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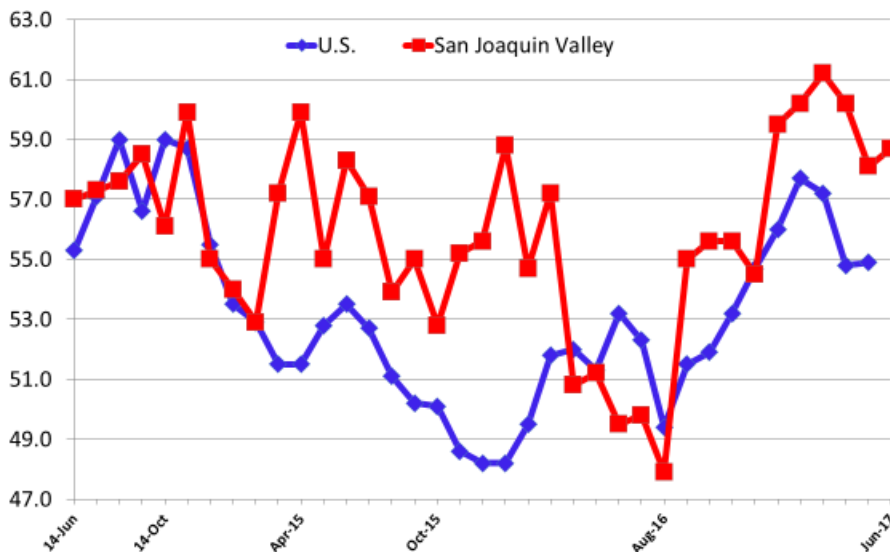
Goss video economic summary: <https://youtu.be/teeSeQ1VNNM>

### San Joaquin Valley Indicator Expands for June : Inflation Gauge Ticks Up

#### June survey results at a glance:

- Leading economic indicator expands to healthy level signaling growth ahead.
- Employment index indicates strong hiring for the month.
- On average, companies in the area expect to raise prices by 1.9 percent over the next 12 months.
- Wholesale inflationary pressures remain elevated for the month. .

PMIs for U.S. & San Joaquin Valley, June 2014 – June 2017



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## San Joaquin Business Conditions Index – p. 2 of 3

FRESNO, CA-The San Joaquin Valley Business Conditions Index moved into a range pointing to strong 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](http://www.ism.ws)).

**Overall Index:** The June index climbed to a solid 58.7 from 58.1 in May. . 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.

“The region is currently experiencing solid manufacturing growth combined with upturns in regional construction. However as in past months, durable, or heavy manufacturing, continues to lag behind non-durable manufacturing, including food processing,” 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 every month since. The June index advanced to 60.8 from May’s 59.6. “Over the past 12 months, the San Joaquin region has experienced strong and improving job growth at 2.2 percent, which is well above the pace of the nation’s 1.6 percent. The region’s rapid expansion is boosting average hourly salaries and wages at a very strong and unsustainable pace of 7.0 percent. Our surveys over the last several months indicate that the San Joaquin job market will continue to expand at a pace above that of the nation through the third quarter of 2017,” reported Goss.

**Wholesale Prices:** The prices-paid index, which tracks the cost of purchased raw materials and supplies, advanced to 67.3 from 65.4 in May, indicating modest but elevated 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 an additional Federal Reserve rate hike at their September meeting,” said Goss.

On average, companies in the area expect to raise prices by 1.9 percent over the next 12 months.

**Business Confidence:** Looking ahead six months, economic optimism, as captured by the business confidence index, slipped to a strong 69.1 from May’s 72.6. “Businesses in the region and nation continue to expect improving business conditions, and profits. I expect a failure of DC to enact corporate tax cut to shrink that confidence,” said Goss.

**Inventories:** In another show of economic confidence, the inventory index remained in a healthy range for June. The June inventory rose to 59.0 from 54.4 in May.

**Trade:** The new export orders index fell to 47.7 from 53.7 in May while the import index advanced to 54.5 from May’s 53.7.

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**Other components:** Other components of the June Business Conditions Index were: new orders at 57.0, down from 60.5 in May; production or sales at 66.1, up from May's 62.3; and delivery lead time at 51.1 down from last month's 56.0.

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

	San Joaquin Valley		
	June 2016	May 2017	June 2017
Leading economic indicator	49.5	58.1	58.7
New orders	54.8	60.5	57.0
Production or sales	49.5	62.3	66.1
Employment	49.8	59.0	60.8
Inventories	41.9	54.4	59.0
Delivery lead time	51.4	56.0	51.1
Wholesale prices	54.1	65.4	67.3
Imports	46.4	53.4	54.5
Export orders	34.4	53.7	47.7
Business confidence	47.9	72.6	69.1

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

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