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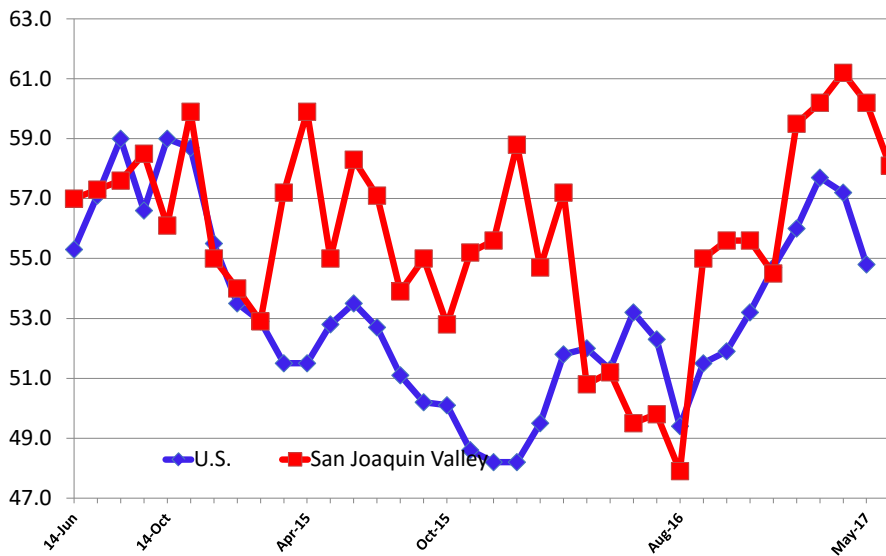
Goss video economic summary: <https://youtu.be/kjSmrW74e4w>

San Joaquin Valley Indicator Remains Very Healthy for May: Data Security Issues Raised by Businesses

May survey results at a glance:

- Leading economic indicator falls to a still robust level from April's strong reading.
- Employment index indicates strong hiring for the month.
- Almost one in four, or 23.5 percent, reported that finding and hiring qualified workers was the greatest 2017 economic obstacle to business expansion.
- In terms of choosing a supplier, more than one of three businesses, or 35.3 percent, indicated that data security was either the most important, or a very important factor, in choosing a supplier.
- Wholesale inflationary pressures remain elevated for the month. .

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



For Immediate Release: June 1, 2017

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).

Overall Index: The May index dropped to a still healthy 58.1 from 60.2 for April. 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 moving to a record high for March, the overall index for April and May fell to a still robust readings. 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 May index advanced to 59.6 from April’s 56.3. “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 6.0 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.

This month business survey respondents were asked to identify the greatest economic challenge facing their company for 2017. Almost one in four, or 23.5 percent, reported that finding and hiring qualified workers was the greatest 2017 economic obstacle to business expansion for the year.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, slipped to 65.4 from 66.6 in April, 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 next meeting on June 14,” said Goss.

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, rose to 72.6 from 71.7 in April. “Businesses in the region and nation

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continue to expect improving business conditions, profits and a corporate tax cut. 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 May. Even so, the May inventory fell to 54.4 from 62.4 in April.

This month survey participants were asked their data security concerns. In terms of choosing a supplier, more than one of three businesses, or 35.3 percent, indicated that data security was either the most important, or a very important factor in choosing a supplier. Only 17.6 percent reported that data security was only a minor concern.

Trade: Both the new export orders index and import index remained above growth neutral for May. The new export order reading sank to 53.7 from April's 57.3 and the May import reading dropped to 53.4 from 56.9 in April.

Other components: Other components of the May Business Conditions Index were: new orders at 60.5 up from 60.2 in April; production or sales at 62.3, down from April's 65.1; and delivery lead time at 56.0, up from last month's 55.8.

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

Table 1: Overall and component indices for last 2 months and one year ago (above 50.0 indicates expansion)			
	San Joaquin Valley		
	May 2016	April 2017	May 2017
Leading economic indicator	51.2	60.2	58.1
New orders	51.8	64.3	60.5
Production or sales	49.0	65.1	62.3
Employment	49.7	56.3	59.0
Inventories	49.1	62.4	54.4
Delivery lead time	56.4	55.8	56.0
Wholesale prices	54.4	66.6	65.4
Imports	48.4	56.9	53.4
Export orders	43.8	57.3	53.7
Business confidence	45.9	71.7	72.6

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

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