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FEATURES

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SURVEY OF BUSINESS CONDITIONS

For the past several months, the San Joaquin Valley Survey of Business Conditions has remained strong providing a healthy indicator of upcoming economic conditions and business confidence, which has paralleled the national indicator prepared by ISM, the Institute for Supply Management.

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AGRICULTURE

Agriculture remains the backbone of the regional economy, contributing 25 percent to the total GDP and 17 percent of the regional employment. Fruit and nut crops are the major crops in terms of value followed by dairy products and cattle. Prices for agricultural products generally declined in 2016 compared to the previous year.

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CONSUMER SENTIMENT SURVEY

From a survey of consumers in the region, almost 90 percent of respondents expect their income to improve or stay the same in the future, although most also feel that inflation will outpace the rise in income. Further, the majority also expect that regional business conditions will improve or at least stay the same over the next year, although they tended to be somewhat less optimistic when compared to similar national data.

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MANUFACTURING

Manufacturing in the Central Valley is showing growth with over 1,500 manufacturers identified in the region with total employment exceeding 66,000, led by food manufacturing. Key areas of need include labor force training, exposure to career opportunities, and organizational training to improve performance of manufacturers.

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REAL ESTATE SENTIMENT INDEX

From a survey by the Gazarian Real Estate Center at the Craig School of Business, the sentiment index overall and for all sectors except agriculture generally started at a relatively low and mildly negative sentiment in 2012, increased to a mild positive sentiment for the next three years, and then stagnated or even slightly dropped in 2016 and 2017. The sentiment index for agriculture started with a very positive sentiment in 2012 but declined somewhat in most subsequent years still remaining mildly positive in 2017.

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BANKING

Central California-based banks and credit unions are experiencing strong growth in their loan portfolios, well above peers, with banks funding this loan growth primarily with new deposits. Credit unions are heavily reliant on vehicle loans which may prove challenging in the future. Future economic and regulatory conditions may prove beneficial for commercial real estate loans.

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LABOR MARKET

Although per capita income in the region is significantly lower than the state and the nation, the region's employment growth outpaced the state and the nation in 2016-2017. Improving the quality of its growing labor force would make Central California a more attractive choice for labor-intensive businesses.

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GLOBAL BUSINESS

Central California exports in 2014 exceeded \$11.5 billion with agribusiness holding the lion's share. Foreign Direct Investment (FDI) is increasingly creating jobs in the region through mergers and acquisitions with investments mainly from England, Japan and the Netherlands.

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AUTHORS AND PARTICIPATING PARTNERS