

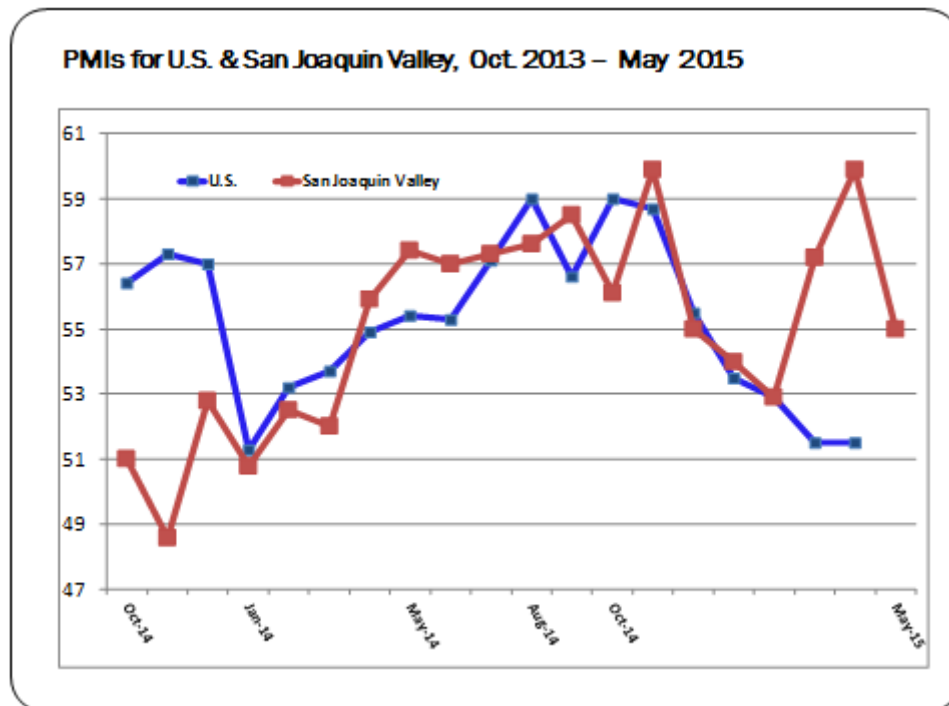
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Goss video summary at: <http://youtu.be/5x2BB1kcIwo>

San Joaquin Valley Economic Indicator in Healthy Growth Range: Manufacturers Adding Jobs

May survey results at a glance:

- Leading economic indicator falls to level indicating positive growth ahead.
- Wholesale inflationary pressures rise for the month.
- Strong dollar sinks new export orders for the month.
- For the first time in several years, we are tracking job additions for manufacturing.



For Immediate Release: June 1, 2015

FRESNO, CA-For the eighteenth 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: After rising for two straight months, the overall index fell but remained above growth neutral. The May index sank to a solid 55.0 from April's healthy 59.9. May's reading is in a range indicating positive growth in the months 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.

"According to our survey results over the last several months, economic growth will improve over the next 3 to 6 months. Manufacturers, both durable and non-durable, added jobs at a solid pace while wholesale trade experienced upturns in economic activity. Survey results for the San Joaquin Valley continue to be much stronger than comparable U.S. numbers," 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 declined to a still healthy 59.7 from 64.9 in April.

"Hiring was healthy across a broad range of industries in the area - from construction to wholesale trade. The region's unemployment rate is down by more than two percentage points from this time last year. Importantly, we are now tracking job additions for area manufacturers. Based on our survey, I expect the jobless rate to move lower over the next 3 to 6 months," reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, expanded from 46.4 in April to 55.0 in May. "Just as in other regional surveys and the national survey, the San Joaquin Valley inflationary gauge has strengthened but continues to indicate only modest inflationary pressures at the wholesale level," said Goss.

Business Confidence: Looking ahead six months, economic optimism, captured by the business confidence index, fell to 54.3 from April's 58.7. "Lower fuel prices and an expanding regional economy continue to support business confidence," said Goss.

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Inventories: Businesses increased inventories of raw materials and supplies for the month but at a slower pace than for April. The May inventory reading declined to 53.5 from last month's 56.9.

Trade: The new export order index fell to a weaker 43.2 from April's 50.6, and the import index increased to a weak 44.0 from 38.0 in April. "The strong U.S. dollar, which makes U.S. goods less competitively priced abroad, is negatively affecting regional exports," said Goss.

Other components: Other components of the May Business Conditions Index were: new orders at 50.8, down from 56.1 in April; production or sales at 51.6, down from April's 57.6; and delivery lead time at 59.6, down from 64.2 in April.

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

Table 1: Overall and component indices for last 2 months and one year ago (above 50.0 indicates expansion)			
	San Joaquin Valley		
	May 2014	April 2015	May 2015
Leading economic indicator	57.4	59.9	55.0
New orders	58.6	56.1	50.8
Production or sales	52.9	57.6	51.6
Employment	58.8	64.9	59.7
Inventories	57.8	56.9	53.5
Delivery lead time	59.1	64.2	59.6
Wholesale prices	71.4	46.4	55.0
Imports	56.2	38.0	44.0
Export orders	55.5	50.6	43.2
Business confidence	55.6	58.7	54.3

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

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