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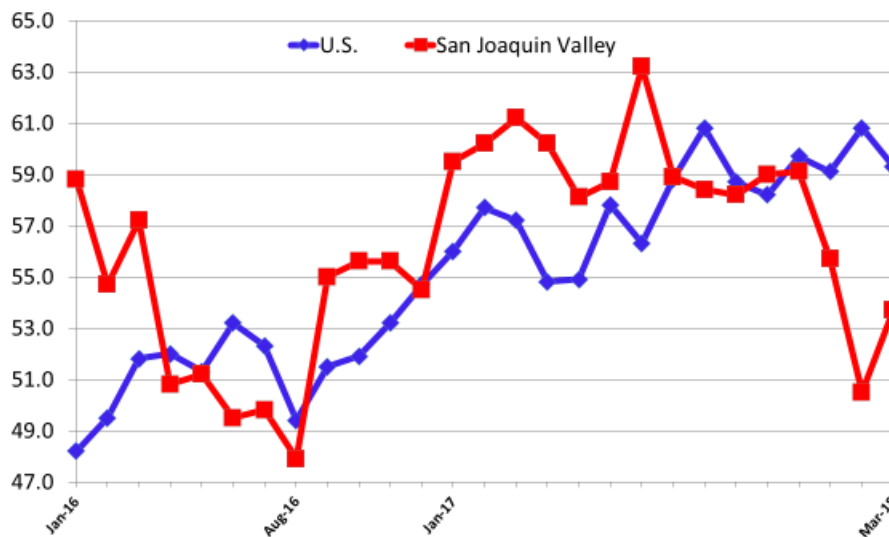
Goss video economic summary: https://www.youtube.com/watch?v=eVj_3nofzAA&t=21s

San Joaquin Valley Economy Ends Quarter One on Solid Note: Almost Half Expect to Add Jobs for Rest of 2018

March survey results at a glance:

- Leading economic indicator above growth neutral for the 19th 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.
- In terms of hiring, 47.4 percent expect to add workers for the remainder of 2018.

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



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FRESNO, CA-The San Joaquin Valley Business Conditions Index advanced into a range pointing to solid 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 February's 50.5, the region's Business Conditions Index expanded to a solid and stronger 53.7. 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 19th 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: After two straight months of below growth neutral readings, the employment gauge moved to 50.6 for March from February's 40.7. "Despite the downturn in our survey, the San Joaquin region has experienced strong job growth at 3.3 percent over the past 12 months, or more than 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.

In terms of hiring and firing for the remainder of 2018, 47.4 percent of businesses surveyed expect new hiring while a much smaller 5.4 percent anticipate some layoffs. The remaining 47.2 percent expect no new hiring or layoffs for the rest of 2018.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, declined for a second consecutive month to 77.1 from 77.8 in February, but 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 next meeting May 2 by one quarter of one percentage point (25

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basis points),” said Goss.

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, advanced to a vigorous 69.3 from a robust 66.4 in February. “Healthy profit growth, still low interest rates, and the recently passed tax reform package maintained the business confidence at a very healthy reading. However, the survey was completed before China’s tariff tantrum, ” reported Goss.

Inventories: In another show of economic confidence, the inventory index remained above growth neutral for March. The March inventory expanded to a solid 55.5 from February’s 54.4 indicating growth in inventories and at a faster pace than for February.

Trade: The new export orders index sank to an even weaker 46.0 from February’s 47.5, while the import index fell to 52.8 from 61.2 in February.

Other components: Other components of the March Business Conditions Index were: new orders at 51.9, up from 45.5 in February; production or sales at 51.6, up from 50.5 in February; and delivery lead time at 57.8 down from last month’s 58.9.

Table 1 details survey results for March 2017, last month, and March 2018. Survey results for April will be released on May 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		
	March 2017	February 2018	March 2018
Leading economic indicator	61.2	50.5	53.7
New orders	62.0	45.5	51.9
Production or sales	64.8	50.5	51.6
Employment	62.5	40.7	50.6
Inventories	61.2	54.4	55.5
Delivery lead time	61.6	58.9	57.6
Wholesale prices	68.1	77.8	77.1
Imports	56.6	61.2	52.8
Export orders	50.3	47.5	46.0
Business confidence	74.2	66.4	69.3

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

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