

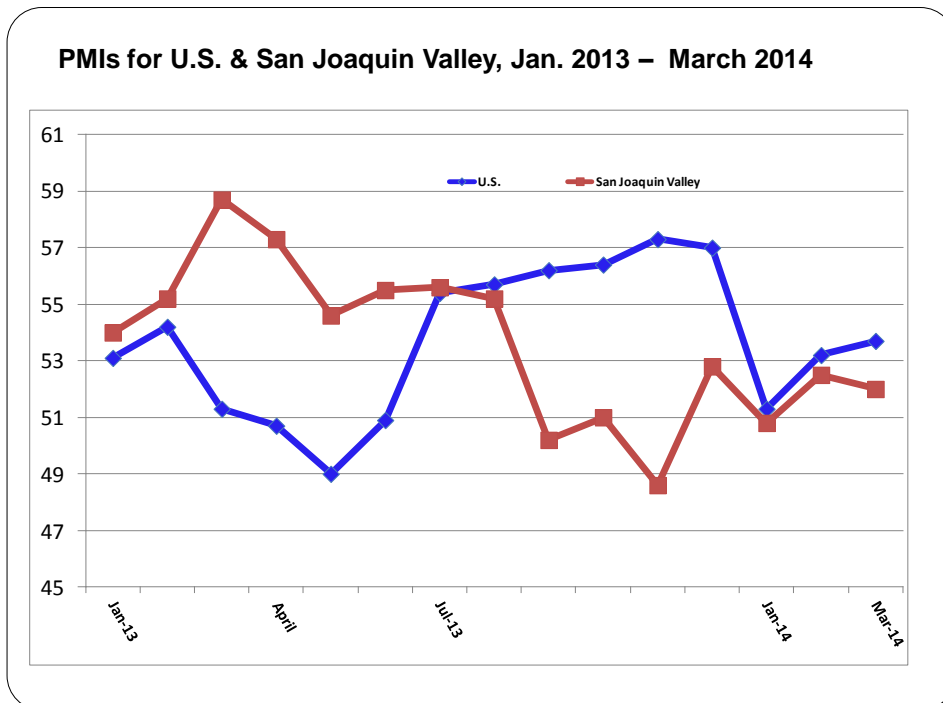
For More Information Contact:
Ernie Goss Ph.D., 559-278-2352
University Business Center
Craig School of Business
California State University, Fresno

Goss video summary at: <http://youtu.be/urUftaDmD6Y>

San Joaquin Valley Leading Economic Points to Growth: Expect Weak 2014 Wage Growth

March survey results at a glance:

- Regional economic indicator points to slow, but positive growth for next 3 to 6 months.
- New export orders soar for the month.
- Firms expect wages to grow by approximately 1.2 percent in the next year.
- Wholesale inflation rises and is expected to move even higher in the months ahead.



For Immediate Release: April 1, 2014

FRESNO, CA-For the fifteenth time in the past sixteen months, the San Joaquin Valley Business Conditions Index rose above the 50.0 threshold. The index, a leading economic indicator from a survey of individuals making company purchasing decisions for firms in the counties of Fresno, Madera, Kings and Tulare, points to positive, but slow 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 index decreased slightly to 52.0 from 52.5 in February. An index greater than 50 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.

“Since June of 2012, the regional economy has been growing, albeit at a slow pace. During this period of time, the area unemployment rate has declined by almost three percentage points. Our surveys for the first quarter of 2014 point to continuing economic progress with rising employment and lower unemployment. Firms in the region’s construction and wholesale trade industries are experiencing healthy growth while manufacturers are expanding their output via higher productivity but very little job growth,” said Ernie Goss, Ph.D., research faculty with the Craig School of Business at California State University, Fresno.

Employment: After moving below growth neutral for January, the hiring gauge has moved above the 50.0 threshold for February and March. The job index slipped to 53.3 from February’s 54.1. “Even with firms adding jobs in the region, wages continue to grow at a sub-standard pace. Firms reported this month that they expect wage rates to advance by a weak 1.2 percent,” reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, increased for the month. The wholesale inflation gauge climbed from February’s 71.9 to 72.1 for March.

“This month managers and owners in the region assessed how much they expect prices for raw materials and supplies purchased by their firm to grow in the next six months. On average, firms expect prices to expand by 3.8 percent in the next six months or over seven percent annualized. This is two full percentage points higher on an annualized basis than was reported by firms in May of last year. Inflation at the wholesale level is clearly moving higher according our survey,” said Goss.

Business Confidence: Looking ahead six months, economic optimism, captured by the business confidence index, rose to 52.8 from last month’s 48.0 and January’s 48.4. “The upturn

San Joaquin Business Conditions Index – p. 3 of 3

in the national and regional economies pushed business confidence higher for the month,” said Goss.

Inventories: Businesses expanded inventories of raw materials and supplies for the month but at a slower pace compared to February. The March inventory reading dipped to 52.5 from 52.8 in February.

Trade: The new export order reading soared to 67.0 from February’s much weaker 45.1 and well up from March of last year. “This very good news for a region where exports are an important component of growth,” said Goss. The regional import reading for March declined to a still solid 56.3 from February’s 58.1. Businesses experiencing growth continue to purchase from abroad.

Other components: Other components of the March Business Conditions Index were new orders at 51.4, up from 50.1 in February; production or sales at 49.3, up from last month’s 48.5; and delivery lead time at 53.6, down from 57.1 in February.

Table 1 details survey results for March 2013, last month and March 2014. April survey results will be released on the first business day of next month, May 1.

	San Joaquin Valley		
	March 2013	February 2014	March 2014
Leading economic indicator	58.7	52.5	52.0
New orders	62.0	50.1	51.4
Production or sales	63.5	48.5	49.3
Employment	57.7	54.1	53.3
Inventories	51.9	52.8	52.5
Delivery lead time	58.4	57.1	53.6
Wholesale prices	60.4	71.9	72.1
Imports	56.3	58.1	56.3
Export orders	51.7	45.1	67.0
Business confidence	50.4	48.0	52.8

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

Follow Goss: Twitter at <http://twitter.com/erniegoss> or www.ernestgoss.com

Blog: <http://economytrends.blogspot.com>