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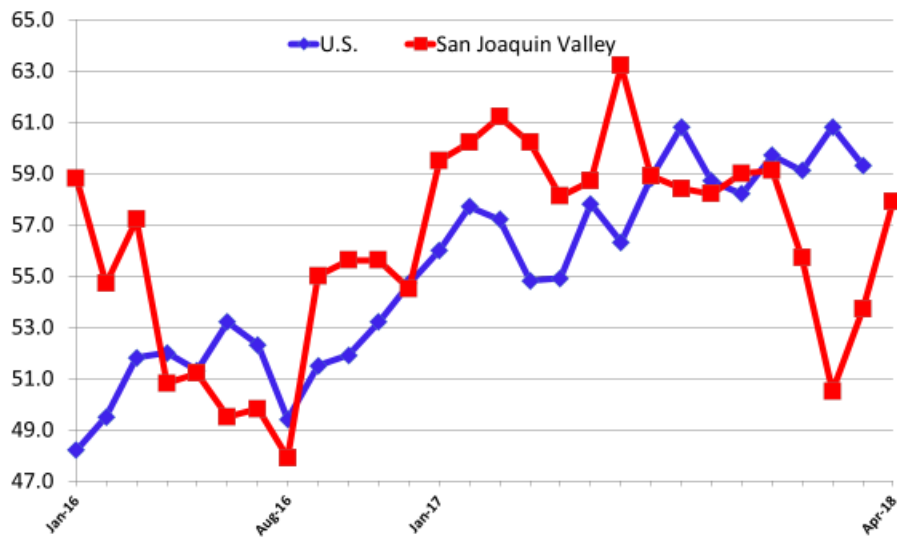
Goss video economic summary: https://youtu.be/q1_bhU-tk1o

San Joaquin Valley Index Surges Higher for April: One-Third Support Abolition of NAFTA

April survey results at a glance:

- Leading economic indicator above growth neutral for the 20th straight month.
- Durable and non-durables goods manufacturers expanding.
- Inflation gauge indicates elevated inflationary pressures at the wholesale level.
- Business confidence index remained very strong.
- Approximately one-third of survey participants support renegotiating the North American Free Trade Agreement (NAFTA) and abolition of the current agreement.

PMIs for U.S. & San Joaquin Valley, Jan. 2016 – April 2018



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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 is 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 March's 53.5, the region's Business Conditions Index expanded to a solid and stronger 57.9. Since bottoming out in August 2016, the index has moved into a range pointing to positive 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 20th straight month that the overall index has moved above growth neutral. Both durable and non-durable goods manufacturing reported solid gains for the month. Food processing continues to be a major contributor to regional growth. As in recent months, construction, and wholesale trade activity in the San Joaquin Valley continued to expand at a healthy pace. I expect this pace to remain strong for the next 3 to 6 months," said Ernie Goss, Ph.D., research faculty with the Craig School of Business at Fresno State University.

Employment: The employment gauge moved to 54.6 from 50.6 for March. "The San Joaquin region has experienced strong job growth at 2.9 percent over the past 12 months, or almost double the nation's 1.5 percent expansion over the same period of time. I expect the region to continue to add jobs, but at a somewhat slower pace for the next 3 to 6 months," reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, declined for a third consecutive month to 73.3 from 77.1 in March, but still 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. Moreover, I expect the Federal Reserve to raise short-term interest rates at their June meetings by one quarter of one percentage point (25 basis points)," said Goss.

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, declined to a still strong 65.9 from March's 69.3. "Healthy profit growth, still low interest rates, and the recently passed tax reform package maintained the business confidence at a very healthy reading," reported Goss.

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Inventories: The inventory index remained above growth neutral for April. However, inventories grew at a slower pace with an index of 52.8, down from March's solid 55.5 and from February's 54.4.

Trade: The new export orders index advanced to 52.2 from 46.0 in March, while the import index expanded to 57.5 from 52.8 in March. A cheap U.S. dollar making U.S. goods more competitively priced abroad, and growth among U.S. trading partners, supported regional exports, while regional economic growth boosted purchases from abroad," said Goss.

Approximately one-third of survey participants support renegotiating the North American Free Trade Agreement (NAFTA) and abolition of the current agreement.

Other components: Other components of the April Business Conditions Index were: new orders at 61.5 up from 51.9 in March; production or sales at 61.6 up from March's 51.6; and delivery lead time at 58.5 up from last month's 57.8.

Table 1 details survey results for April 2017, last month, and April 2018. Survey results for May will be released on June 1, the first business day of the month.

Table 1: Overall and component indices for last 2 months and one year ago (above 50.0 indicates expansion)			
	San Joaquin Valley		
	April 2017	March 2018	April 2018
Leading economic indicator	60.2	53.7	57.9
New orders	64.3	51.9	61.5
Production or sales	65.1	51.6	61.6
Employment	56.3	50.6	54.6
Inventories	62.4	55.5	52.8
Delivery lead time	55.8	57.6	58.5
Wholesale prices	66.6	77.1	73.3
Imports	56.9	52.8	57.6
Export orders	57.3	46.0	52.2
Business confidence	71.7	69.3	65.9

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

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