

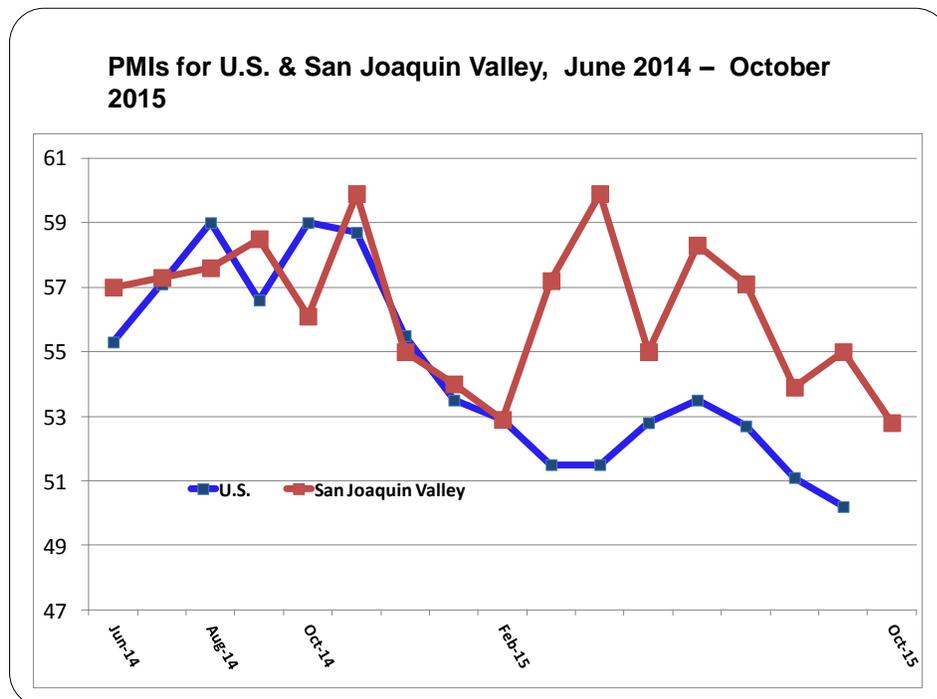
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Goss video summary at: <https://www.youtube.com/watch?v=-krKhAyjdCE&feature=youtu.be>

San Joaquin Valley Economic Indicator Falls for Month: More Than One-Fifth Expect Layoffs in Next Six Months

October survey results at a glance:

- Leading economic indicator fall but to level pointing to positive growth for next 3 to 6 months.
- New export orders plummet for the month.
- Construction and manufacturing firms experience slower growth.
- More than one-fifth of businesses, or 23.1 percent, expect layoffs in the next six months.



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FRESNO, CA-For the twenty-third 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: The October index fell to 52.8 from 55.0 in September. October's reading is in a range indicating positive, but slower growth for the remainder of 2015 and into 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, but slow in the months ahead. As in September, growth slowed for manufacturers and construction firms in the area for the month. On the other hand, wholesale trade firms and business services are experiencing 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 advanced to a healthy 55.7 from 53.7 in September. "As in September job expansion was flat for construction and manufacturing. Over the past year, the regional economy has experienced a very strong 3.2 percent growth. Surveys over the last several months indicate that this growth will remain positive, but somewhat slower than this pace. Even as job growth slows, I expect the regional unemployment rate to continue to move lower in the months ahead and into 2016," reported Goss.

"More than one-fifth of businesses, or 23.1 percent, expect layoffs in the next six months," reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, rose to 52.2 from 49.9 in September. "Just as in other regional surveys and the national survey, the San Joaquin Valley inflationary gauge has remained in a range indicating declining to stable inflationary pressures at the wholesale level," said Goss.

Business Confidence: Looking ahead six months, economic optimism, captured by the business confidence index, increased to 52.8 from September's 51.8. "Even though the index was up

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slightly for the month, sinking agriculture and energy commodity prices, and global economic weakness continue to weigh on expectations of future economic conditions,” said Goss.

Inventories: Businesses reduced inventories of raw materials and supplies for October. The October inventory sank from last month’s 51.5 to 48.5 for October.

Trade: The new export order index plummeted to 32.6 from September’s very weak 40.1, and the import index slipped to 51.6 from 53.3 in September. “The strong U.S. dollar, which makes U.S. goods less competitively priced abroad, and global economic weakness are negatively affecting regional exports. On the other hand, a growing San Joaquin economy is boosting imports into the four-county region,” said Goss.

Other components: Other components of the October Business Conditions Index were: new orders at 48.3, down from 55.6 in September; production or sales at 55.8. down from September’s 61.5; and delivery lead time at 55.9, up from last month’s 52.8.

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

| | San Joaquin Valley | | |
|----------------------------|--------------------|----------------|--------------|
| | October 2014 | September 2015 | October 2015 |
| Leading economic indicator | 56.1 | 55.0 | 52.8 |
| New orders | 56.0 | 55.6 | 48.3 |
| Production or sales | 65.0 | 61.5 | 55.8 |
| Employment | 49.3 | 53.7 | 55.7 |
| Inventories | 54.1 | 51.5 | 48.5 |
| Delivery lead time | 56.3 | 52.8 | 55.9 |
| Wholesale prices | 60.9 | 49.9 | 52.2 |
| Imports | 52.2 | 53.3 | 51.6 |
| Export orders | 52.6 | 40.1 | 32.6 |
| Business confidence | 53.5 | 51.8 | 52.8 |

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

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