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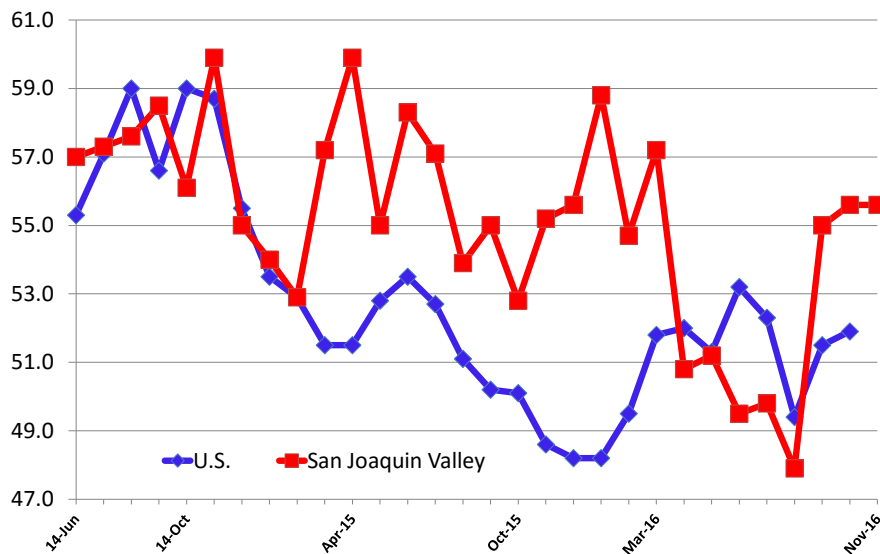
Goss video economic summary: https://youtu.be/rCU4_IUKxbs

San Joaquin Valley Indicator Strong for November: Healthy Job Growth; Solid Wage Gains for 2017

November survey results at a glance:

- Leading economic indicator rises again, signals improving growth ahead.
- Inflationary pressures rise, but remain modest.
- On average businesses expect to increase wages by 3.1 percent for 2017.
- Four of ten businesses expect rising regulatory costs to be biggest economic challenge for their firm in the years ahead.

PMIs for U.S. & San Joaquin Valley, June 2014 – November 2016



For Immediate Release: December 1, 2016

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FRESNO, CA-For a third straight month, the San Joaquin Valley Business Conditions Index moved into a range pointing to solid growth in the next 3 to 6 months. 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.. The index is produced using the same methodology as that of the national Institute for Supply Management (www.ism.ws).

Overall Index: The November index was unchanged from October's healthy 55.6 reading. 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.

"After three straight months with readings below growth neutral the past summer, the index has now moved above growth neutral for three straight months. The region experienced positive growth in the manufacturing sector. Food processing companies, as in previous months, detailed strong growth. Furthermore, growth was recorded in wholesale trade and distribution. On the other hand, construction firms and information technology companies in the region experienced little change from September's economic activity levels," said Ernie Goss, Ph.D., research faculty with the Craig School of Business at Fresno State University.

Employment: For a fifth straight month, the hiring gauge was at or above the growth neutral 50.0 threshold. The employment index improved to 56.2 from October's 55.8. "San Joaquin businesses boosted employment at a strong pace for the month. Over the past 12 months, the region has experienced job growth of 1.4 percent, which is a bit above the pace of the nation," reported Goss.

On average, businesses in the region project that wages will increase by 3.1 percent in 2017. "This is boost is consistent with the improving labor market for the San Joaquin Region and is a full half percentage point above expectations recorded just six months ago," said Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, dipped slightly to 58.5 from 58.6 in October, indicating modest inflationary pressures at the wholesale level. "Just as in other regional surveys and the national survey, Fresno State's surveys over the past several months show modest inflationary pressures at the wholesale level. Even so, I expect the Federal Reserve to announce an interest rate hike at their December 14 meeting. The language surrounding the rate hike will be closely parsed to gauge 2017 Fed actions," said Goss.

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, rose to 59.4 from October's 42.2. As commented by one survey participant, "The election and coming pro-growth policies are very positive."

Inventories: Businesses increased inventories of raw materials and supplies for November. The November inventory climbed to 57.4 from 55.7 in October.

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Trade: The new export orders index moved above growth neutral for November. The index increased to 51.5 from 45.9 in October. The import index stood at 48.3 which is up from 46.5 in October.

Other components: Other components of the November Business Conditions Index were: new orders at 54.9, down from 55.8 in October; production or sales at 55.7, down from October's 57.6; and delivery lead time at 53.6, up from last month's 53.0.

Table 1 details survey results for November 2015, last month, and November 2016. December's survey results will be released on the first business day of January.

Table 1: Overall and component indices for last 2 months and one year ago (above 50.0 indicates expansion)			
	San Joaquin Valley		
	November 2015	October 2016	November 2016
Leading economic indicator	55.2	55.6	55.6
New orders	50.9	55.8	54.9
Production or sales	56.5	57.6	55.7
Employment	52.8	55.8	56.2
Inventories	58.8	55.7	57.4
Delivery lead time	57.1	53.0	53.6
Wholesale prices	53.2	58.6	58.5
Imports	42.5	46.5	48.3
Export orders	41.3	45.9	51.5
Business confidence	49.6	42.2	59.4

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

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