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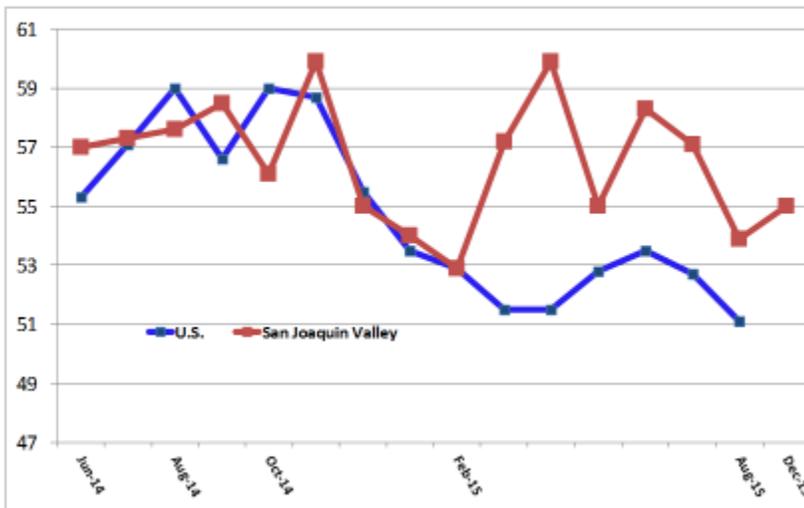
Goss video summary at: <https://youtu.be/aYkJt6Hx5ac>

San Joaquin Valley Economic Indicator Points to Healthy Growth: Inflationary Pressures Sink

September survey results at a glance:

- Leading economic indicator rises to level pointing to healthy growth for next 3 to 6 months.
- Wholesale inflationary pressures fall for the month.
- Growth for area wholesalers and professional and business services added jobs.
- More than one-fourth of the businesses reported negative economic impacts from the drought.

PMIs for U.S. & San Joaquin Valley, June 2014 – September 2015



For Immediate Release: October 1, 2015

FRESNO, CA-For the twenty-second consecutive month, the San Joaquin Valley Business Conditions Index rose above the 50.0 growth neutral threshold. 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, fell but continues to point to positive 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 September index climbed to 55.0 from 53.9 in August. September's reading is in a range indicating positive and solid growth for the remainder of 2015 and into 2016. 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.

"According to our survey results over the last several months, economic growth will remain healthy in the months ahead. Growth slowed for manufacturers and construction firms in the area for the month. On the other hand, warehousing, wholesale trade firms and business services are experiencing healthy growth. This month, more than one-fourth, or 26.7 percent, reported negative economic impacts from the drought," said Ernie Goss, Ph.D., research faculty with the Craig School of Business at California State University, Fresno.

Employment: After slumping below growth neutral in October of 2013, the regional hiring gauge has moved above the 50.0 threshold each month since. The employment index fell to a solid 53.7 from 54.1 in August. "Job expansion was flat for construction and manufacturing. On the other hand, wholesalers and professional and business services firms added jobs for the month. The level of non-farm employment is now at a record level and the unemployment rate is at a seven-year low for the region. I expect the job market to continue to improve," reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, rose slightly to 49.9 from 49.8 in August. "Just as in other regional surveys and the national survey, the San Joaquin Valley inflationary gauge has remained in a range indicating declining to stable inflationary pressures at the wholesale level," said Goss.

Business Confidence: Looking ahead six months, economic optimism, captured by the business confidence index, declined to 51.8 from August's 53.5. "Sinking commodity prices and global economic weakness pushed expectations of future economic conditions lower for the month," said Goss.

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Inventories: Businesses increased inventories of raw materials and supplies for September, but at a slower pace than for August. The September inventory fell to 51.5 from last month's 53.5.

Trade: The new export order index sank to 40.1 from 42.8 in August, and the import index advanced to 53.3 from 51.1 in August. "The strong U.S. dollar, which makes U.S. goods less competitively priced abroad, and global economic weakness are negatively affecting regional exports. On the other hand, the healthy San Joaquin economy is boosting imports into the four-county region," said Goss.

Other components: Other components of the September Business Conditions Index were: new orders at 55.6, up from 54.0; production or sales at 61.5, up from 56.4 in August; and delivery lead time at 52.8, up from last month's 52.2.

Table 1 details survey results for September 2014, last month and September 2015. October survey results will be released on the first business day of next month, November 2.

Table 1: Overall and component indices for last 2 months and one year ago (above 50.0 indicates expansion)			
	San Joaquin Valley		
	September 2014	August 2015	September 2015
Leading economic indicator	58.5	53.9	55.0
New orders	68.7	54.0	55.6
Production or sales	61.2	56.4	61.5
Employment	54.9	54.1	53.7
Inventories	51.5	53.1	51.5
Delivery lead time	55.9	52.2	52.8
Wholesale prices	59.4	49.8	49.9
Imports	48.9	51.1	53.3
Export orders	55.1	42.8	40.1
Business confidence	57.1	53.5	51.8

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

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