

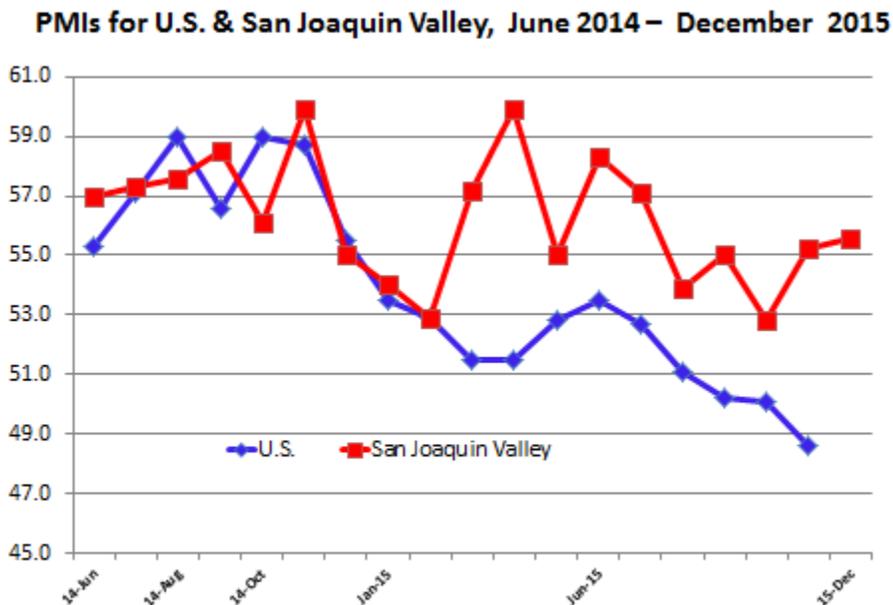
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Goss video economic summary: [https://youtu.be/zktaYBJm\\_bg](https://youtu.be/zktaYBJm_bg)

### San Joaquin Valley Economic Indicator Climbs for December: 2016 Wages & Salaries Expected to Expand by 2 Percent

#### December survey results at a glance:

- Leading economic indicator rises for the month pointing to positive growth for next 3 to 6 months.
- Survey indicates only modest inflationary pressures at wholesale level.
- Wages and salaries expected to expand by a modest 2.0 percent in 2016.
- 2015 leader: Wholesale trade. 2015 laggard: Construction.
- 2016 wish list: Weaker U.S. dollar; Passage of Trans-Pacific Partnership Agreement;
- 2016 biggest risks: Stronger U.S. dollar; Aggressive Federal Reserve rate hikes.



**For Immediate Release: January 4, 2016**

FRESNO, CA-For the twenty-fifth 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, rose and 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](http://www.ism.ws)).

**Overall Index:** The December index rose to 55.6 from 55.2 in November. December's reading is in a range indicating positive growth into the second quarter of 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 positive in the months ahead and well above that of the nation's economy. December growth slowed for manufacturers, especially durable goods producers, while construction firms reduced jobs for the month. On the other hand, wholesale trade and business services firms continue to experience healthy growth," 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 climbed to 55.0 from 52.8 in November. "Job growth in the San Joaquin area continues to significantly out-perform that of the U.S. Over the past 12 months, the regional economy has experienced a very strong 2.6 percent growth which is a full percentage point above the national economy," reported Goss.

This month we asked businesses how much salaries and wages for their firm are likely to rise for 2016. On average a 2.0 percent increase is expected. "This is down from 2.1 percent from one year ago when we asked this same question, but is above the actual average wage growth over the past year of 1.7 percent for the area," said Goss.

**Wholesale Prices:** The prices-paid index, which tracks the cost of purchased raw materials and supplies, fell to 49.7 from 53.2 in November. "Just as in other regional surveys and the national survey, the San Joaquin Valley inflationary gauge has remained in a range indicating modest inflationary pressures at the wholesale level," said Goss.

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This month asked survey participants were asked to forecast the price change in input supplies and raw materials will change by in the first half of 2016. On average a 0.9 percent increase is expected. “This is down significantly from last year when we asked this same question,” said Goss.

**Business Confidence:** Looking ahead six months, economic optimism, as captured by the business confidence index, slumped to 44.4 from November’s 49.6. “Agriculture and energy commodity prices, and global economic weakness continue to weigh on expectations of future economic conditions,” said Goss.

**Inventories:** Businesses expanded inventories of raw materials and supplies for December, but at a slower pace than in November. The December inventory index declined to 56.5 from 58.8 in November.

**Trade:** New export orders fell again, but at a slower pace. The index increased slightly to 41.5 from November’s 41.3, and the import index rose to 42.7 from 42.5 in November. “The strong U.S. dollar, which makes U.S. goods less competitively priced abroad, and global economic weakness are negatively affecting regional exports,” said Goss.

**Other components:** Other components of the November Business Conditions Index were: new orders at 52.2, up from November’s 50.9; production or sales at 55.0, down from 56.5 in November; and delivery lead time at 59.3, up from last month’s 57.1.

Table 1 details survey results for December 2014, last month, and December 2015. December survey results will be released on the first business day of next month, February 1.

	San Joaquin Valley		
	December 2014	November 2015	December 2015
Leading economic indicator	55.0	55.2	55.6
New orders	45.3	50.9	52.2
Production or sales	61.6	56.5	55.0
Employment	54.5	52.8	55.0
Inventories	51.9	58.8	56.5
Delivery lead time	61.7	57.1	59.3
Wholesale prices	59.9	53.2	49.7
Imports	38.6	42.5	42.7
Export orders	46.3	41.3	41.5
Business confidence	64.1	49.6	44.4

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

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