth of 1.6 percent, which is a bit above the pace of the nation of 1.5 percent. Our surveys over the last several months indicate that this the San Joaquin job market will continue to expand at a pace slightly above that of the nation for the first half of 2017," reported Goss.

Approximately 38.5 percent named finding and hiring qualified workers as the biggest 2017 challenge to their company. Reflecting this shortage, wages in the area are growing at strong pace. According to U.S. Bureau of Labor Statistics, average hourly wage rate for manufacturing for the final quarter of 2016 compared to the same quarter in 2015 were 4.2 percent higher.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, climbed to 60.4 from 54.2 in December, indicating rising, but not excessive, inflationary pressures at the wholesale level. "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.

Almost one-third, or 30.8 percent, of survey participants expect a quarter one rate to have a negative impact on their business.

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, rose to very strong 70.6 from December's 64.4. "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 January. The January inventory climbed to 65.1 from 62.0 in December.

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Trade: The new export orders index moved above growth neutral for January. The index expanded to 54.0 from 50.8 in December. The import index advanced to 56.7 from 49.1 in December.

Other components: Other components of the January Business Conditions Index were: new orders at 62.1, up from 54.9 in December; production or sales at 65.9, up from December's 54.9; and delivery lead time at 50.9m down from last month's 51.8.

Table 1 details survey results for January 2016, last month, and January 2017. February's survey results will be released on the first business day of March.

Table 1: Overall and component indices for last 2 months and one year ago (above 50.0 indicates expansion)			
	San Joaquin Valley		
	January 2016	December 2016	January 2017
Leading economic indicator	58.8	54.5	59.5
New orders	61.5	54.9	62.1
Production or sales	62.2	54.9	65.9
Employment	58.3	49.0	53.3
Inventories	57.4	62.0	65.1
Delivery lead time	54.6	51.8	50.9
Wholesale prices	44.1	54.2	60.4
Imports	49.1	49.1	56.7
Export orders	38.6	50.8	54.0
Business confidence	45.3	64.4	70.6

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

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