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Goss video economic summary:

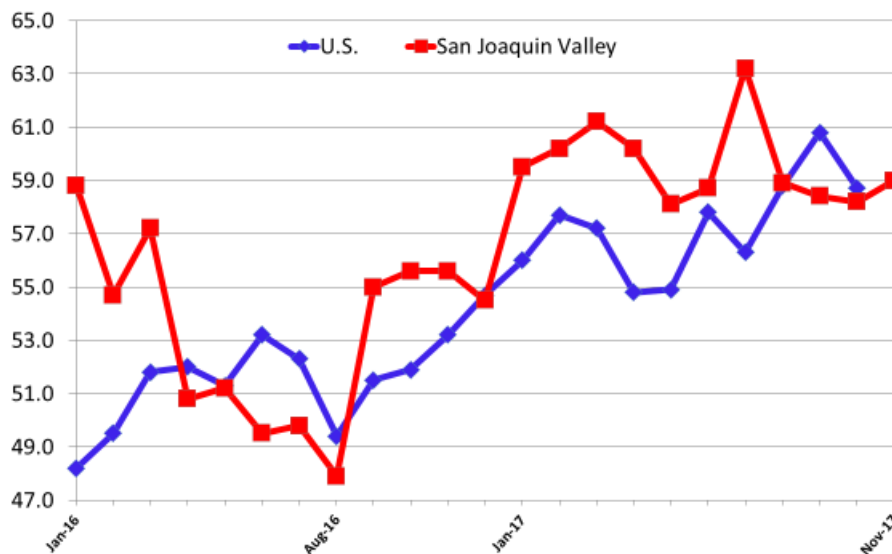
<https://www.youtube.com/watch?v=Cv8xbUSrbDs&feature=youtu.be>

**San Joaquin Valley Indicator Rises to Healthy Level:
Seven of Ten Support Tax Reform Package Before Congress**

November survey results at a glance:

- Leading economic indicator falls to a healthy level from October's stout reading, signaling healthy growth ahead.
- Wholesale price gauge indicates elevated inflationary pressures.
- On average, survey participants expect wages and salaries at their firm to expand by 2.2 percent over the next year.
- More than two-thirds, or 69.2 percent, of survey participants support passage of the current tax reform package before Congress.

PMIs for U.S. & San Joaquin Valley, Jan. 2016 – Nov. 2017



For Immediate Release: December 1, 2017

FRESNO, CA-The San Joaquin Valley Business Conditions Index advanced into a range pointing to healthy 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: From October's strong 58.2, the index rose to 59.0 for November. Since bottoming out in August 2016, the index has moved into a range indicating healthy economic growth ahead. 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.

"This is the 15th straight month that the overall index has moved above growth neutral. For a second consecutive month, the survey tracked weakness among non-durable goods producers, including food processors, in the region. However, gains for durable goods manufacturers more than offset this weakness. Construction and wholesale trade activity in the San Joaquin Valley continues to expand at a healthy pace," 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 2016, the employment gauge has climbed above the threshold every month since. The November index declined to a weaker, but still above growth neutral 50.1, but down from a solid 53.8 in October. "Over the past 12 months, the San Joaquin region has experienced strong job growth at 1.9 percent, which is significantly above the nation's 1.4 percent gain for the same period of time," reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, expanded to 75.0 from 73.1 in October, indicating elevated inflationary pressures at the wholesale level. "I expect inflationary pressures at both the consumer and wholesale level to rise in the months ahead, but remain modest. As a result, I expect the Federal Reserve to raise short term interest rates by one-fourth of one percentage point at their meetings this month," said Goss.

Survey participants were asked to estimate 2018 increase in wages and salaries at their business. On average, a low 2.2 percent increase was expected.

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, declined to a still healthy 61.6 from October's 66.5. "Businesses in the region and nation continue to expect improving business conditions, and profits. Furthermore, the

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impending tax reform package has supported business confidence in the region. This month survey participants were asked their assessment of the current tax reform bill before the U.S. Senate. Approximately 69.2 percent support the tax package, roughly 7.7 percent oppose the current bill while the remaining 23.1 percent expressed no opinion,” reported Goss.

Inventories: In another show of economic confidence, the inventory index remained above growth neutral for November. The November inventory advanced to 62.6 from 59.5 in October.

Trade: The new export orders index sank to 30.0 from October’s 51.0, while the import index rose to 64.3 from 52.2 in October.

Other components: Other components of the November Business Conditions Index were: new orders at 50.0, down from 59.0 in October; production or sales at 66.7, up from October’s 66.3; and delivery lead time at 65.5, up from last month’s 52.3.

Table 1 details survey results for November 2016, last month, and November 2017. November’s survey results will be released on the first business day of December.

	San Joaquin Valley		
	November 2016	October 2017	November 2017
Leading economic indicator	55.6	58.2	59.0
New orders	54.9	59.0	50.0
Production or sales	55.7	66.3	66.7
Employment	56.2	53.8	50.1
Inventories	57.4	59.5	62.6
Delivery lead time	53.6	52.3	65.5
Wholesale prices	58.5	73.1	75.0
Imports	48.3	52.2	64.3
Export orders	51.5	51.0	30.0
Business confidence	59.4	66.5	61.6

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

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